Emirates Telecommunications Group Company PJSC

Earnings Release – Second Quarter 2023

1 August 2023

e& Investor Relations

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A solid performance in the second quarter driven by robust operational growth

Key Highlights

Q2 2023		H1 2023	
165 million Aggregate Subscriber Base ↑ 3% y-o-y	**AED 13.6** billion Revenue ↑ 5% y-o-y ↑ 12% y-o-y in Constant Currency	**165** million Aggregate Subscriber Base ↑ 3% y-o-y	**AED 26.6** billion Revenue ↑ 1% y-o-y ↑ 9% y-o-y in Constant Currency
AED 6.6 billion EBITDA 48% Margin ↑ 4% y-o-y in Constant Currency	**AED 2.5** billion Net Profit After Federal Royalty ↑ 4% y-o-y	**AED 12.8** billion EBITDA 48% Margin ↑ 1% y-o-y in Constant Currency	**AED 4.7** billion Net Profit After Federal Royalty ↓ 3% y-o-y
AED 1.9 billion Capital Expenditure ↑ 6% y-o-y	**AED 4.6** billion Operating Free Cash flow 34% Margin	**AED 3.0** billion Capital Expenditure ↓ 13% y-o-y	**AED 9.7** billion Operating Free Cash flow 36% Margin

Abu Dhabi, United Arab Emirates – 1st August 2023: In the second quarter of 2023, e& showcased profound resilience with robust financial results and operational growth. **We're optimistic of the Group's performance for remainder of the year and we reiterate our FY 2023 guidance.**

- **Aggregate subscriber base** reached 165 million, representing a year over year increase of **3%** in Q2 2023
- **EBITDA** reported a slight year over year decline of **1%** but increased **4%** in constant currency, translating to an EBITDA Margin of **48%**
- **CAPEX** reported an increase of **6%** with an intensity ratio of **14%**
- **Consolidated cash balance** amounted to AED **24.0** billion, leading to a net debt position of AED **23.2** billion
- **Revenue** reported a solid year over year growth of **5%** with a constant currency growth of **12%** fuelled by growth across all markets
- **Net profit after federal royalty** increased year over year by **4%** with a net profit margin of **19%**
- **Operating free cashflow** reached **AED 4.6 bn** with a margin of **34%**
- **DPS of AED 0.4** approved by e&'s Board of director as interim dividends for H1 2023

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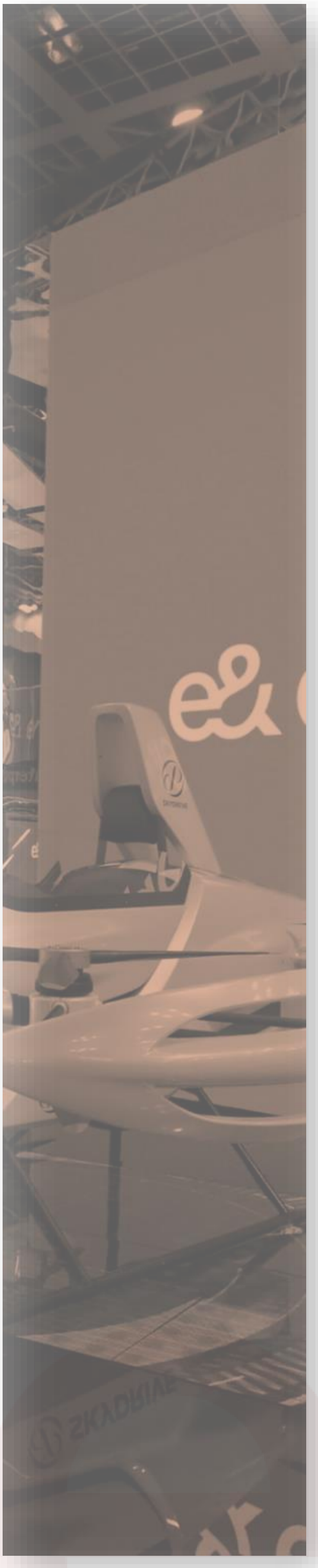
Key Development for Q2 2023



e& to expand into Central and Eastern Europe through investment in majority stake in PPF Telecom

e& acquires a controlling stake (50% + 1 economic share) in PPF Telecom's assets in Bulgaria, Hungary, Serbia, and Slovakia "PPF Telecom". The transaction bodes well with e&'s strategic ambition to expand its international vertical by diversifying into new geographies and enter the Central East Europe region.

