



FY 2023 Earnings Release

Cairo, Egypt

March 04, 2024

Telecom Egypt (Ticker: ETEL.CA; TEEG.LN) today announced its audited financial results, according to the Egyptian Accounting Standards (EAS), for the full year ended 31 December 2023.

FY 2023 key highlights

- **Consolidated revenue** increased 28% YoY reaching EGP 56.7bn, with data being the largest contributor with 18% YoY growth, followed by infrastructure, IDD and cable projects growth of 27%, 76%, and 64%, respectively.
- **Customer base** for fixed voice and broadband grew 8% and 9% YoY, respectively, while mobile customer base was stable YoY.
- **EBITDA** up 30% YoY, marking a robust 40% margin to record EGP 22.7bn - 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.
- **In-service capex** landed at EGP 20.3bn (representing 36% of revenue). **Cash capex, including license fees**, reached EGP 26.4bn. It is worth mentioning that the cash CapEX includes around EGP 2bn for NUCA, Hayat Karima and digitization projects, which the government finances.
- **Net operating cash flow** landed at EGP 17.0bn. 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.
- **Dividend distribution** proposed by the BoD is EGP 1.5/share.

Mohamed Nasr, Managing Director and Chief Executive Officer, commented:

"2023 was a very strong year for Telecom Egypt. Consolidated revenue in Q4 amounted to EGP 14.7bn, up 23% YoY, while FY 2023 amounted to EGP 56.7bn, up 28% YoY. Although market headwinds continued to challenge us, we remained focused on our strategy and forged ahead with our investment plans to support our growth opportunities, strengthen our partnerships and improve our operations—all of which contributed to the great results you see today.

Our customer base continues to grow, marking an 8% and 9% YoY increment for fixed voice and broadband, respectively; meanwhile, mobile customer base was largely flat at the end of FY 2023, but began to grow again at the start of 2024.

EBITDA margin surpassed our guidance, thanks to exceptional operational results and major cost savings from the national roaming agreement, which came into effect at the start of 2023.

We continued to strategically procure settle our CapEX requirements upfront, as such FCFF was strained, amounting to a negative EGP 3.6bn, mainly due to the increase in vendor payments as a tool to hedge against



expected FX fluctuations in 2024, and other unforeseeable risks given the current volatile situation in the region.

As we enter 2024, in addition to the price up that already came into effect starting January—which I believe will greatly support our financial position—we remain committed to driving business success with customer-centric innovation strategies. Our focus will be on improving existing services and product offerings, as well as adding new products and services—such as expanding our submarine cable footprint and 5G services. I’m confident that our action plan will unlock Telecom Egypt's full potential and ensure that it is a consistently high-performing business that delivers increased shareholder value. On that note, on the back of these fantastic results, we distributed EGP 1.5 per share.”

Telecom Egypt - Main events in Q4 2023

- ✓ In October, 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.
- ✓ In November, 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).

Main events subsequent to Q4 2023

- ✓ In mid-January, 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.
- ✓ In late January, in a groundbreaking 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.
- ✓ In early February, 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.
- ✓ Also in early February, 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.

Customer base

(000s)	Q4 23	Q4 22	Δ %YoY	Q3 23	Δ % QoQ
Fixed Line					
Voice	12,480	11,587	8%	12,396	1%
Data	9,518	8,766	9%	9,318	2%
Mobile	12,449	12,489	0%	12,538	-1%



Revenue breakdown

EGP mn	FY 23	FY 22	Δ %	Q4 23	Q4 22	Δ % YoY	Q3 23	Δ % QoQ
Home & Consumer	25,086	21,759	15%	6,550	5,766	14%	6,414	2%
Enterprise	6,421	5,924	8%	1,802	1,987	-9%	1,490	21%
Domestic Wholesale	8,113	6,341	28%	1,968	1,683	17%	1,695	16%
International Carriers	7,428	4,677	59%	1,833	1,326	38%	1,876	-2%
International Customers & Networks	9,632	5,572	73%	2,568	1,237	108%	2,347	9%

