

# Results Presentation telecomegypt

Q3 2024



# Disclaimer

This document has been prepared by Telecom Egypt (hereinafter referred to as the “Company” or “TE”) exclusively for informational purposes. The content of this document has not been independently verified. It contains forward-looking statements concerning the Company’s future business, financial performance, operational performance, and anticipated events or developments. These statements are based on the current expectations and certain assumptions of Telecom Egypt’s management, many of which are beyond the Company’s control. These assumptions are subject to various risks and uncertainties. If any of these risks or uncertainties materialize, or if any underlying expectations do not materialize or assumptions prove to be incorrect, actual results may differ materially—whether positively or negatively—from those expressed or implied in the forward-looking statements.

Telecom Egypt undertakes no obligation to update or revise these forward-looking statements in light of new information or future events.

This document does not constitute an offer or invitation to sell or issue, nor does it solicit any offer to purchase or subscribe for, any shares of the Company. Furthermore, it does not form the basis of, or be relied upon in connection with, any contract or commitment whatsoever. This presentation is provided solely for informational purposes and is subject to change. Reproduction, redistribution, or disclosure of this presentation, in whole or in part, to any third party, or publication of its contents for any purpose, is prohibited without the prior written consent of the Company.

# 9M 2024 Results Highlights

## Healthy Business Performance Amid Inflation Challenges



Revenue (EGP bn)

58.4bn

+39% YoY

Total **revenue** increased by 39% YoY, driven by a 46% YoY increase in Data revenues, accounting for 45% of total revenue growth, followed by a 61% YoY hike in International Direct Dialing (IDD) revenues and a 90% YoY surge in Capacity Sales.

EBITDA (EGP bn)

23.5bn

+34% YoY

EBITDA witnessed a 34% YoY increase, recording a margin of 40%. The strong top-line growth and effective cost-optimization measures allowed us to maintain the margin at targeted levels despite continued inflationary pressures.

Net Profit (EGP bn)

8.6bn

-6% YoY

**Net profit** declined by 6% YoY, resulting in a net profit margin of 15%. The bottom line came pressured despite strong operational growth and a 56% increase in VFE income, mainly on the 3x YoY higher net finance costs driven by the devaluation of the EGP and rising interest rates during the period.

Customers (mn)

Fixed Voice: 12.9 (4% YoY)

Fixed Data: 10.0 (8% YoY)

Mobile: 13.6 (9% YoY)

**Customer base** continues to grow steadily across all segments.

# Main Events Year to Date

we

## Main Events



### 11 Nov 2024: Telecom Egypt and Vodafone Egypt Strengthen Strategic Partnership with New Service Agreements

Building on their long-standing strategic partnership, Telecom Egypt and Vodafone Egypt signed several landmark service agreements for infrastructure services. These agreements aim to develop Vodafone Egypt's networks and support its preparations for the rollout of 5G services.

[Read More](#)



### 06 Nov 2024: Telecom Egypt Announces Africa-1 Subsea Cable System Landing in Egypt

Telecom Egypt and Alcatel Submarine Networks announce the successful landing of the Africa-1 subsea cable system in Egypt at the Ras Ghareb cable landing station on the Red Sea.

[Read More](#)



### 03 Nov 2024: Mobily Partners with Telecom Egypt to Land the First Saudi Submarine Cable Linking Saudi Arabia and Egypt through the Red Sea

Mobily, a leading Technology, Media, and Telecom (TMT) company in the Kingdom of Saudi Arabia, and Telecom Egypt, sign a cooperation agreement to land the first Saudi submarine cable linking Saudi Arabia and Egypt.

[Read More](#)



### 28 Oct 2024: Telecom Egypt Refinances Short-Term Facilities Through an EGP 18bn Syndicate Loan from 13 Banks

Telecom Egypt announces the successful signing of an EGP 18bn syndicated loan facility, a crucial step in rebalancing the company's cash flow and enhancing its financial flexibility.

[Read More](#)

# Main Events Year to Date

we

## Main Events



### 07 Aug 2024: Telecom Egypt Selects Mada Communications as its Preferred Partner for International SMS Services

Telecom Egypt announces the signing of a multi-year agreement with Mada Communications (Mada®), a leading telecoms solutions provider, to be its preferred strategic international SMS service provider.

[Read More](#)



### 15 Jul 2024: Telecom Egypt Enhancing Mobile Data Service in Strategic Hot Spots Using Nokia 5G Technology

Telecom Egypt announces a new partnership with Nokia to bring 5G technology to Egypt for the first time. The collaboration aims to revolutionize the country's telecom landscape by introducing the transformative power of 5G to cities such as Alexandria, Giza, Luxor, and Aswan.

[Read More](#)



### 01 Jul 2024: Telecom Egypt and 4iG Group to Partner in Modernizing Egypt's Digital Infrastructure

Telecom Egypt and 4iG Group, the leading telecommunications and IT group in Hungary and the Western Balkans, sign a Memorandum of Understanding (MoU) to establish a joint venture to build, operate and commercialize Fiber-To-The-Home and Fiber-To-The-Site fiber access infrastructure on a wholesale basis in Egypt.

[Read More](#)



### 05 Jun 2024: SubCom and Telecom Egypt Complete IEX Cable Landings in Egypt

Telecom Egypt and SubCom, the global subsea data system supplier, along with the India-Europe-Xpress (IEX) partners, announce the successful completion of IEX Subsea system's landings in Egypt.

[Read More](#)

# Main Events Year to Date

we

## Main Events



**22 May 2024: Telecom Egypt to Refinance Short-Term Facilities with new USD 200mn Medium-Term Loan Facility from Banque Misr, UAE**

Telecom Egypt signs an agreement to secure a USD 200m medium-term loan from Banque Misr, UAE.

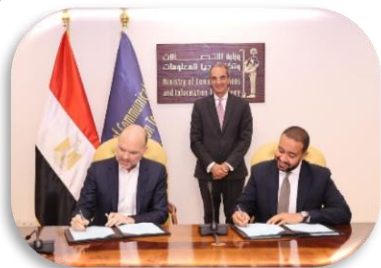
[Read More](#)



**21 May 2024: Telecom Egypt Partners with Huawei Cloud to Host Huawei's First Public Cloud in Egypt and Northern Africa**

In a significant step towards accelerating Egypt's digital transformation strategy, Telecom Egypt and Huawei Cloud successfully join forces to launch Huawei's first locally based public cloud platform in Egypt and Northern Africa.

[Read More](#)



**19 Mar 2024: Telecom Egypt and EXA Infrastructure Partner to Promote Intercontinental Traffic via WeConnect**

Telecom Egypt and EXA Infrastructure, a leading European fiber backbone and transatlantic subsea cable infrastructure provider, announce their partnership to reshape East-to-West traffic flows entering the Mediterranean.

[Read More](#)



**07 Feb 2024: ICE IV Project Propels Intra Asia to India, Middle East, and Beyond**

e&, Telecom Egypt, Telin, and a major Indian operator sign a new Memorandum of Understanding (MoU) to form a consortium with the aim of developing 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](#)

# Main Events Year to Date

## Main Events



### 01 Feb 2024: 4iG and Telecom Egypt Sign Terms of Cooperation for the Creation of an Express Subsea Cable between Albania and Egypt

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

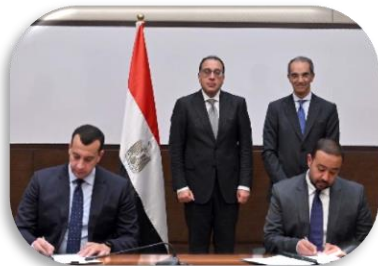
[Read More](#)



### 25 Jan 2024: Telecom Egypt and NaiTel Join Forces to Build a new Subsea Cable "Coral Bridge" between Egypt and Jordan

In a ground-breaking move to enhance regional connectivity, Telecom Egypt joins forces with NaiTel, together, they announce the signing of a Joint Build Agreement to construct Coral Bridge.

[Read More](#)



### 17 Jan 2024: Telecom Egypt Secures the First 5G License in Egypt

The National Telecommunications Regulatory Authority (NTRA) grants Telecom Egypt the country's first license to install and operate fifth-generation (5G) networks for cell phones.

