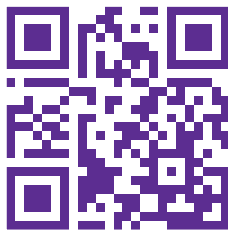




# Results presentation telecomegypt Q1 2024



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# Q1 2024 Results highlights

Strong Growth Momentum Sets the Tone for the Year



## Revenue (EGP bn)

Q1 2024

**17.5bn**

+25% YoY / +19% QoQ

- ✓ Total revenue up 25% YoY, mainly driven by data revenues, which amounted to EGP 7.2bn, followed by IC&N and ICA revenues with EGP 2.9bn and EGP 2.6bn, respectively.

## EBITDA (EGP bn)

Q1 2024

**7.3bn**

+19% YoY / +44% QoQ

- ✓ EBITDA increased 19% YoY, achieving a remarkable 42% margin. This performance underscores the company's robust organic growth, including the impact of the strategic price adjustments.

## Net profit (EGP bn)

Q1 2024

**3.9bn**

+2% YoY / +68% QoQ

- ✓ Net profit landed at EGP 3.9bn with a 22% margin, marking a modest 1.8% increase YoY, as the robust operating performance was partially offset by the 2.2x hike in the interest expense and the 41% YoY increase in D&A due to the currency devaluation.

## Customers (mn)

Q1 2024

	Voice	Data
Fixed	12.8 +9% YoY	9.6 +8% YoY
Mobile	13.0 +4% YoY	

- ✓ Customer base continues to steadily grow across the board.

# Consensus estimates (Q1 2024)\*



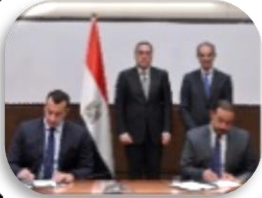
	Revenue	EBITDA	EBITDA margin	Net profit
In EGP millions				
Analyst 1	16,662	7,491	45.0%	3,207
Analyst 2	16,094	6,683	41.5%	3,405
Analyst 3	16,157	6,705	41.5%	3,907
Analyst 4	15,781	7,128	45.2%	3,704
Analyst 5	17,186	7,332	42.7%	2,242
<b>Average of estimates</b>	<b>16,376</b>	<b>7,068</b>	<b>43.2%</b>	<b>3,293</b>
Median	16,157	7,128	42.7%	3,405
High	17,186	7,491	45.2%	3,907
Low	15,781	6,683	41.5%	2,242
<b>Telecom Egypt results</b>	<b>17,487</b>	<b>7,309</b>	<b>41.8%</b>	<b>3,882</b>
Variance	<b>6.8%</b>	<b>3.4%</b>	<b>-136bps</b>	<b>17.9%</b>

\*Please refer to the disclaimer on page 2

# Highlights of the main events in Q1 2024



## Main events



**17 Jan:** The National Telecommunications Regulatory Authority granted Telecom Egypt the country's first license to install and operate fifth generation (5G) networks for mobile phones at a cost of USD 150m. The 5G license will be valid for a 15-year period.

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**25 Jan:** In a ground-breaking move to enhance regional connectivity, Telecom Egypt joined forces with NaiTel. Together, they announced the signing of a Joint Build Agreement to construct Coral Bridge.

[Read More](#) ←



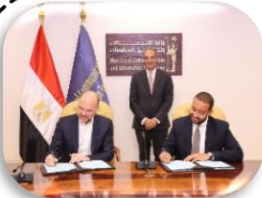
**01 Feb:** 4iG Plc info-communications company and Telecom Egypt reached an agreement on the terms of cooperation for the construction of an express subsea cable between Albania and Egypt.

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**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 on a unique route that will break the mold between these regions.

[Read More](#) ←

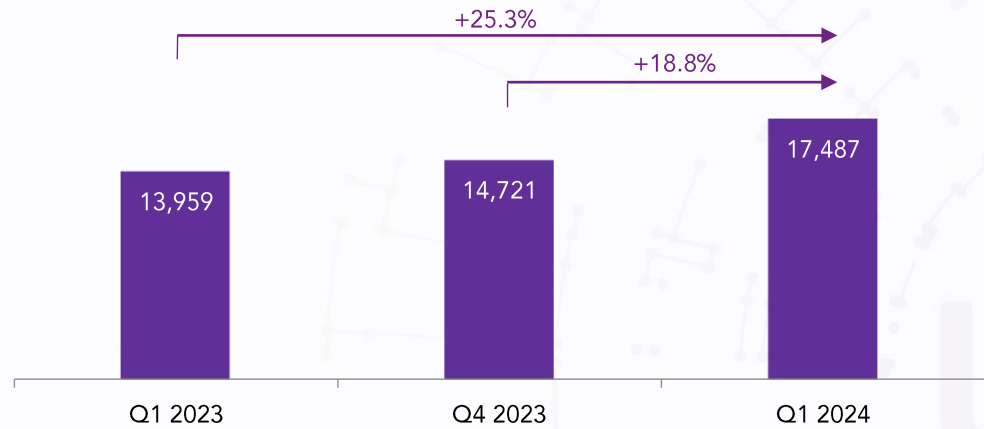


**19 Mar:** Telecom Egypt and EXA Infrastructure, a leading European fiber backbone and transatlantic subsea cable infrastructure provider, announced their partnership to reshape East-to-West traffic flows entering the Mediterranean, and reinforce Egypt's role as a pivotal hub for global telecommunications.

