

Telecom Egypt Q3 2025 Earnings Call Transcript

Telecom Egypt ([ETEL.CA](#); [TEEG.LN](#)) Q3 2025 earnings call dated 13 November 2025

Call Coordinator:

Nada Abouzeid – Hello everyone, this is Nada Abouzeid from Beltone Holding. I'd like to welcome you all to Telecom Egypt's 9M 2025 Results Conference.

Corporate Participants:

Tamer El Mahdi – *Managing Director and Chief Executive Officer*

Wael Hanafy – *Chief Financial Officer*

Tarek Abdelhamid – *Senior Director of Consumer Sales and Marketing*

Hind Ebeid – *Corporate Strategy Senior Director*

Ahmed El Gharabawy – *Investment Director*

Ehab Shoeib – *Investor Relations Manager*

I'll now hand the call over to Mr. Ehab Shoaib, followed by our CEO, who will begin with a brief update before we move to the Q&A session.

Mr. Ehab, please go ahead.

Ehab Shoaieb: Thank you Nada, and thanks to Beltone Holding for hosting this quarter's conference call. Earlier today, we released our financial and operational results for the first nine months of 2025. Kindly note that the results presentation is available on our IR website, [ir.te.eg](#), under the quarterly results section of the financial information tab.

We will start with a briefing on the key highlights of the period presented by our CEO, Mr. Tamer El Mahdi, followed by more details on our financial performance to be presented by our CFO, Mr. Wael Hanafy. After that, the floor will be open to your questions. Our Consumer Marketing Senior Director, Mr. Tarek Abdelhamid, our Corporate Strategy Senior Director, Ms. Hind Ebeid, and our Investment Director Mr. Ahmed El Gharabawy, are also attending the call.

Before we begin our discussion today, please allow me to read out the following disclaimer:

The information and opinions on this call, provided as of today's date, are based on general information gathered at such date and are subject to changes without notice. None of the future projections, expectations, estimates, or prospects discussed on this call should be taken as forecasts or promises. Such forward-looking statements contain known and unknown risks, uncertainties, and other important factors that may cause the Company's actual results to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements.

Without further delay, I will now hand over the call to Mr. Tamer El Mahdi.

Tamer El Mahdi: Thank you Ehab and thank you all for joining our call today.

Telecom Egypt delivered solid results in the first nine months of 2025, maintaining strong momentum across all business segments. This performance was supported by sustained demand for data services and successful execution of our strategic initiatives. In a fast-evolving industry, our resilience, adaptability, and commitment to sustainable growth remain the foundation of our success and long-term value creation.

Turning to our financial highlights, total revenue grew 34% YoY to EGP 78.1 billion. The Retail segment remained our largest contributor, accounting for 58% of total revenue and driving much of our YoY growth. Within this, Home & Consumer revenue grew 45% YoY, mostly from the 46% increase in data revenue to EGP 32.5 billion. Mobile revenue was also strong, rising 36% YoY on higher ARPU and continued customer growth. Enterprise revenue increased 15% YoY.

Our customer base expanded across all services, with fixed voice subscribers up 7% YoY, fixed broadband up 8% YoY, and mobile up 9% YoY.

In Wholesale, momentum continued with Domestic, IC, and IC&N revenues up 24%, 43%, and 15%, consecutively, YoY. The rise in IC was driven mainly by a 43% increase in International Incoming Calls revenue to EGP 10.2 billion, reflecting higher inbound traffic and FX gains.

On profitability, we are now seeing the full impact of last year's deleveraging and operational efficiency, reflected in stronger margins, cash generation, and a healthier balance sheet.

EBITDA and net profit grew 48% and 96% YoY to EGP 34.5 billion and EGP 17.0 billion, respectively. EBITDA and net profit margins expanded to 44% and 22%, highlighting our success in translating top-line growth into higher profitability.

FCFF reached EGP 12.1 billion, equivalent to 35% of EBITDA, supported by strong operating cash generation and disciplined capital spending. Net debt-to-annualized EBITDA improved to 1.5x, compared to 2.3x in 9M 2024.

Turning to our strategic milestones, a key achievement this quarter was the launch of our 5G services, positioning Telecom Egypt to enhance customer experience and drive a new era of digital innovation.

Looking ahead to the rest of 2025, I am confident in our ability to deliver sustainable growth and long-term value. We will build on our retail momentum, accelerate monetization of our terrestrial and subsea infrastructure, and maintain a disciplined focus on capital and operating efficiency. Our priority is to strengthen our core operations, expand our digital leadership, and enhance profitability. With a resilient business model, an exceptional team, and renewed focus on execution, Telecom Egypt is ready to lead the next wave of digital transformation and solidify Egypt's position as the region's leading digital hub.

I would like to close by thanking our employees for their dedication, our customers for their trust, and our investors for their continued support.