Income statement summary

EGP mn	FY 23	FY 22	Δ %	Q4 23	Q4 22	Δ % YoY	Q3 23	Δ % QoQ
Revenue	56,679	44,273	28%	14,721	11,999	23%	13,823	6%
EBITDA	22,662	17,427	30%	5,074	4,088	24%	5,627	-10%
EBIT	17,305	12,288	41%	3,259	1,627	100%	4,709	-31%
NPAT	11,466	9,182	25%	2,317	3,012	-23%	2,453	-6%
EPS	5.70	4.61	24%	1.36	1.76	-23%	1.44	-6%
Margins								
EBITDA Margin %	40%	39%	62 bps	35%	34%	40 bps	41%	(624 bps)
EBIT Margin %	31%	28%	278 bps	22%	14%	858 bps	34%	(1,193 bps)
NPAT Margin %	20%	21%	(51 bps)	16%	25%	(936 bps)	18%	(200 bps)

Results discussion

Q4 2023

- **Total revenue** increased by 23% YoY to reach EGP 14.7bn, thanks to the 50% YoY increase in wholesale, combined with 8% increase in retail.
- **Home & Consumer** increased YoY by 14%, thanks to 16% YoY higher data revenue and growing customer base across all fixed services.
- **IC&N** hiked by 108% YoY backed by higher cable projects and capacity sales, **ICA** grew 38% YoY on higher IDD, and **domestic** climbed 17% YoY on higher infrastructure revenue.
- **EBITDA** landed at EGP 5.1bn with a YoY increase of 24%, however, EBITDA margin came almost flat at 35% due to the inflationary pressures across all cost elements.
- **Net profit** dropped 23% YoY, recording EGP 2.3bn, as interest expenses increased 2.9x due to the currency devaluation, offsetting the huge jump in VFE's investment income to EGP 1.6bn.



FY 2023

- **Consolidated 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 sservices (EGP 2.3bn, 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.
- **EBITDA** up 30% YoY, landing at EGP 22.7bn and marking a robust 40% margin, surpassing management's guidance.
- **Net profit** increased by 25% YoY to reach EGP 11.5bn.

Balance sheet summary

EGP mn	FY 23	FY 22	Δ %
Current Assets	34,360	26,221	31%
Net Fixed Assets	77,847	59,819	30%
Long Term Investments	14,968	12,260	22%
Other Long Terms Assets	23,465	20,941	12%
Total Assets	150,640	119,240	26%
Current Liabilities (Excl. STD)	37,800	33,280	14%
CPLTD	29,616	10,415	184%
LTD	19,726	20,411	-3%
Other Non-Current Liabilities	12,613	8,865	42%
Total Liabilities	99,755	72,972	37%
Total Shareholder Equity	50,885	46,268	10%
Total Liabilities & Shareholder Equity	150,640	119,240	26%

Cash flow summary

EGP mn	FY 23	FY 22	Δ %
Net Cash Provided by Operating Activities	16,943	14,588	16%
Net Cash Used in Investing Activities	(23,915)	(17,632)	(36%)
Net Cash Used in Financing Activities	10,559	6,772	56%
Net Change in Cash & Cash Equivalents	3,588	3,729	(4%)
Translation Differences of Foreign Entities	103	100	3%
Beginning of Period Cash	6,752	2,923	131%
End of Period Cash	10,443	6,752	55%



Please refer to Telecom Egypt's full financial statements that can be downloaded from the website ir.te.eg

For more information, contact:

The investor relations team

Email: investor.relations@te.eg

Conference Call Information

A conference call to discuss Telecom Egypt's financial results, outlook and related matters will be held at **3:00pm (Cairo) | 5:00 pm (Dubai) | 1:00 pm (London) | 8:00 am (NY) today**. The call will be open to the public. Members of the public who would like to listen to the conference call can join using [this link](#) (webinar ID: **964 0098 9688** and passcode number **264398**). There is no charge to access the call. For those unable to listen to the live broadcast, a replay will be available on the firm's website beginning approximately three hours after the event at <https://ir.te.eg/en/FinancialInformation/QuarterlyResults>. Please direct any questions regarding obtaining access to the conference call to the Investor Relations team, via e-mail, at investor.relations@te.eg

About Telecom Egypt

Telecom Egypt is the first total telecom operator in Egypt providing all telecom services to its customers including fixed and mobile voice and data services. Telecom Egypt has a long history serving Egyptian customers for over 160 years maintaining a leadership position in the Egyptian telecom market by offering its enterprise and consumer customers the most advanced technology, reliable infrastructure solutions and the widest network of submarine cables. Aside from its mobile operation "WE", the company owns a 45% stake in Vodafone Egypt. Telecom Egypt's shares and GDRs (Ticker: ETEL.CA; TEEG.LN) are traded on The Egyptian Exchange and the London Stock Exchange. Please refer to Telecom Egypt's full financial disclosure on ir.te.eg