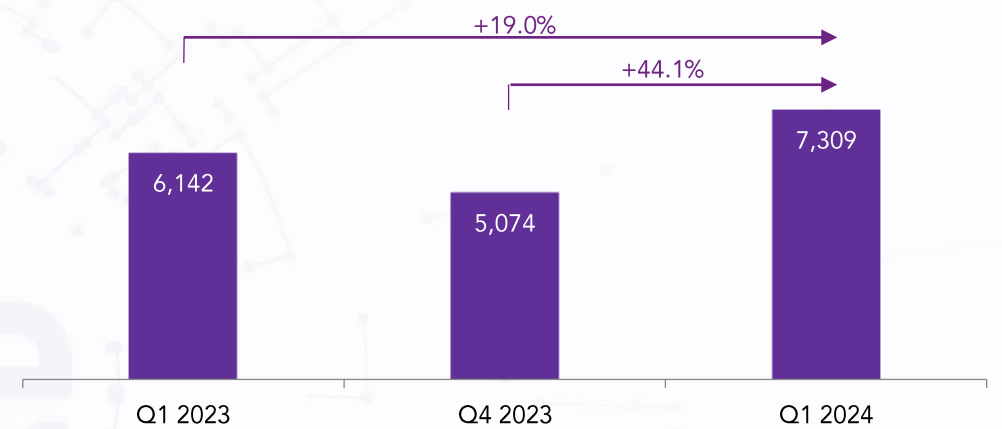
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# Financial highlights

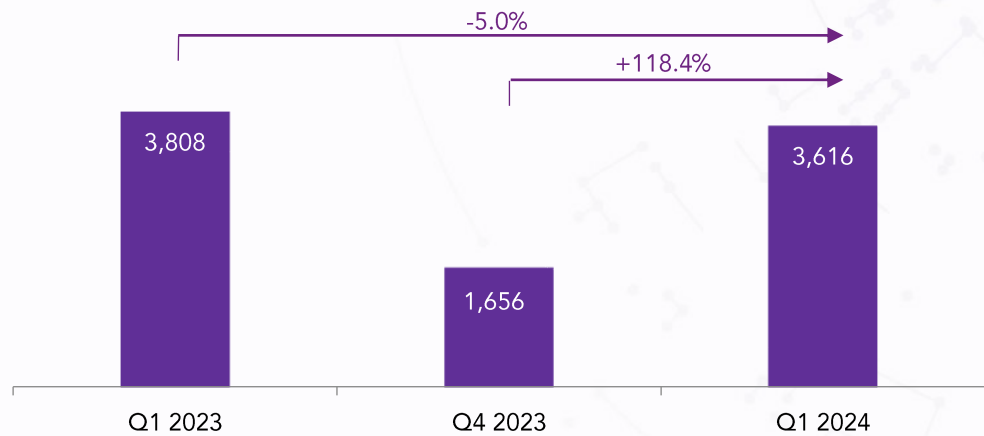
Revenue  
(In EGP mn)



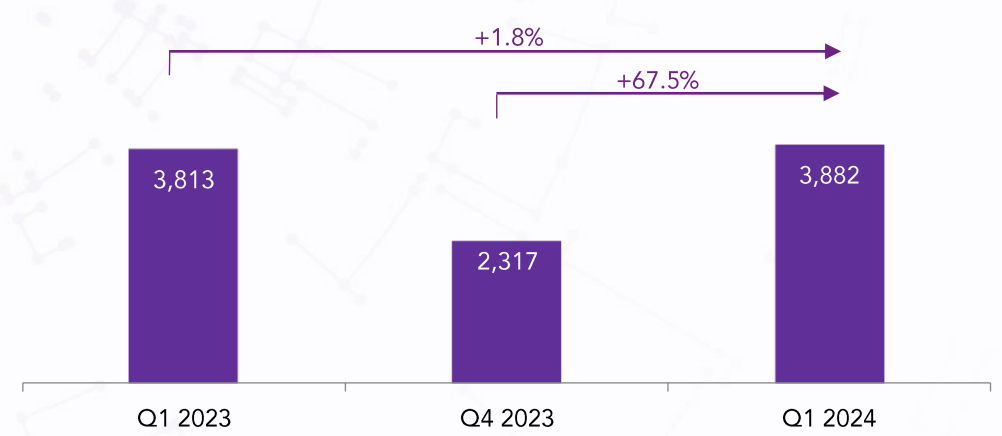
EBITDA  
(In EGP mn)



Operating profit  
(In EGP mn)



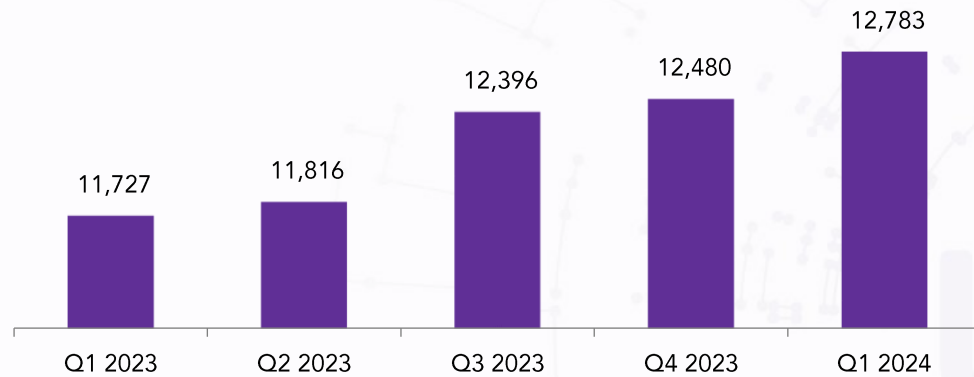
Net profit  
(In EGP mn)