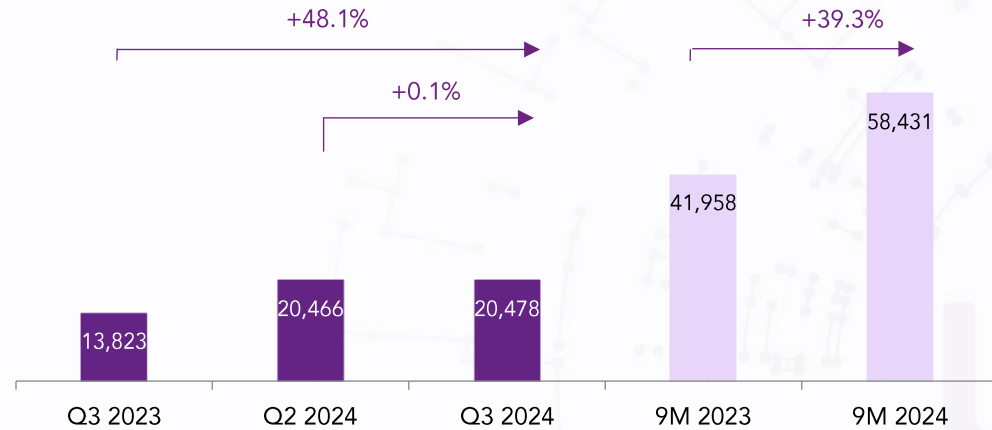
[Read More](#)

# Financial Highlights

we

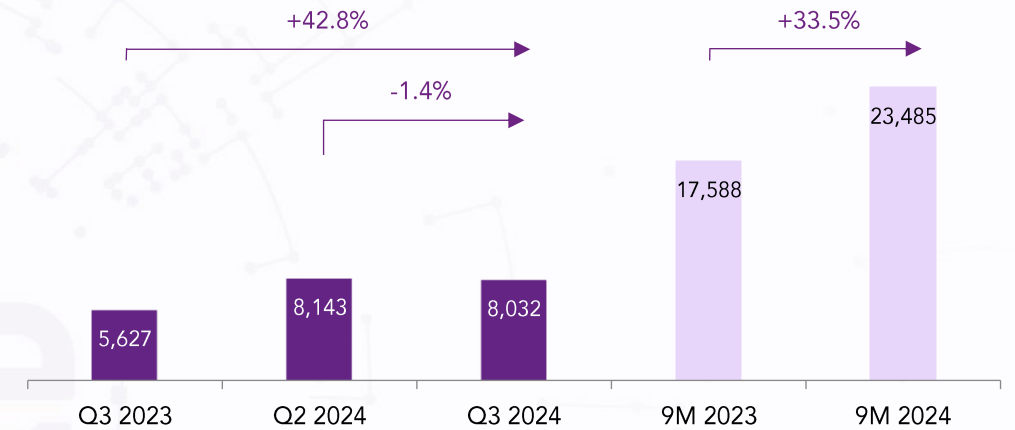
## Revenue

(In EGP mn)



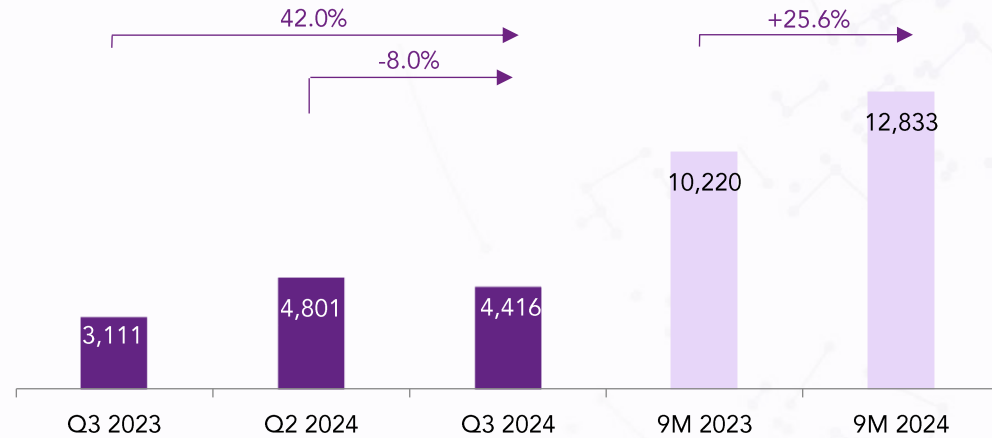
## EBITDA

(In EGP mn)



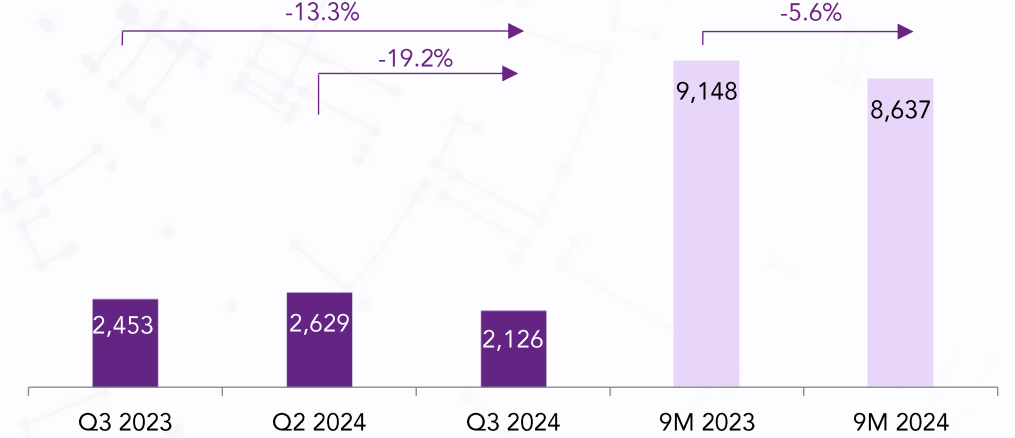
## Operating Profit

(In EGP mn)



## Net Profit

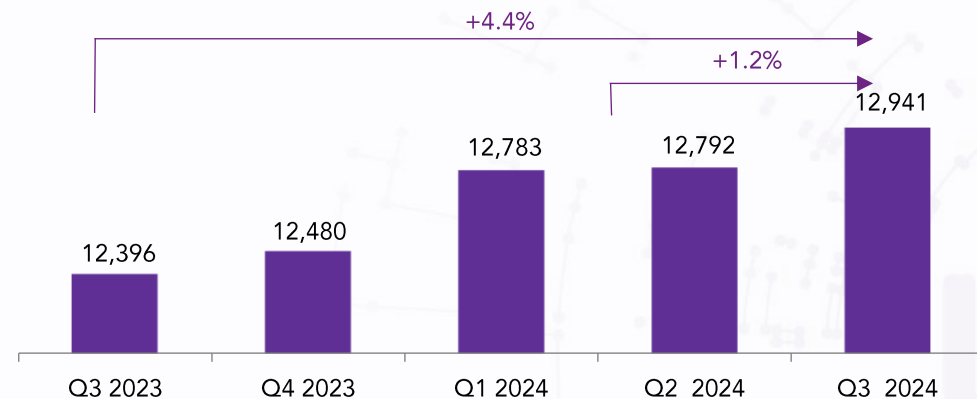
(In EGP mn)



# Customer Base and ARPU

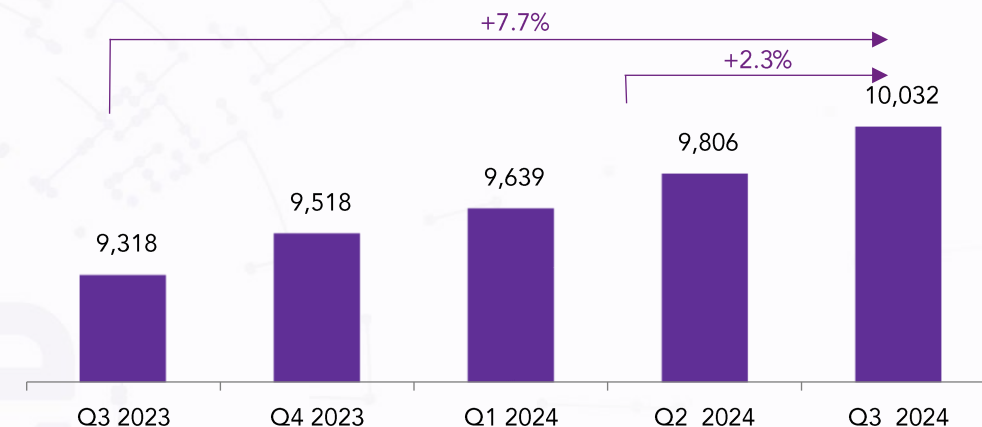
## Fixed Line

(In 000s)