I will now hand the call over to our CFO, Mr. Wael Hanafy, to discuss the key financial highlights for the quarter.

Wael Hanafy: Thank you, Mr. El Mahdi. Let me now take you through our Q3 2025 performance in more detail.

Starting with revenues, top-line revenue increased by 35% YoY to EGP 27.6 billion. This performance was primarily driven by a 38% increase in Retail revenue and a 32% increase in Wholesale revenue.

Within the Retail segment, Data remained the key growth engine, increasing 45% YoY and accounting for 51% of the total revenue growth for the quarter. This was supported by the favorable base effect of price adjustments implemented across the Retail portfolio in 2024, alongside ongoing expansion of the customer base and higher data consumption levels. These results reflect the company's strategic focus on driving sustainable growth and enhancing revenue quality across key market segments.

Turning to Wholesale, growth was mainly propelled by a 32% YoY increase in International Incoming Calls revenue, largely attributed to a 27% rise in international call traffic, and a 45% YoY increase in the Infrastructure revenue.

We achieved 57% EBITDA growth, with margins expanding to 45%, up from 39% last year — demonstrating strong top-line growth coupled with continued operational efficiency.

Operating profit grew 60% YoY, underpinned by the continuous improvement of our product mix and resilient operations.

VFE income rose 77% YoY to EGP 4.1 billion, driven by sustained organic growth and price adjustments.

Net profit increased by 204% YoY to EGP 6.5 billion, with the net profit margin expanding to 23.4% from 10.4%, reflecting strong operational performance and efficient financial management.

Overall, the results reflect our disciplined execution and steady progress toward achieving our strategic objectives as we continue to build on this positive momentum over the first nine months of the year.

With that, I have reached the end of my comments. But before we open the floor for the Q&A session. I would like to hand the floor over back to our new CEO to share his background and strategic vision for the company moving forward.

Tamer El-Mahdi: Thank you Wael. I'm very pleased to be back at Telecom Egypt.

I began my career with AT&T for 10 years, where I worked closely with Telecom Egypt. AT&T was the company's supplier and solution provider for the switching and access technology. So, from 1991 to 2001, I was working very closely with Telecom Egypt and got to know it from inside out. Later, I spent two years directly with Telecom Egypt on an initiative to launch a mobile operator at the time, which did not materialize.

In total, about 12 years of my professional life — 10 years indirectly and 2 years directly — were spent working with Telecom Egypt.

After nearly 20 years, I'm proud to return to lead this company. Telecom Egypt holds huge potential as one of, if not the largest, fixed operators in the region, supported by its infrastructure, its people, and its strong national footprint. There's a lot to be done as we move forward to create success.

I spent 18 years with Orascom Telecom Holding as Group CTIO. I was also responsible for program management and technical procurement to launch the various mobile operators the group established. I launched networks in Bangladesh, Iraq, North Korea, and Canada, and played a key role in leading the turnaround of Wind Italy following its acquisition by Orascom Telecom in 2005.

I'm very excited to be here again, working with both the team and the Board on the strategy to solidify the very advantageous position that Telecom Egypt has—especially in the wholesale and fixed broadband markets—and to expand into other segments. We will also place special focus on the subsea cable and digital services businesses.

We will communicate more about our strategic direction in due course. I have been here for six weeks now, and I am very optimistic and eager to work with the team to see this great company achieve more and take an even stronger position in the future.

Thank you.

Wael Hanafy: Thank you. Nada, please open the floor for the Q&A session.

Nada Abouzeid: Thank you, management, and welcome on board Mr. El Mahdi. We're now open for the Q&A session. Please type in your questions in the chat box or press the raise hand button if you'd like to talk directly to management.

Sarah Gobrial: *Can you quickly share with us your guidance for the full year and for the fourth quarter?*

Wael Hanafy: Yes. Regarding the guidance that we published at the beginning of this year — for revenue growth, EBITDA margin, CapEX, and free cash flow — we are committed to achieving the guidance we have already disclosed to the market. We believe we can exceed most of those targets, especially for revenue growth and EBITDA, while maintaining our CapEX at the levels achieved to date.

For free cash flow, we are currently achieving around 35% of EBITDA. Our initial target was in the early 40s, but we are trying to reach the target.

Sarah Gobrial: *What about your CapEX guidance going forward, into 2026 and 2027 for example?*

Wael Hanafy: Regarding our guidance, about one and a half years ago, we started to set boundaries for our CapEX — both for the current period and for the coming five years.

We aim to maintain our CapEX expenditures in the range of 20% to 25% of total group revenues over the next five years.

Nada Abouzeid: *Our next question is from Carol Bebawy: What are the expected deleveraging plans going forward, and how would they affect the bottom line?*

Wael Hanafy: We already have a plan this year and will continue to follow it. We have an ambitious plan to deleverage all our debt over the next four years, with the goal of returning to a net cash position instead of the current net debt.