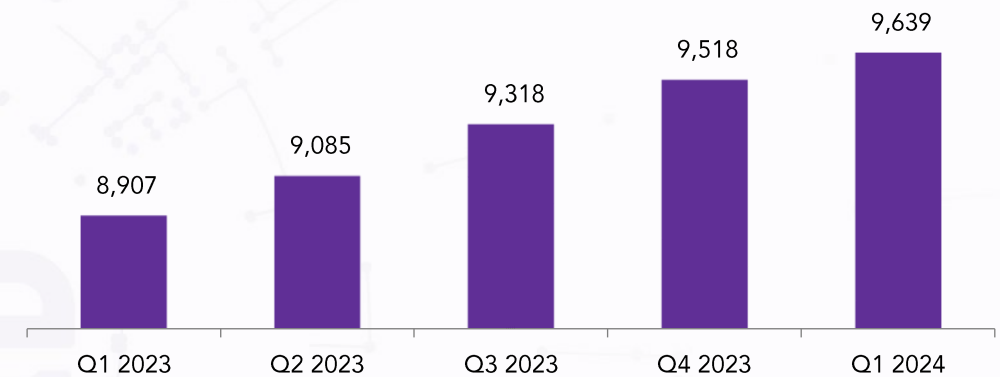
# Customer base and ARPU



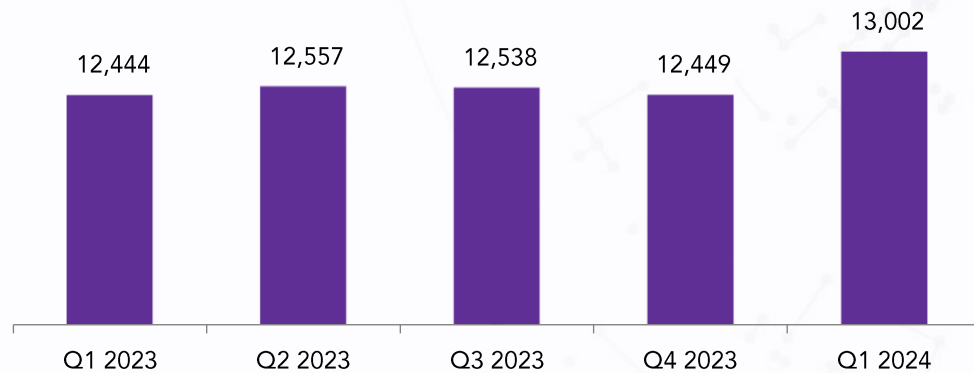
Fixed line  
(In 000s)



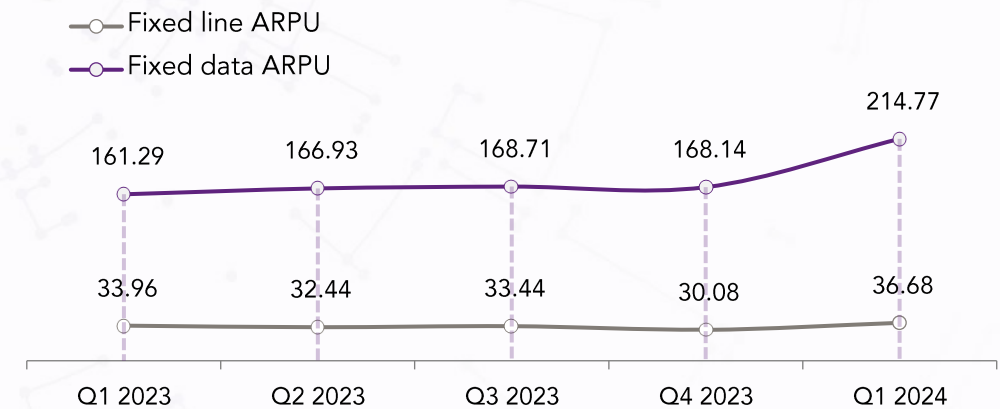
Fixed broadband  
(In 000s)



Mobile  
(In 000s)

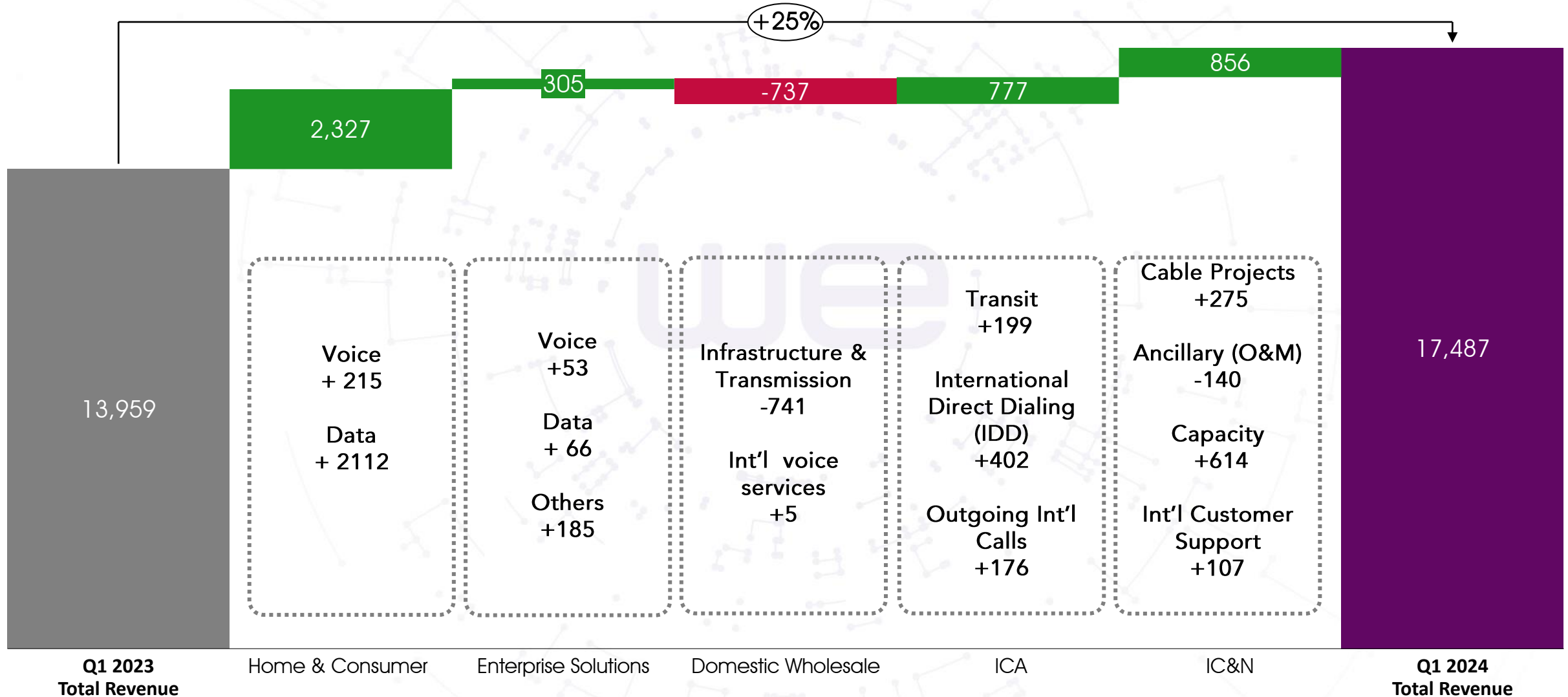


ARPU  
(In EGP)