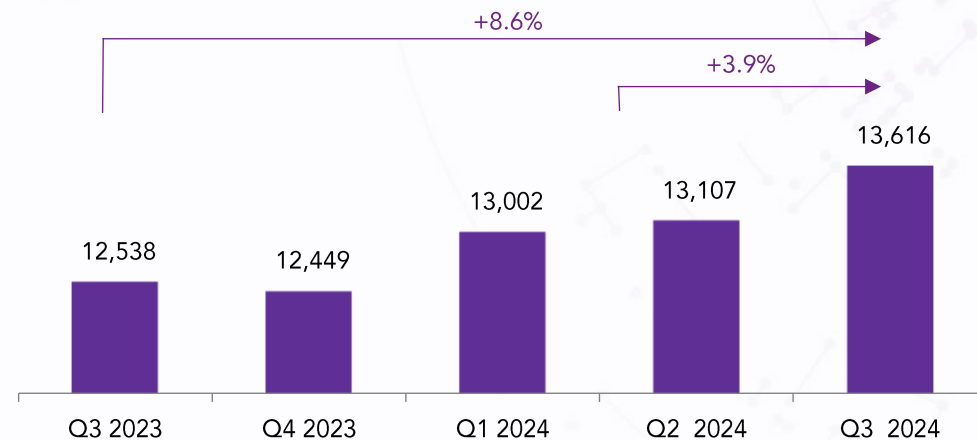
## Fixed Broadband

(In 000s)



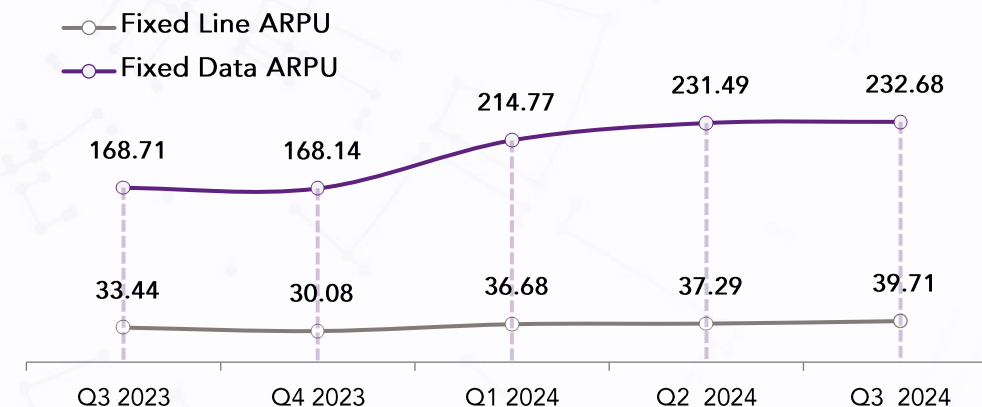
## Mobile

(In 000s)



## ARPU

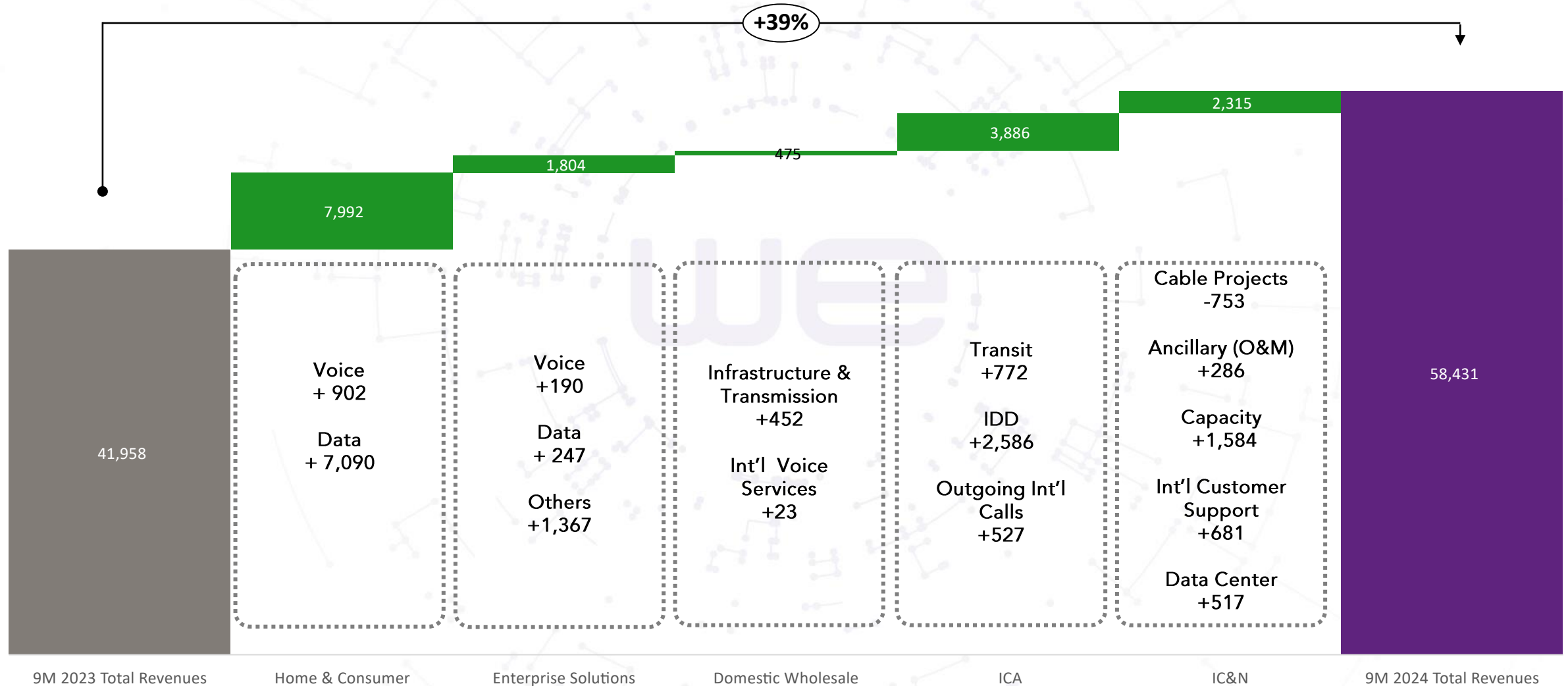
(In EGP)



# Total Revenues

9M 2024 YoY (EGP mn)