Joint Venture with Bespin Global

e& successfully completed the formation of the JV that is owned 65% by e& enterprise and 35% by Bespin Global, offering public cloud managed and professional services in the Middle East, Turkey, Africa and Pakistan (METAP).

Acquisition of Beehive

e& enterprise has signed a binding agreement to acquire a majority stake in Beehive Group Holdings Limited "Beehive", the first regulated online marketplace for peer-to-peer lending to SMEs in the MENA region.

Vodafone Strategic Partnership

e& and Vodafone Group announced that they agreed to a strategic relationship that will bring the two operators closer together in certain aspects of their businesses across Europe, the Middle East and Africa.

Partnership with ARAMTECH

etisalat by e& announced its partnership with ARAMTEC, a UAE-based family-owned company specialising in food imports and distribution, to bring significant overhauls to mobile and digital services for all its employees, empowering them with cutting-edge tools to enhance their productivity, connectivity and mobility.

National Programme for Establishing Businesses

etisalat by e& launched the National Programme for Establishing Businesses exclusively for 100% local-owned businesses. We take pride in supporting the government's efforts to promote Emiratisation, build partnerships between the private sector and UAE nationals in addition to elevating their involvement and long-term retention within the workforce.

Joint Venture with Circles

e& international has formed a joint venture with Circles to empower its network of Mobile Network Operators (MNOs) and other operators based in the region to launch digital telco brands that deliver delightful digital experiences for the digitally savvy generation.

Women in Leadership Programme

e&, in partnership with Nokia and supported by UN Women, successfully concluded its first 'Women in Leadership' programme, solidifying its commitment to promoting gender diversity, empowering women and encouraging sustainable business practices.

GoChat surpassed 5 million downloads

etisalat by e& announced the Super App GoChat crossed 5 million downloads, achieving this major milestone in less than a year since its official launch, and has now taken a step further by introducing its own GPT-powered chatbot 'GoChat GPT'.

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Statement from H.E. Jassem Mohamed Alzaabi, Chairman of e&

e&'s performance during the first half of the year reinforces the resilience of our business model despite the challenging global macroeconomic environment. This was also the result of our teams' relentless efforts to remain committed to our vision and drive sustainable growth, making a positive change in the societies we serve while adding value to our shareholders.

Today we are also delighted to announce e&'s strategic expansion into the European market. With this move, we join forces with PPF to build and expand our international footprint in the attractive Central and Eastern Europe region and beyond. It is the next step of our transformation into a global technology group, offering e& multiple avenues to roll-out its leading suite of B2B and B2C digital products in the CEE with significant synergies.

The acquisition aligns with e&'s strategic ambition to accelerate international growth and diversify geographically. This represents an unparalleled opportunity to establish a strong presence and foster development within the dynamic CEE region. The PPF Telecom portfolio, spanning four countries, exhibits a well-balanced structure, underpinned by robust macroeconomic fundamentals and stable currencies. The countries of its operations are characterised by regulatory stability, healthy competition, and highly attractive returns, positioning them among the most promising in Europe. e& will consolidate more than 10 million subscribers from this acquisition post-closing.

We achieved remarkable progress in our strategic focus areas, supported by strong performance in our core telecom business, increased demand for our innovative digital services and solutions, and a commitment to deliver cutting-edge solutions that accelerate digital transformation in the communities we serve. During the period, we also made strategic investments and fostered partnerships that will drive our growth in the coming years, pushing us to seize new opportunities in the fast-evolving digital landscape.