# Total revenue

Q1 2024 YoY

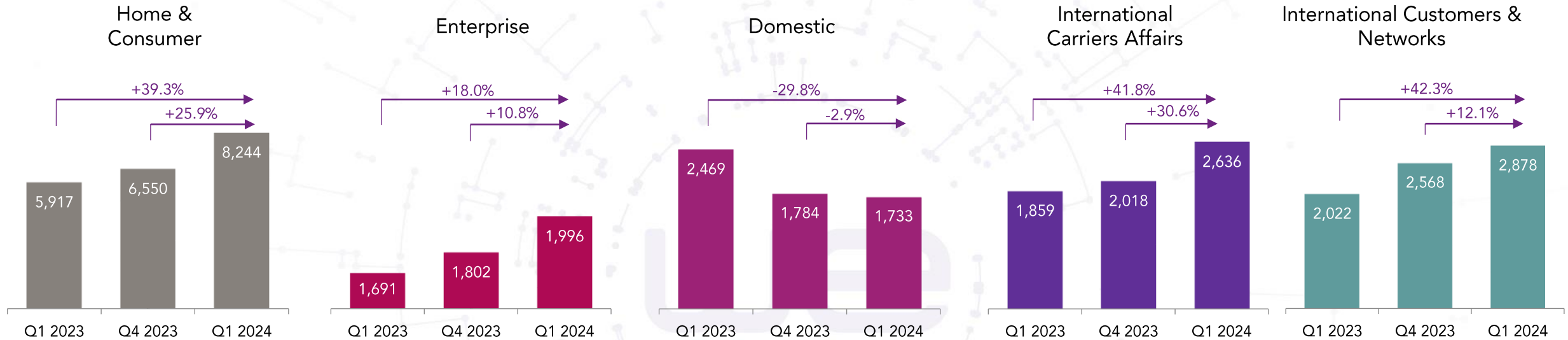


Note: All financial figures are in EGP mn



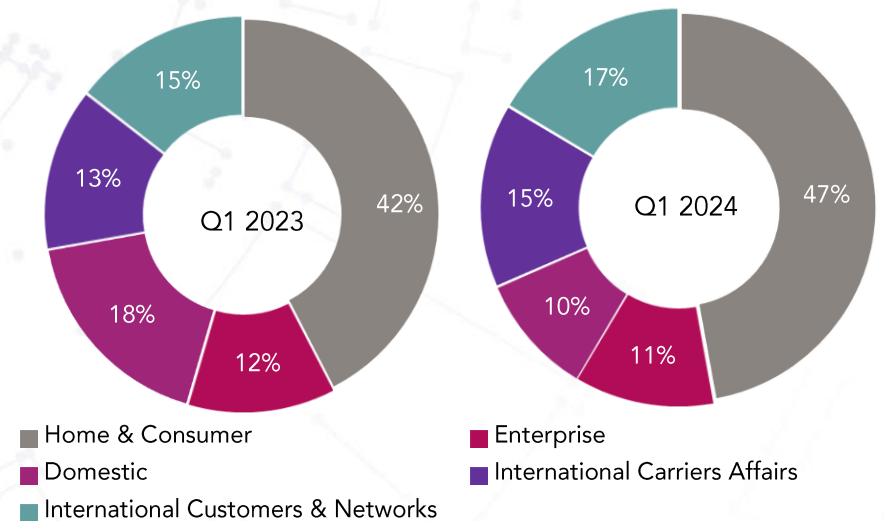
# Revenue by business unit

## Steady Retail Segment Performance Continues to Drive Growth



### Q1 2024 performance

- ✓ **Total revenue** up 25% YoY, reaching EGP 17.5bn, driven by strong retail segment fueled by data revenue amounting to EGP 7.2bn. The wholesale increased 14% YoY, resulting from a 42% increase YoY in IC&N and ICA and a decline of 30% YoY in domestic revenues. The decline in domestic revenue is attributable to the absence of any IRU circuits revenue in the first quarter of this year compared to a notable EGP 0.9bn for the same period last year, a base effect that will be neutralized by full year.
- ✓ **Home & consumer** grew 39% YoY due to 44% higher data revenue, thanks to a growing customer base and a substantial improvement in ARPUs across the board following the recent price up.
- ✓ **Enterprise** increased 18% YoY, primarily from a 17% increase in other revenue, reaching EGP 1.3bn, which comprises mainly managed data services.
- ✓ **Mobile** grew 38% YoY thanks to the improved ARPU, contributing a low double-digit to the retail revenue growth.
- ✓ **Wholesale** increased 14% YoY mainly due to the 29% increase in IDD based on 8% traffic increase and the FX effect, an almost 100% increase in capacity sales (volume and FX effect), and a 52% increase in cable projects.