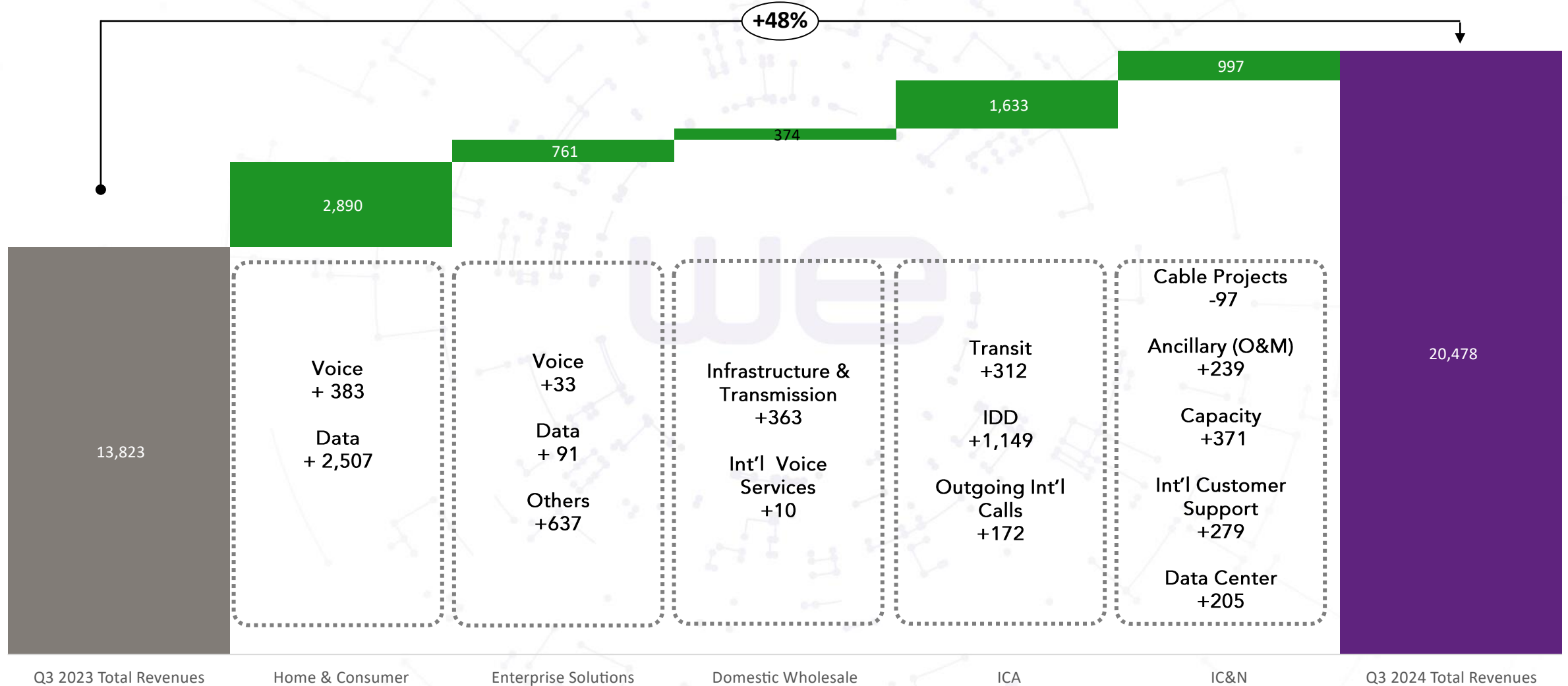
we



# Total Revenues

Q3 2024 YoY (EGP mn)

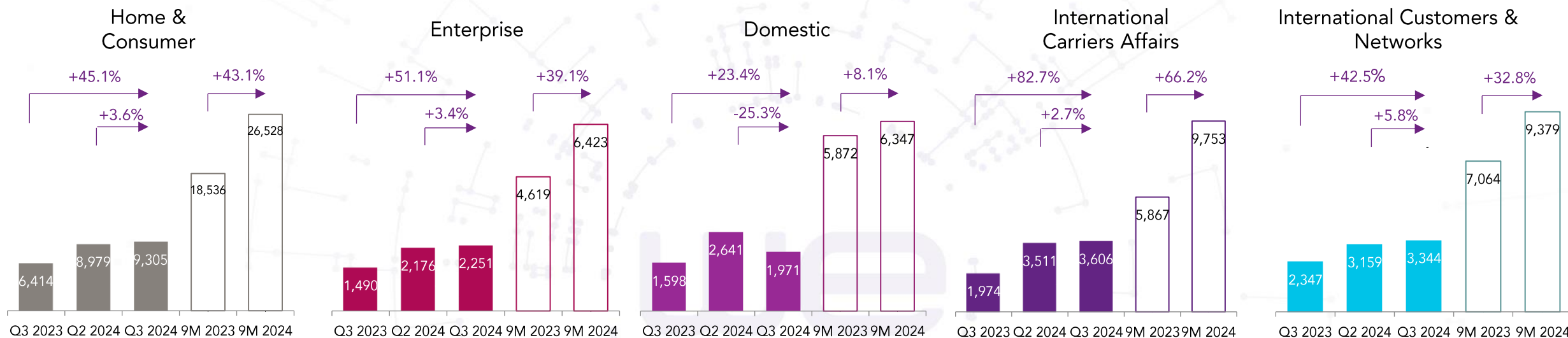
we



# Revenue by Business Unit

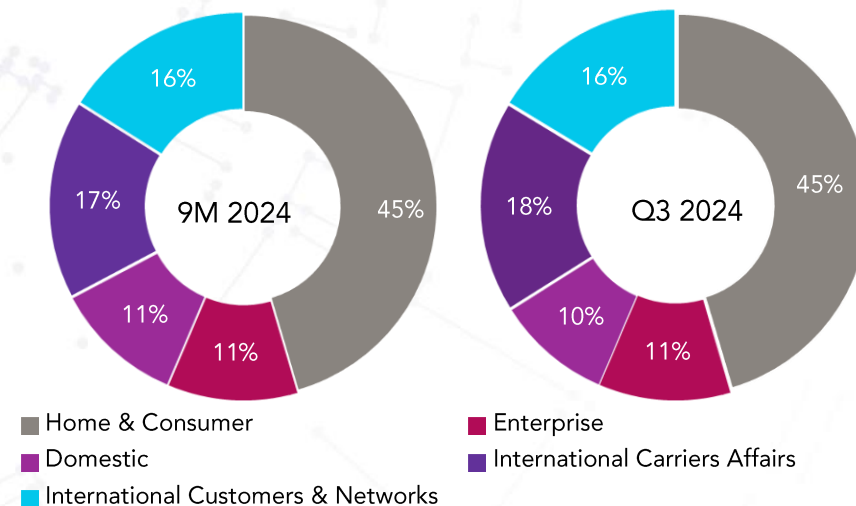
## Robust Retail Segment Sustains Growth Momentum

we



### 9M 2024 Performance

- ✓ **Total revenue** increased by 39% YoY to reach EGP 58.4bn, fueled by a robust Retail segment contributing 56% to total revenue and accounting for 59% of the revenue growth YoY.
- ✓ **Home & Consumer** grew 43% YoY, driven by a 47% increase in Data revenue, backed by higher ARPU (+37% YoY) from direct price adjustments earlier in the year and a steadily expanding customer base (+8% YoY).
- ✓ **Enterprise** increased by 39% YoY, primarily supported by the Enterprise Managed Data and Access Services, representing 62% of the business unit's growth.
- ✓ **Mobile** saw a robust 38% YoY growth, mainly due to improved ARPU and a growing customer base.
- ✓ **Domestic Wholesale** increased 8% YoY, mainly on an 8% YoY rise in Infrastructure revenues.
- ✓ **ICA** grew by 66% YoY, contributing 24% to top-line growth primarily driven by the 61% YoY hike in IDD revenues, supported by the foreign currency appreciation and a 16% YoY increase in international incoming calls traffic.
- ✓ **IC&N** grew by 33% YoY, accounting for 14% of top-line growth, mainly due to a 90% YoY increase in Capacity Sales, reaching EGP 3.3bn. Additionally, International Customer Support revenue rose by 52% YoY, reaching EGP 2.0bn.