This will definitely have a positive effect on our bottom line — we can already see this now and more significantly from 2026 onward.

In summary, over the next four to five years, we plan to fully repay all our debt, both in Egyptian pounds and foreign currencies, and return to a net cash position.

Nada Abouzeid: Thank you. Sarah Gobrial is asking: *Could you please remind us of your 2025 guidance?*

Wael Hanafy: For revenue growth, our guidance is in the low 20s; for EBITDA margin, the high 30s; for CapEX-to-sales (in-service CapEX), the low 20s; and for free cash flow to EBITDA, the early 40s.

You can find this in our results presentation on our IR website — the last page includes our full-year 2025 guidance and the actual results achieved so far.

Nada Abouzied: Thank you. Carol Bebawy is asking: *What is the percentage of EGP debt compared to FX debt?*

Wael Hanafy: As a percentage, EGP-denominated debt currently represents 52%.

Nada Abouzeid: Sara Aly is asking: *Any new information about the sale deal of RDH?*

Wael Hanafy: Our legal firm, together with the other party's legal advisors, is now discussing the legal terms of the full definitive agreements for the SHA (Shareholders' Agreement) and the SPA (Share Purchase Agreement).

This may take some time, as transactions of this nature involve many details. Meanwhile, we are working with the regulatory authorities and other relevant bodies in Egypt to obtain the necessary approvals.

As mentioned before, we had hoped to finalize the transaction by year-end. However, with the normal delays typical for transactions of this kind, we now expect to conclude and finalize it by the first quarter of next year. At the same time, we are working with the IFA (Independent Financial Advisor) to issue their report on the fair value of our assets, which is a prerequisite for final approval.

Although this process takes time, we believe the transaction is progressing as planned, with only some minor delays. We target a final decision by the end of Q1 2026.

Nada Abouzeid: Thank you. Sarah Aly is asking: *How will the proceeds be used — for deleveraging, CapEX or dividend payout?*

Wael Hanafy: If the transaction is concluded, the majority of proceeds will be used for deleveraging. Any remaining amount will go toward CapEX.

Dividend payouts will depend on our financial position and available liquidity at the time of distribution. We normally distribute dividends by the end of April each year. By then, even without the transaction, we expect a stronger financial position and improved liquidity, which should positively affect distributions.

Nada Abouzeid: Carol Bebawy is asking for clarification: *52% is the EGP debt?*

Wael Hanafy: Correct.

Nada Abouzeid: We've seen that you booked or acquired EGP 200 million from insurance related to the Ramses fire, and recorded about EGP 1.1 billion in capital losses on the Ramses assets. *How much more will be recorded under capital losses, and when do you expect to receive the remaining insurance proceeds?*

Wael Hanafy: All capital losses related to the Ramses incident have already been booked — totaling EGP 1.4 billion in Q3, after all committees finalized their reports on the affected assets.

As for insurance compensation, the insurance company has paid us an initial EGP 200 million as an advance payment, showing their cooperation and support.

We have already sent them all related reports, but their technical advisor hasn't issued the final assessment yet. We expect confirmation of the total compensation amount at the beginning of next year.

Nada Abouzeid: Understood, thank you. Salwa Tarek is asking: *Concerning the capital loss from the Ramses Center, how much will it cost Telecom Egypt to replace it?*

Wael Hanafy: From day one after the incident, we began recovery and overhauling of the building. Based on our expectations, all incurred costs will be fully covered by the insurance proceeds.

Nada Abouzeid: *Can you quantify that?*

Wael Hanafy: I cannot quantify it right now as it depends on the technical assessments and bills of quantities already issued to our vendors. Some are still pending. However, I'm confident the total cost will not exceed the amount recovered from the insurance company, though I cannot provide the exact figure right now.

Nada Abouzeid: Thank you. Sarah Gobrial is asking: *Is there any update regarding the Vodafone stake.*

Wael Hanafy: There is currently nothing new on this matter — not even rumors. We are happy to maintain our stake in Vodafone. Following the amended shareholder agreement, we are confident in the sustainable dividend flow from Vodafone year over year. Vodafone continues to perform well, even after recent price adjustments. At this stage, we consider this a valuable long-term asset for Telecom Egypt.

Nada Abouzeid: There are no further questions in the queue. I'll now hand the call over to management for final comments.

Wael Hanafy: I think there's one more question that just came in.

Nada Abouzeid: Sara Aly asks: *Any plans for a price increase?*

Wael Hanafy: As management, we are continuously discussing price increases. Both we and other operators have submitted proposals, but this remains under review with the regulatory authorities and other relevant agencies in Egypt.

We are consistently asking for price adjustments.

Tamer El Mahdi: Thank you very much for your time. We look forward to seeing you in the next review.

Nada Abouzeid: Thank you to management. Have a good day everyone. Goodbye.