# Income statement (Q1 2024)

<i>In EGP mn</i>	Q1 2024	Q4 2023	Q1 2023	QoQ	YoY
<b>Revenue</b>	<b>17,487</b>	<b>14,721</b>	<b>13,959</b>	<b>19%</b>	<b>25%</b>
Home	8,244	6,550	5,917	26%	39%
Enterprise	1,996	1,802	1,691	11%	18%
Domestic	1,733	1,784	2,469	-3%	-30%
ICA	2,636	2,018	1,859	31%	42%
IC&N	2,878	2,568	2,022	12%	42%
Employee cost	(3,209)	(3,091)	(2,506)	4%	28%
Call costs	(2,605)	(2,056)	(1,940)	27%	34%
CoGS*	(3,345)	(3,532)	(2,635)	-5%	27%
S&D*	(558)	(485)	(456)	15%	22%
G&A*	(460)	(482)	(281)	-5%	64%
<b>EBITDA</b>	<b>7,309</b>	<b>5,074</b>	<b>6,142</b>	<b>44%</b>	<b>19%</b>
<i>Margin</i>	42%	34%	44%	733 bps	(220 bps)
Other (expense)/income	(103)	(88)	(30)	17%	248%
Depreciation	(2,635)	(2,771)	(1,770)	-5%	49%
Amortization	(587)	(475)	(509)	24%	15%
(Prov.)/Reversal of ECL provision	(368)	(84)	(25)	337%	1385%
Operating profit	3,616	1,656	3,808	118%	-5%
<i>Margin</i>	21%	11%	27%	943 bps	(660 bps)
Income from investments	899	1,603	894	-44%	1%
Net finance (cost)/income	91	796	(250)	-89%	-136%
Net interest (exp.)/income	(1,758)	(1,155)	(652)	52%	169%
Tax	1,036	(580)	15	-279%	6895%
<b>Net Profit</b>	<b>3,882</b>	<b>2,317</b>	<b>3,813</b>	<b>68%</b>	<b>2%</b>
<i>Margin</i>	22%	16%	27%	646 bps	(512 bps)
EPS	2.27	1.36	2.23	68%	2%

## Revenue

- Top line witnessed a robust 25% YoY increase, backed by a notable 35% increase in retail revenue and 14% in wholesale revenue.
- Data was the largest contributor to revenue growth with 62% reporting EGP 7.2bn, thanks to the price up across all retail segments in January 2024, which took a huge toll on data. Capacity sales, cable projects and IDD (+8% higher traffic) showed incremental growth this quarter of 100%, 52%, and 29%, respectively, partially due to the FX effect. Such growth offset the 30% drop in domestic revenue, which was caused by the absence of IRU circuits revenue this quarter versus EGP 0.9bn in 1Q 2023, a base effect that will be neutralized by the full year.

## Expenses

- Employee costs increased 28% YoY, maintaining an employee cost to revenue of 18%, similar to Q1 2023.
- Total call costs escalated by 34% YoY, mainly on currency devaluation.
- Marketing expense grew 35% YoY, yet maintained the same percentage of top line as last year.

## EBITDA

- EBITDA increased 19% YoY, achieving a remarkable 42% margin. This performance underscores the company's robust organic growth, including the impact of the strategic price adjustments.

## Other OPEX

- D&A hiked 41% YoY in regards to new additions of Capex, as well as the capitalized FX in light of the special accounting treatment.
- ECL provision increased by EGP 0.34bn YoY due to revisited calculations and outstanding balances affected by the currency revaluation.

## Non-operational

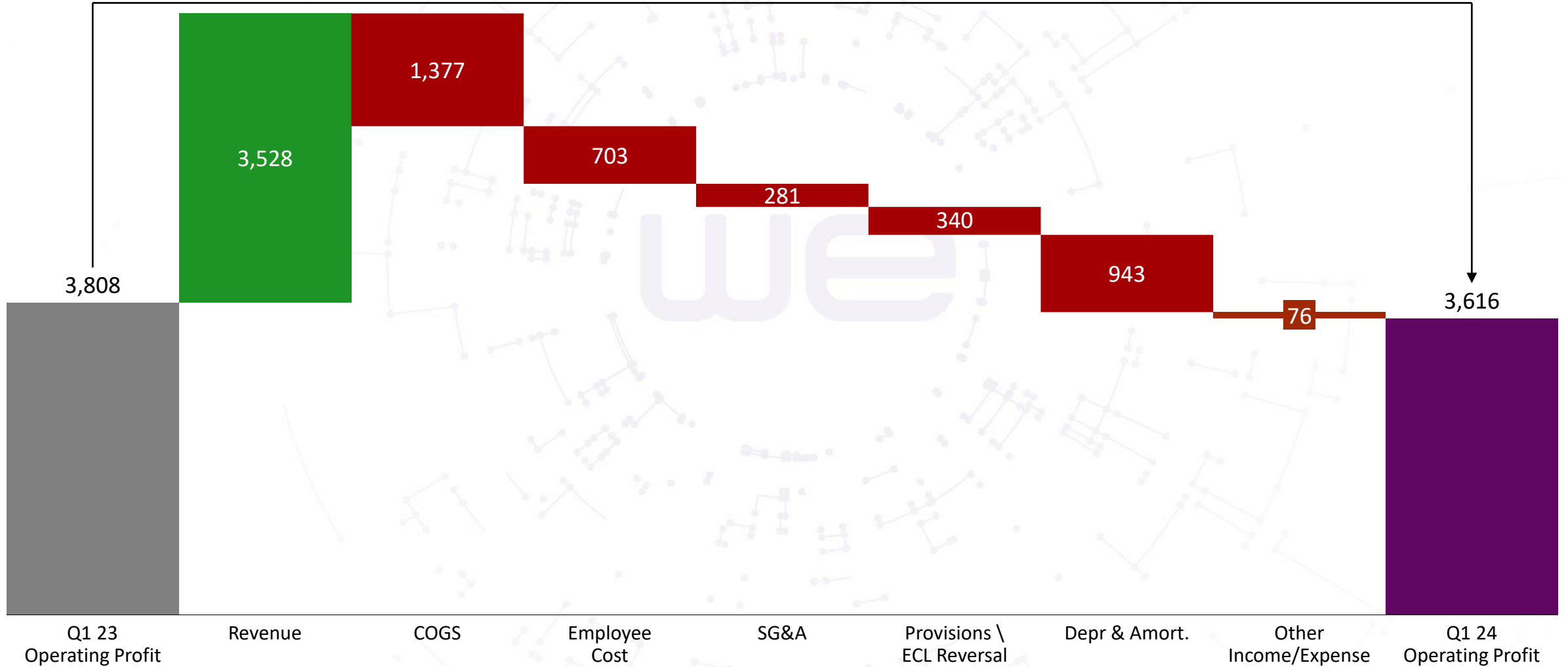
- Income from VFE came flat YoY reporting EGP 0.9bn, despite higher operating margins, yet impacted by FX loss recognized on their P&L during Q1 2024 related to the currency devaluation.
- Interest expense hiked by 125% YoY due to the revaluation of foreign currency debt, increasing the effective interest rate from 11.2% to 12.8% in Q1 2024.
- Net debt to EBITDA (excluding vendor finance) increased to 2.1x from 1.9x in Q4 2023 as a result of the currency devaluation and with no additional debt recorded.