# Income Statement (9M 2024)

In EGP mn	9M 2024	9M 2023	YoY	Q3 2024	Q2 2024	Q3 2023	QoQ	YoY
<b>Revenue</b>	<b>58,431</b>	<b>41,958</b>	<b>%39</b>	<b>20,478</b>	<b>20,466</b>	<b>13,823</b>	<b>%0</b>	<b>%48</b>
Home	26,528	18,536	%43	9,305	8,979	6,414	%4	%45
Enterprise	6,423	4,619	%39	2,251	2,176	1,490	%3	%51
Domestic	6,347	5,872	%8	1,971	2,641	1,598	%25-	%23
ICA	9,753	5,867	%66	3,606	3,511	1,974	%3	%83
IC&N	9,379	7,064	%33	3,344	3,159	2,347	%6	%42
<b>Employee cost</b>	<b>(10,267)</b>	<b>(7,916)</b>	<b>%30</b>	<b>(3,595)</b>	<b>(3,463)</b>	<b>(2,664)</b>	<b>%4</b>	<b>%35</b>
Call costs	(9,296)	(6,292)	%48	(3,401)	(3,290)	(2,163)	%3	%57
CoGS*	(12,009)	(7,502)	%60	(4,335)	(4,329)	(2,363)	%0	%83
S&D*	(2,027)	(1,613)	%26	(654)	(815)	(559)	%20-	%17
G&A*	(1,346)	(1,047)	%29	(460)	(426)	(448)	%8	%3
<b>EBITDA</b>	<b>23,485</b>	<b>17,588</b>	<b>%34</b>	<b>8,032</b>	<b>8,143</b>	<b>5,627</b>	<b>%1-</b>	<b>%43</b>
<i>Margin</i>	<i>%40</i>	<i>%42</i>	<i>(172 bps)</i>	<i>%39</i>	<i>%40</i>	<i>%41</i>	<i>(56 bps)</i>	<i>(148 bps)</i>
Other (expense) / income	232	128	%81	148	187	73	%21-	%103
Depreciation	(8,602)	(5,752)	%50	(3,126)	(2,841)	(1,986)	%10	%57
Amortization	(1,802)	(1,556)	%16	(610)	(605)	(528)	%1	%15
(Pro)/ Reversal of ECL provision	(480)	(188)	%155	(28)	(84)	(77)	%66-	%63-
<b>Operating profit</b>	<b>12,833</b>	<b>10,220</b>	<b>%26</b>	<b>4,416</b>	<b>4,801</b>	<b>3,111</b>	<b>%8-</b>	<b>%42</b>
<i>Margin</i>	<i>%22</i>	<i>%24</i>	<i>(239 bps)</i>	<i>%22</i>	<i>%23</i>	<i>%23</i>	<i>(190 bps)</i>	<i>(94 bps)</i>
Income from investments	5,339	3,430	%56	2,354	2,086	1,070	%13	%120
Net finance (cost) / income	(2,212)	(660)	%235	(1,511)	(792)	(25)	%91	%5889
Net interest (exp.) / income	(7,151)	(2,499)	%186	(2,639)	(2,754)	(973)	%4-	%171
Tax	(162)	(1,337)	%88-	(489)	(710)	(864)	%31-	%43-
<b>Net Profit</b>	<b>8,637</b>	<b>9,148</b>	<b>%6-</b>	<b>2,126</b>	<b>2,629</b>	<b>2,453</b>	<b>%19-</b>	<b>%13-</b>
<i>Margin</i>	<i>%15</i>	<i>%22</i>	<i>(702 bps)</i>	<i>%10</i>	<i>%13</i>	<i>%18</i>	<i>(247 bps)</i>	<i>(736 bps)</i>
EPS	5.06	5.36	-6%	1.25	1.54	1.44	-19%	-13%

## Revenue

- Top-line witnessed a significant 39% YoY increase, driven by a 42% YoY increase in Retail revenue and a 36% YoY increase in Wholesale revenue.
- Data was the main contributor to the growth, accounting for 46% of the annual growth, driven by the price adjustments implemented across all Retail segments in January 2024 and an 8% increase in the customer base. This was followed by IDD revenue, which surged by 61% YoY, reaching EGP 6.8bn.

## Expenses

- Employee costs increased 30% YoY, marking an employee-cost-to-revenue ratio of 18%, slightly lower than the 19% reported in 9M 2023.
- Total call costs inflated by 48% YoY, primarily driven by the currency devaluation.
- Marketing expense grew 27% YoY but remained steady at 2% of revenue, consistent with last year.

## EBITDA

- EBITDA witnessed a 34% YoY increase, recording a margin of 40%. This performance was driven by strong top-line growth and effective cost-optimization measures, which allowed us to maintain the margin at targeted levels despite continued inflationary pressures.

## Other OPEX

- D&A hiked 42% YoY, amounting to EGP 10.4bn, largely due to the capitalization of part of the FX losses following the special accounting treatment applied in response to the EGP devaluation. New CapEx additions also partially contributed to the increase.
- ECL provision increased by EGP 0.29bn YoY, mainly accounting for outstanding balances affected by the currency devaluation.

## Non-Operational

- Income from VFE significantly increased by 56% YoY, reporting EGP 5.3bn. This increase was backed by organic growth, including price ups, despite the FX loss recognized on their P&L during Q1 2024 related to the currency devaluation.
- Interest expense hiked by 2.5x YoY due to the appreciation of FX debt balances (EGP 81.5bn vs EGP 49.3bn in FY 2023), increasing the effective interest rate from 11% in FY 2023 to 15% in 9M 2024.) However, our base debt will remain unchanged.

## Net Profit

- Net profit experienced a 6% YoY decrease, resulting in a pressured margin of 15%. The solid operational growth and 56% increase in VFE's income were outweighed by the significant 3x YoY higher net finance costs and the EGP 1.8bn in FX losses due to the currency devaluation.

# Income Statement (Q3 2024)

In EGP mn	9M 2024	9M 2023	YoY	Q3 2024	Q2 2024	Q3 2023	QoQ	YoY
<b>Revenue</b>	<b>58,431</b>	<b>41,958</b>	<b>%39</b>	<b>20,478</b>	<b>20,466</b>	<b>13,823</b>	<b>%0</b>	<b>%48</b>
Home	26,528	18,536	%43	9,305	8,979	6,414	%4	%45
Enterprise	6,423	4,619	%39	2,251	2,176	1,490	%3	%51
Domestic	6,347	5,872	%8	1,971	2,641	1,598	%25-	%23
ICA	9,753	5,867	%66	3,606	3,511	1,974	%3	%83
IC&N	9,379	7,064	%33	3,344	3,159	2,347	%6	%42
<b>Employee cost</b>	<b>(10,267)</b>	<b>(7,916)</b>	<b>%30</b>	<b>(3,595)</b>	<b>(3,463)</b>	<b>(2,664)</b>	<b>%4</b>	<b>%35</b>
Call costs	(9,296)	(6,292)	%48	(3,401)	(3,290)	(2,163)	%3	%57
CoGS*	(12,009)	(7,502)	%60	(4,335)	(4,329)	(2,363)	%0	%83
S&D*	(2,027)	(1,613)	%26	(654)	(815)	(559)	%20-	%17
G&A*	(1,346)	(1,047)	%29	(460)	(426)	(448)	%8	%3
<b>EBITDA</b>	<b>23,485</b>	<b>17,588</b>	<b>%34</b>	<b>8,032</b>	<b>8,143</b>	<b>5,627</b>	<b>%1-</b>	<b>%43</b>
Margin	%40	%42	(172 bps)	%39	%40	%41	(56 bps)	(148 bps)
Other (expense) / income	232	128	%81	148	187	73	%21-	%103
Depreciation	(8,602)	(5,752)	%50	(3,126)	(2,841)	(1,986)	%10	%57
Amortization	(1,802)	(1,556)	%16	(610)	(605)	(528)	%1	%15
(Pro)/ Reversal of ECL provision	(480)	(188)	%155	(28)	(84)	(77)	%66-	%63-
Operating profit	12,833	10,220	%26	4,416	4,801	3,111	%8-	%42
Margin	%22	%24	(239 bps)	%22	%23	%23	(190 bps)	(94 bps)
Income from investments	5,339	3,430	%56	2,354	2,086	1,070	%13	%120
Net finance (cost) / income	(2,212)	(660)	%235	(1,511)	(792)	(25)	%91	%5889
Net interest (exp.) / income	(7,151)	(2,499)	%186	(2,639)	(2,754)	(973)	%4-	%171
Tax	(162)	(1,337)	%88-	(489)	(710)	(864)	%31-	%43-
<b>Net Profit</b>	<b>8,637</b>	<b>9,148</b>	<b>%6-</b>	<b>2,126</b>	<b>2,629</b>	<b>2,453</b>	<b>%19-</b>	<b>%13-</b>
Margin	%15	%22	(702 bps)	%10	%13	%18	(247 bps)	(736 bps)
EPS	5.06	5.36	-6%	1.25	1.54	1.44	-19%	-13%

## Revenue

- Top-line surged by 48% YoY, driven by a 46% YoY increase in Retail revenue and a 51% YoY increase in Wholesale revenue.
- Data was the key growth driver, marking a 47% YoY increase, representing 40% of the total revenue. This growth is attributed to the base effect of the price ups across the Retail segment in January 2024, and the 8% increase in Data customer base. In the Wholesale segment, IDD revenue led the growth, increasing by 79% YoY, mainly backed by the foreign currency appreciation. Moreover, Infrastructure and Capacity Sales saw incremental YoY growth of 23%, and 64%, respectively.