## Net profit

- Net profit landed at EGP 3.9bn with a 22% margin, marking a modest 1.8% increase YoY, as the robust operating performance was partially offset by the 2.2x hike in the interest expense and the 41% YoY increase in D&A due to the currency devaluation.

# Operating profit

## Q1 2024 (YoY)



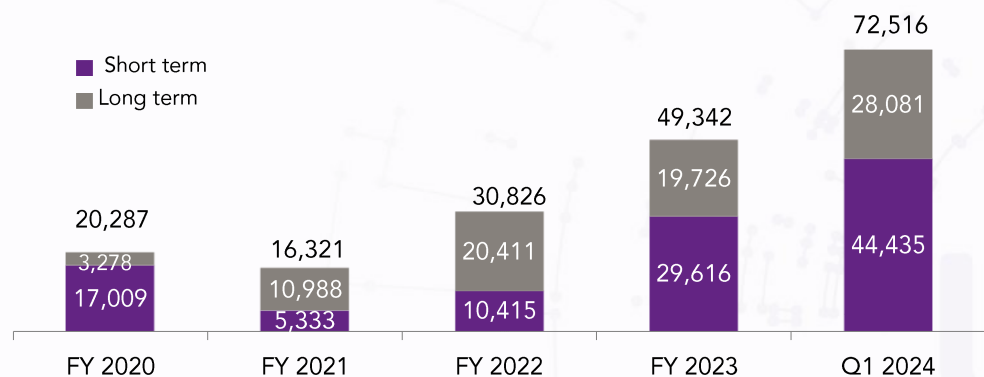
Note: All financial figures are in EGP million

# Balance sheet highlights



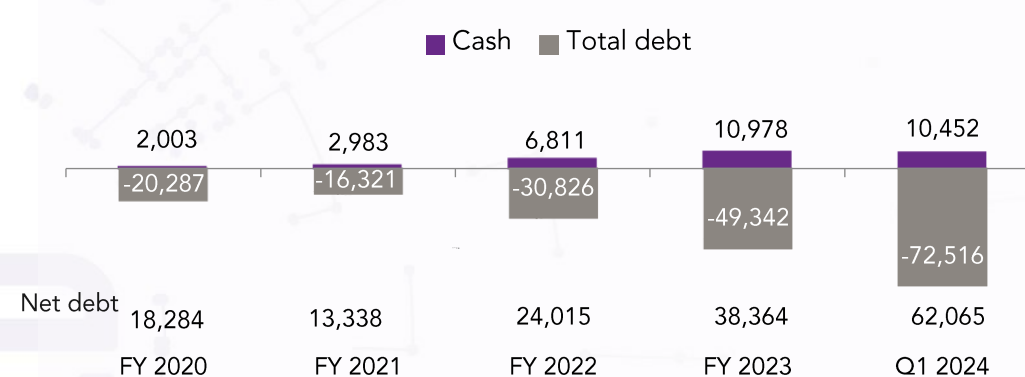
## Total debt

(EGP mn)



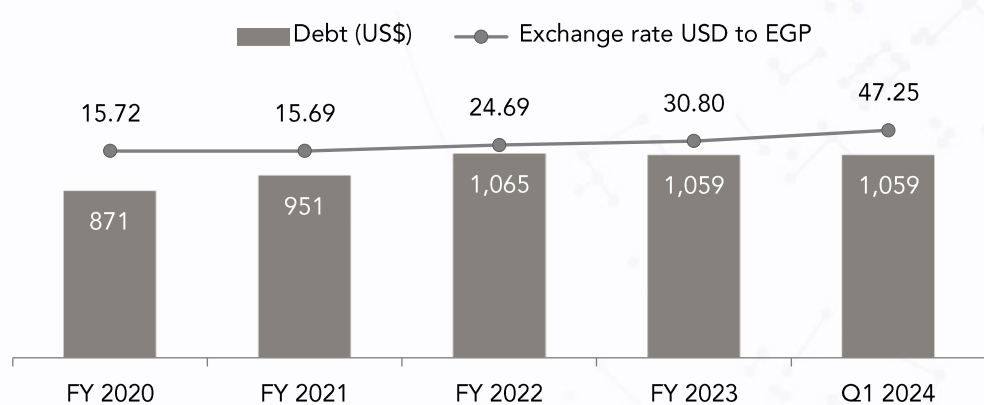
## Net debt

(EGP mn)



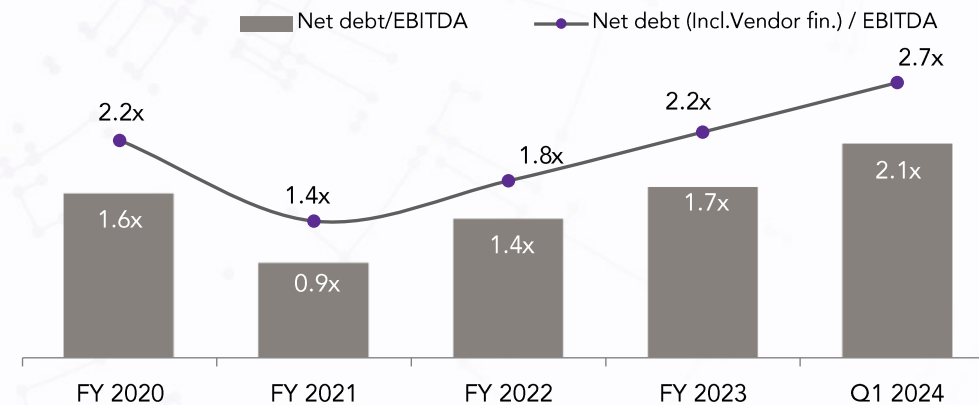
## Debt – Hard currency portion

(EGP mn)



## Net debt/ EBITDA

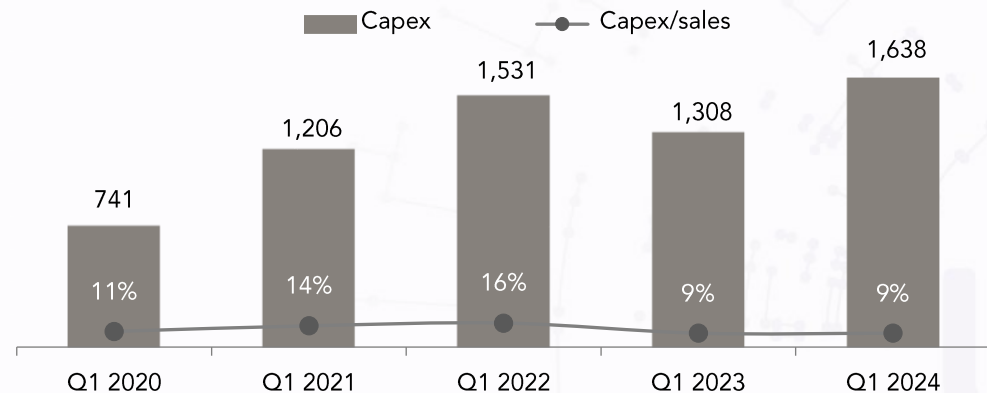
(Based on annualized EBITDA)



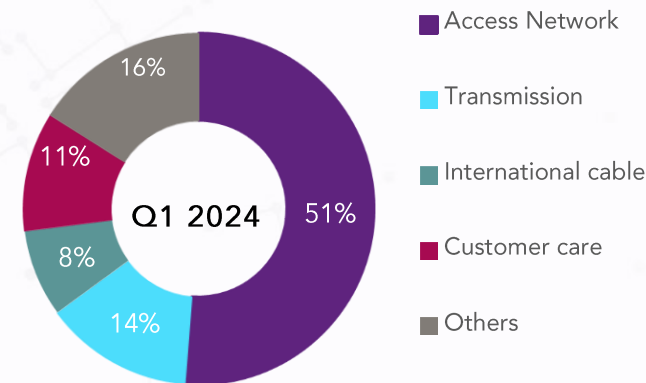
# CapEx analysis



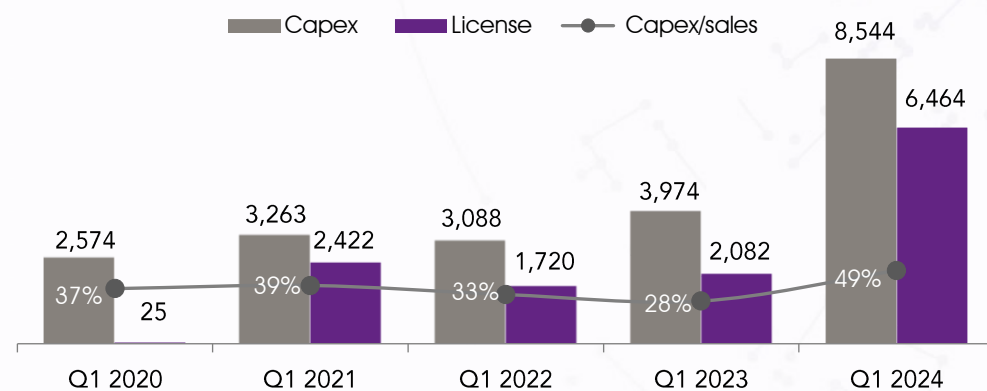
## In-service CapEx (EGP mn)