## Expenses

- Employee costs increased 35% YoY; however, the employee cost-to-revenue ratio decreased from 19% in Q3 2023 to 18% in Q3 2024.
- Total call costs hiked by 57% YoY, mainly on the back of the currency devaluation.
- Marketing expense grew 7% YoY, but remained steady at 2% of revenue, consistent with last year.

## EBITDA

- EBITDA increased 43% YoY, recording a margin of 39%. This performance was driven by robust top-line growth, which superseded the increase in costs due to inflationary pressures fueled by the currency devaluation.

## Other OPEX

- D&A expenses increased by 49% YoY, reaching EGP 3.7bn, primarily due to the capitalization of a portion of FX losses following the special accounting treatment applied in response to the EGP devaluation, as well as new asset additions.
- Notably, the D&A expense rose by only 8% QoQ, reflecting the stabilization of the new asset base after the FX losses capitalization.

## Non-Operational

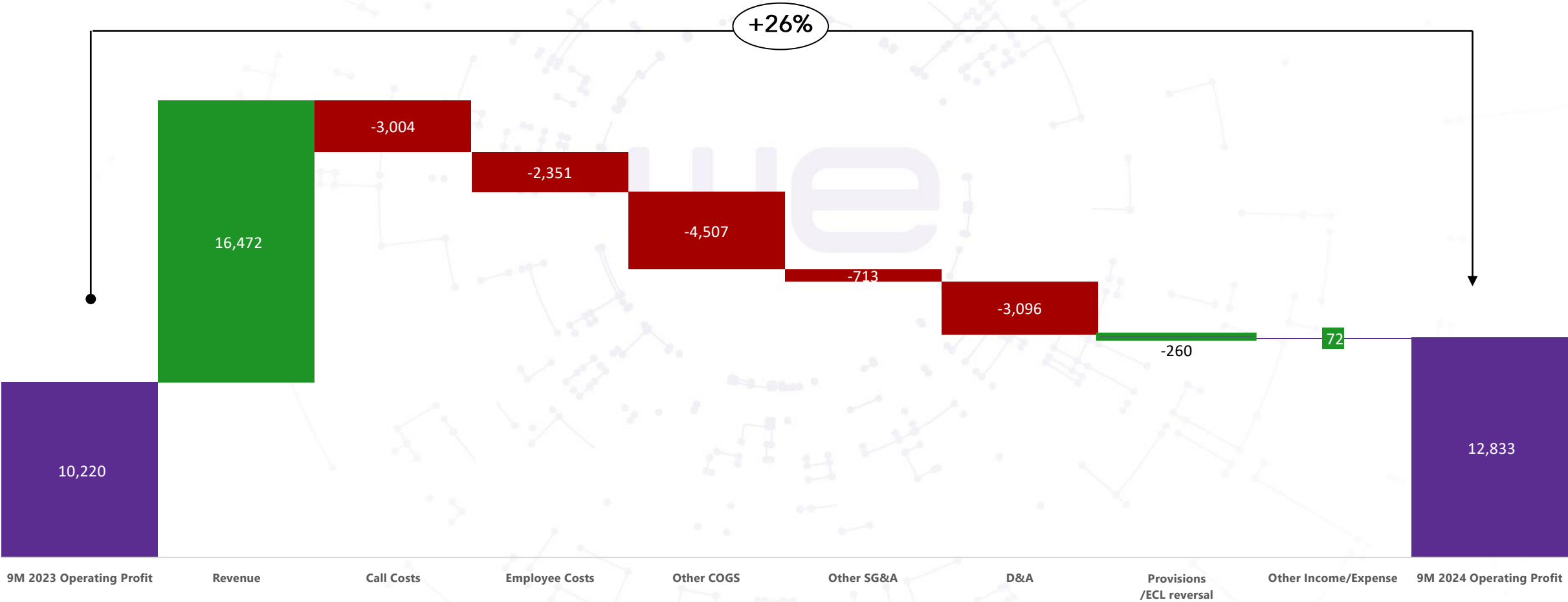
- Income from VFE increased 61% YoY reporting EGP 2.4bn, backed by higher operating performance caused by the organic growth including price-ups.
- Interest expense hiked by 2.5x YoY, driven by the appreciation of the FX-denominated debt, raising the effective interest rate to 13.6% in Q3 2024.

## Net Profit

- Net profit experienced a 13% YoY decrease, resulting in a lower margin of 10% compared to last year. The strong operational growth and 61% increase in VFE's income were outweighed by the significant 2.5x increase in interest expense and the EGP 1.4bn in FX losses recorded.

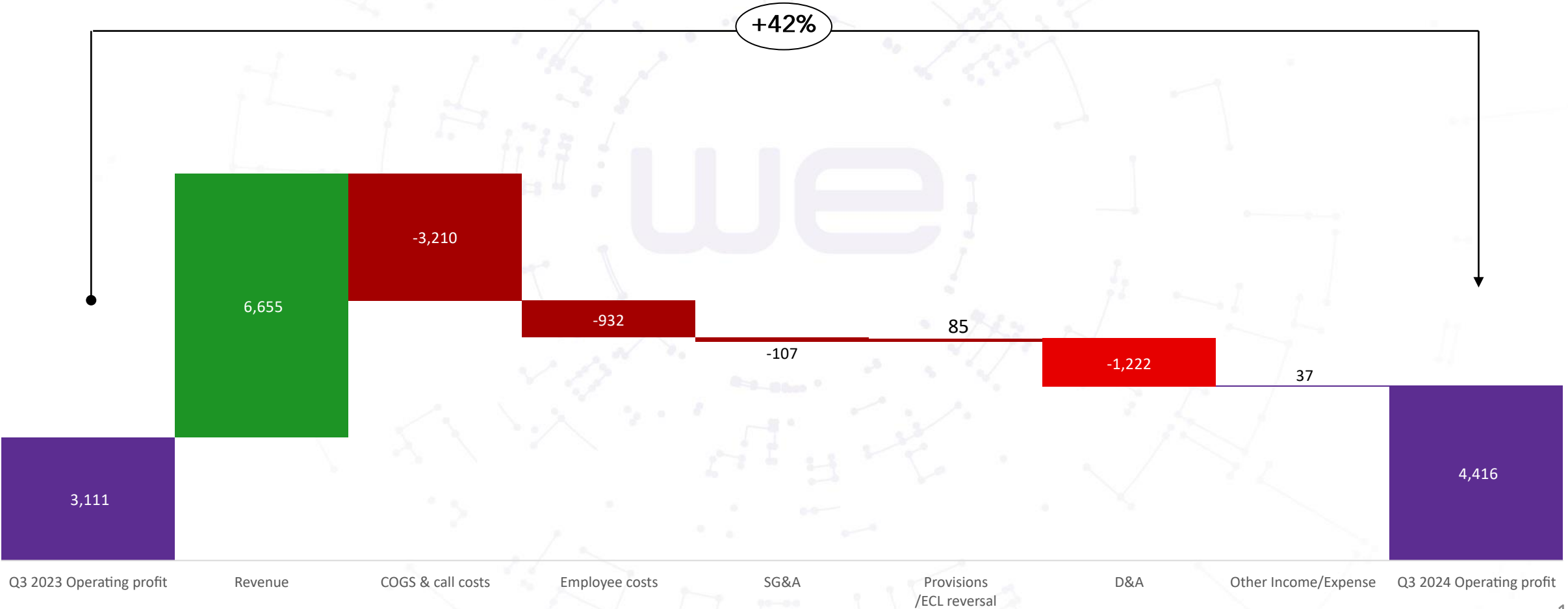
# Operating Profit

9M 2024 YoY (EGP mn)



# Operating Profit

Q3 2024 YoY (EGP mn)



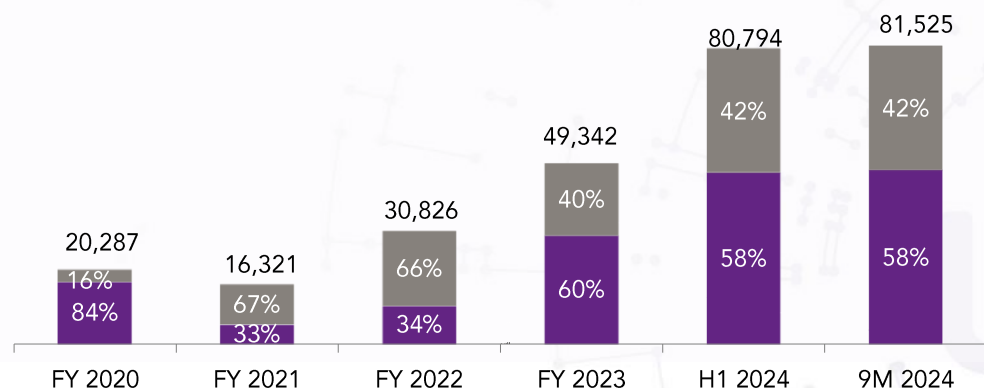
# Balance Sheet Highlights



## Total Debt

(EGP mn)

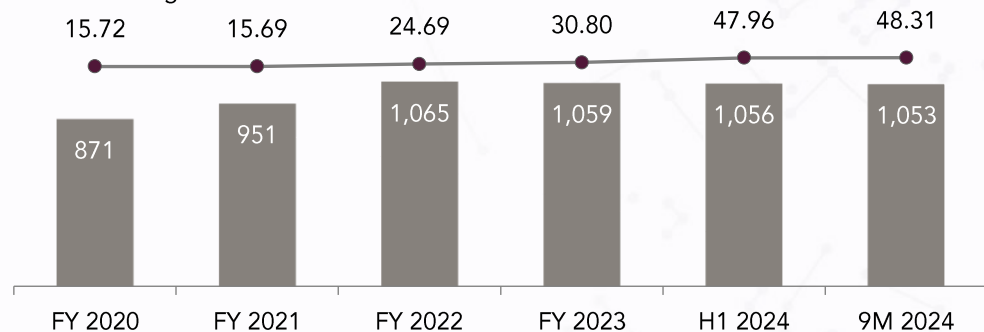
- Short Term
- Long Term



## Debt – Foreign Currency Portion

(USD mn)

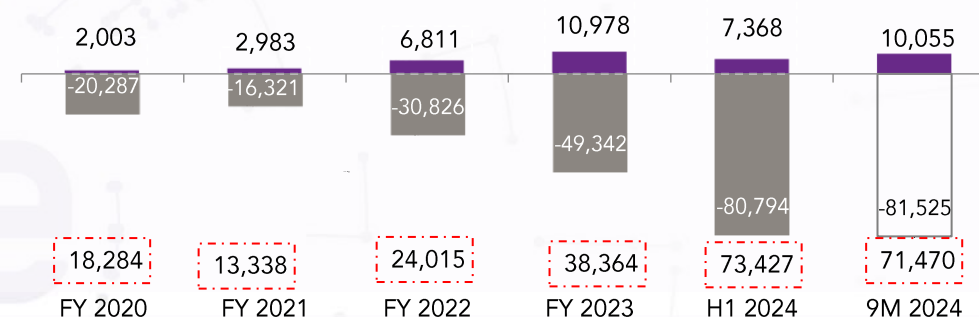
- Foreign Currency Debt (US)
- Exchange Rate USD to EGP



## Net Debt

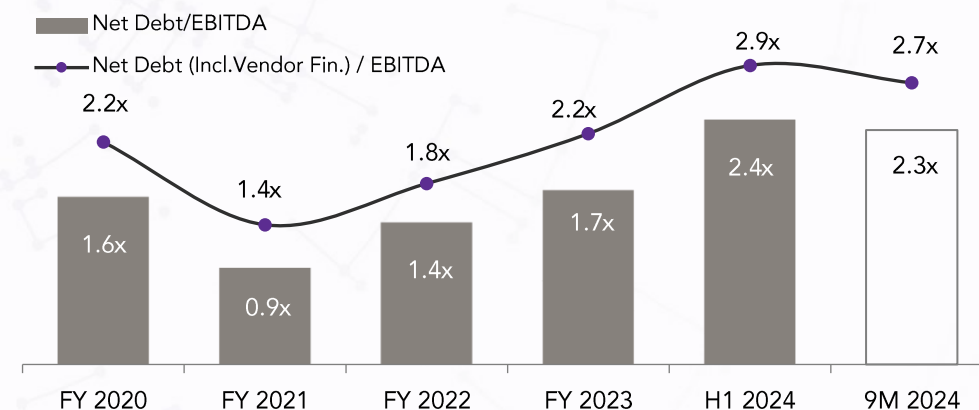
(EGP mn)

- Cash
- Total Debt
- Net Debt



## Net Debt/EBITDA

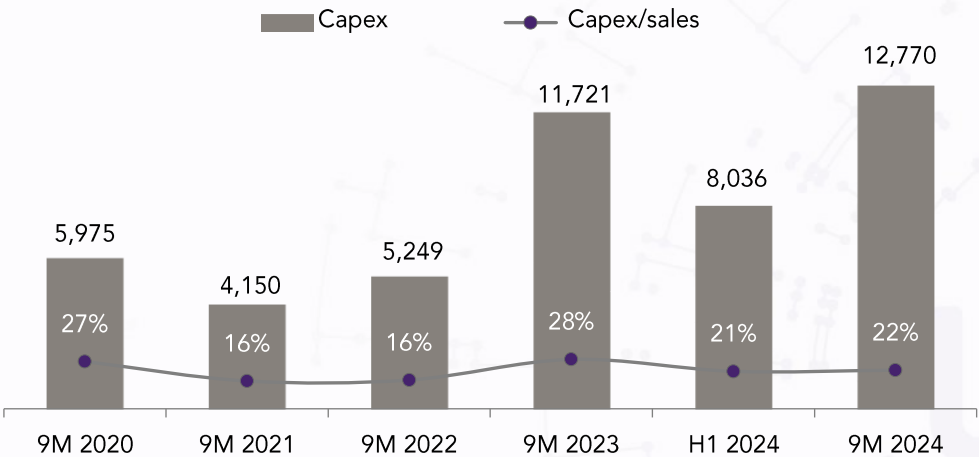
(Based on Annualized EBITDA)



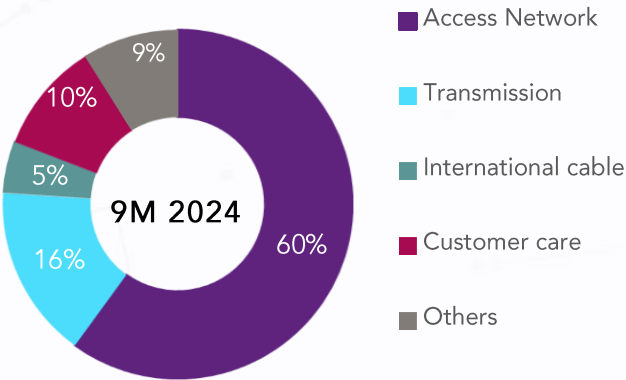
# CapEx Analysis



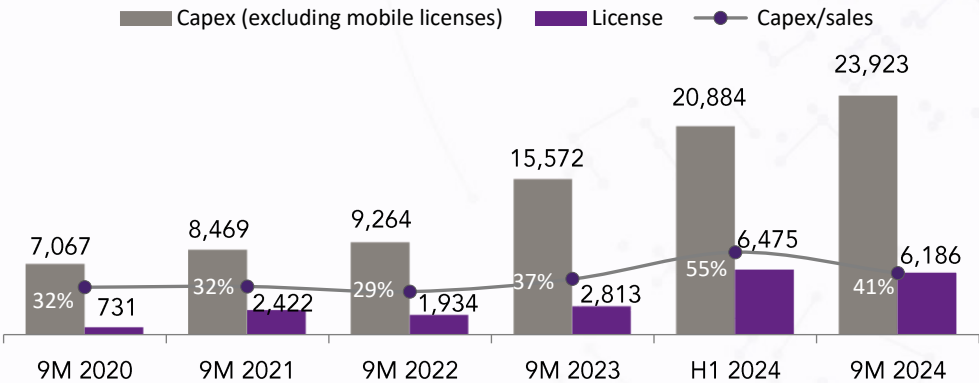
In-Service CapEx  
(EGP mn)