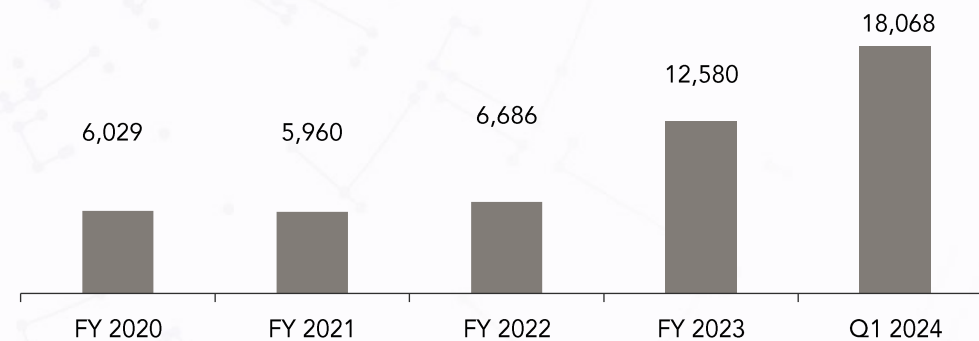
## Breakdown of in-service CapEx



## Cash CapEx (EGP mn)



## Vendor financing obligations\* (EGP mn)

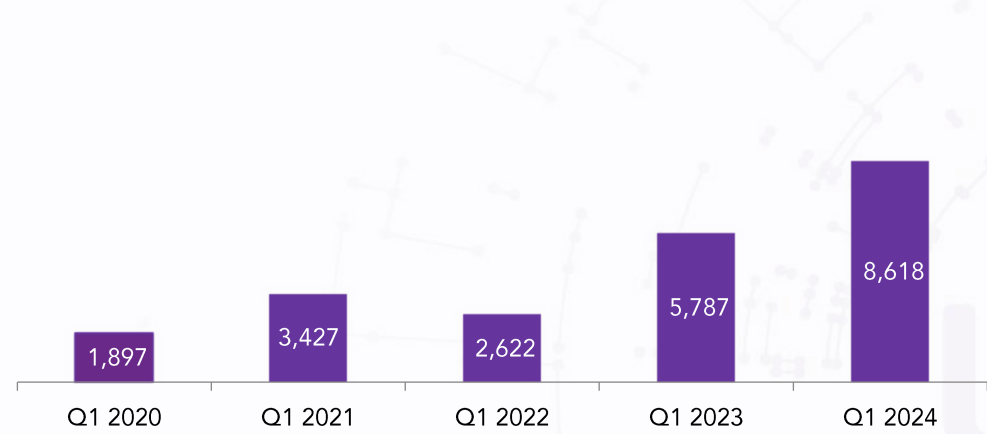


\* Based on USD and EURO exchange rates as of 31 Mar 2024

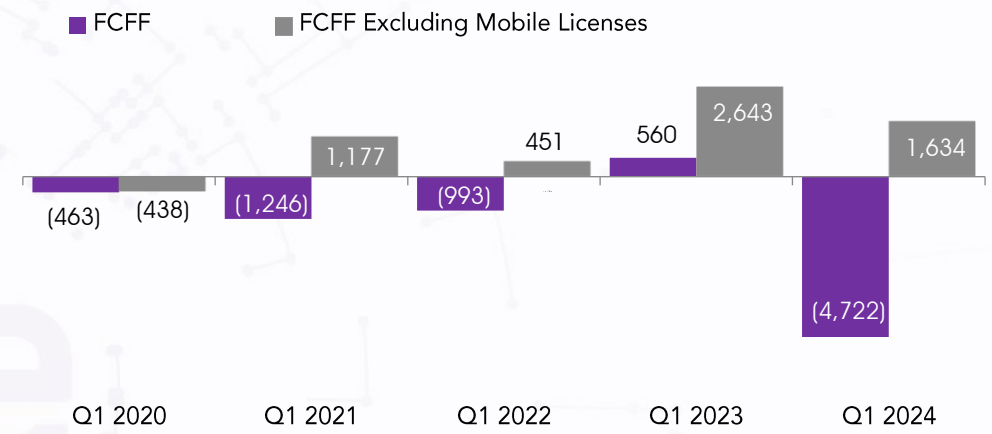
Note: All financial figures reported are based on consolidated financials under the Egyptian Accounting Standards

# Cash flow analysis

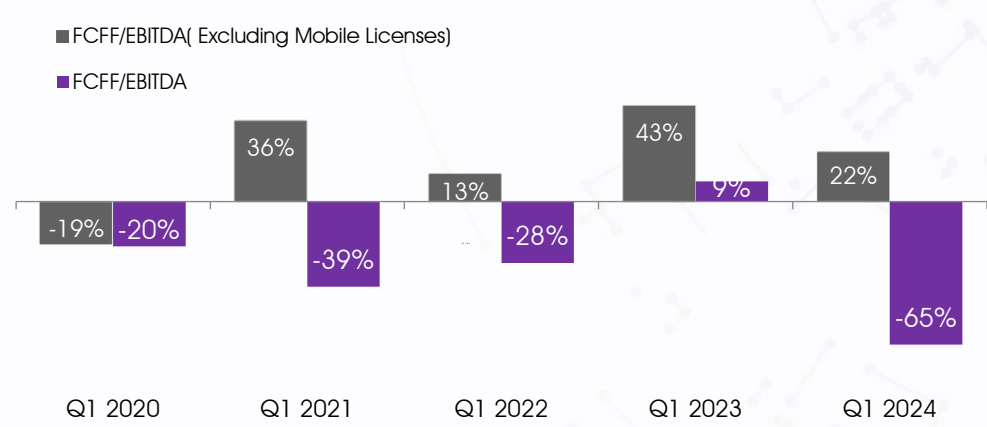
Net cash from operating activities  
(EGP mn)



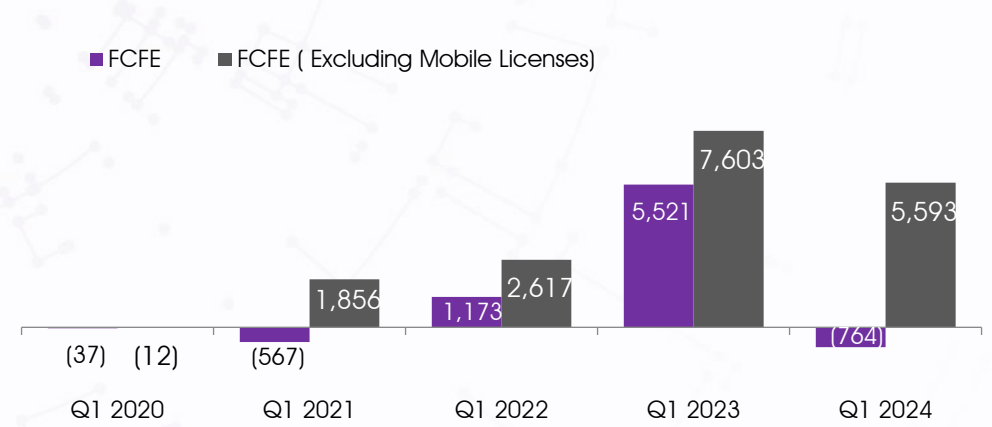
FCFF  
(EGP mn)



FCFF/EBITDA  
(EGP mn)



FCFE  
(EGP mn)



# Our performance in context

	Q1 2024 actual	FY 2024 budget
Revenue growth YoY	25%	Mid double-digit
EBITDA margin (%)	42%	High 30s
CapEx/sales (%)	In-service: 9%	In-service: Early 20s
FCFF/EBITDA (%)	22%*	Early 40s

\*Excluding the mobile licenses CapEx



# Thank You

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