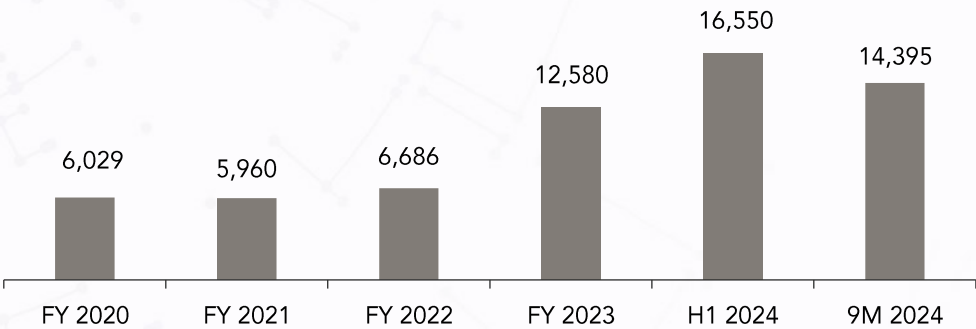
Breakdown of In-Service CapEx



Cash CapEx  
(EGP mn)



Vendor Financing Obligations<sup>\*\*</sup>  
(EGP mn)

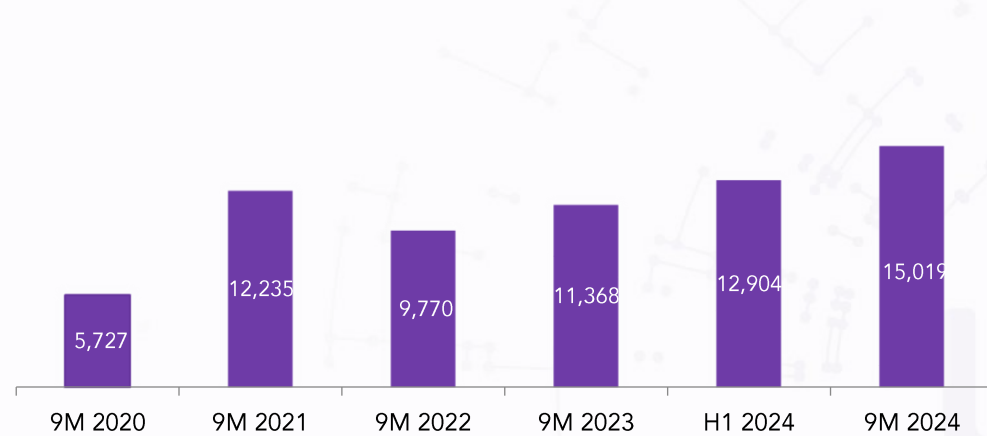


<sup>\*\*</sup> Based on USD and EURO exchange rates as of 30 June 2024

# Cash Flow Analysis

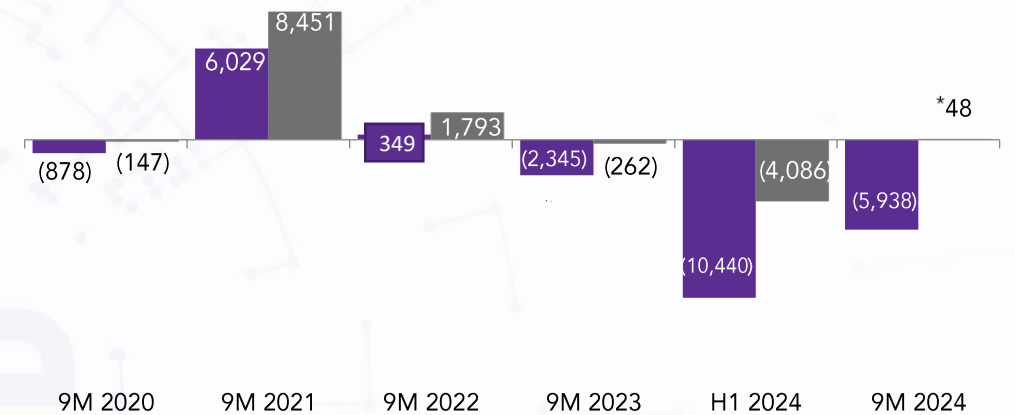
## Net Cash from Operating Activities

(EGP mn)



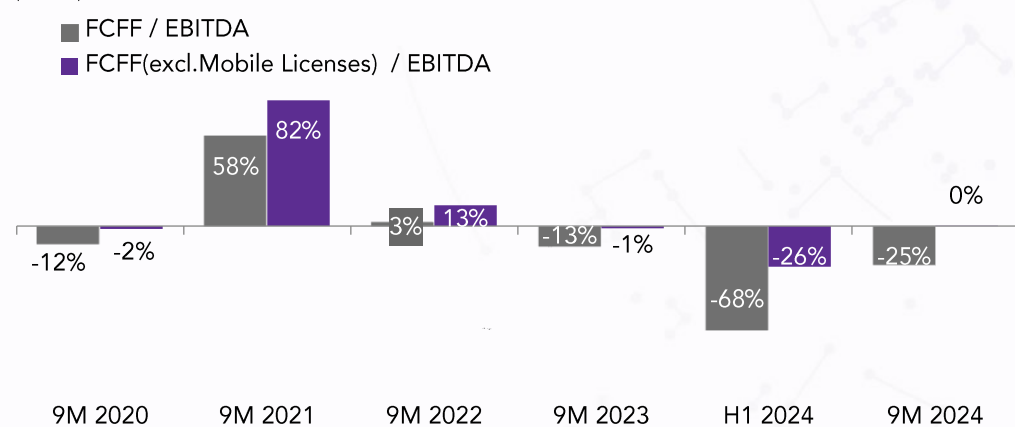
## FCFF

(EGP mn)



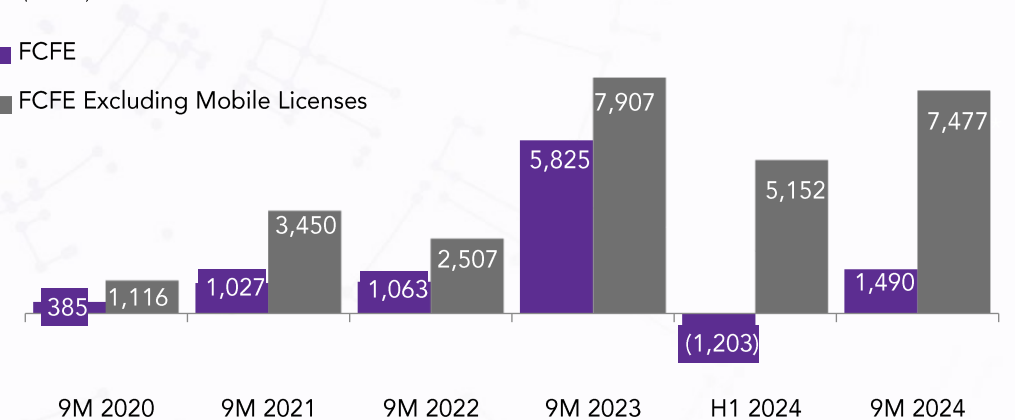
## FCFF/EBITDA

(EGP mn)



## FCFE

(EGP mn)



# Our Performance in Context

	9M 2024 actual	FY 2024 budget
Revenue growth YoY	39%	Mid double-digit
EBITDA margin (%)	40%	High 30s
CapEx/Sales (%)	In-service: 22%	In-service: Mid 20s*
FCFF/EBITDA (%)	0.2%**	Early 40s

\*Revised, excluding the mobile licenses CapEx

\*\* Excluding the mobile licenses CapEx



# Thank You

**Investor relations team**  
[investor.relations@te.eg](mailto:investor.relations@te.eg)

Check our website: [ir.te.eg](http://ir.te.eg)