In line with the UAE leadership's vision, we are committed to continuing progress and development and enhancing our confidence in the added value e& provides. We are resolute in our commitment to spare no effort in delivering cutting-edge technologies and world-class services that will not only shape the digital future but also turn the vision of sustainable socio-economic growth into a tangible reality. With the utmost dedication, we aim to play an instrumental role in fostering a knowledge-based economy, cementing our position as a driving force for innovation and progress.

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Statement from Hatem Dowidar,

Group Chief Executive Officer of e&

Over the past six months, we have demonstrated a strong sense of resilience and adaptability. Our relentless focus on excellence and innovation has allowed us to thrive in the dynamic landscape of the telecommunications and technology sectors, maintaining our growth momentum.

Our consolidated revenues during the first half of the year reached AED 26.6 billion, with a year-over-year increase of 1.1%. Consolidated net profit recorded AED 4.7 billion while consolidated EBITDA reached AED 12.8 billion, resulting in an EBITDA margin of 48%. This positive performance has been driven by our core businesses and our new business verticals, which have seen an increase in demand domestically and internationally.

This growth was also fueled by harnessing the power of our technological prowess, leveraging our expertise to forge new paths, disrupt industries, and transform the way we do business on a global scale. Our commitment to pushing boundaries and embracing change has positioned us as a true trailblazer in the digital era.

Our success has been driven by the combination of our innovative, customer-centric strategies and the unwavering dedication of our teams, along with our investment in world-leading infrastructure and cutting-edge technologies that consistently serve as the foundation of our achievements.

I would like to express my gratitude to our dedicated employees, whose relentless efforts and innovative spirit remain the driving force behind our progression. Similarly, we thank our loyal customers and stakeholders for their continued faith in our vision. Looking ahead, I remain confident that our commitment to connecting people, businesses, and communities through technology will enable us to provide continuous growth and value for our customers and stakeholders in the years to come.

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Subscribers

(Number in Thousands)	Q2 2023	Q2 2022	y-o-y
etisalat by e& UAE	**13,944**	**13,264**	**5.1%**
e& international	**151,066**	**146,719**	**3.0%**
Total Aggregate Subscribers	**165,010**	**159,983**	**3.1%**
etisalat by e& UAE % of Total	*8.5%*	*8.3%*	*0.2 pp*
e& international % of Total	*91.5%*	*91.7%*	*-0.2 pp*

Aggregate subscribers as of 30 June 2023 stood at 165 million, recording the highest number of subscribers in the Group's history. This translated to net additions of 5.0 million during the last 12-month period, mainly due to strong subscriber acquisition in Egypt, Pakistan, UAE, Chad, Burkina Faso, Afghanistan, Togo, and Benin. Quarter over quarter subscriber base increased by 1.2 million subscribers.

In the **UAE**, etisalat by e& has continued to expand and enhance its product base while creating multiple synergistic offerings with its digital initiatives. As a result, the active subscriber base increased by a solid 5.1% year over year to 13.9 million subscribers in the second quarter of 2023. The mobile subscriber base increased by 5.7% year on year to reach 12.2 million subscribers attributed to solid year on year growth in both the prepaid and postpaid segments, up year over year 4.9% and 8.1% respectively, driven by attractive and unique offerings such as Emirati freedom and freedom live, new five proposition and the prepaid promotional activities. eLife subscriptions continue to reap the benefits of its superior network quality and content diversification, resulting in strong growth of 4.9% year on year to 1.2 million subscribers. This funnels down to growth in the total broadband segment where subscribers witnessed an increase of 3.9% year on year to record 1.4 million subscribers.

For **Maroc Telecom**, the subscriber base reached 74.6 million subscribers as of 30 June 2023, representing a year over year decline of 0.5%. This was primarily attributable to the slight decline in subscriber base in Morocco by 1% while Moov Africa's total subscriber base was stable year over year.

Coupled with a solid market positioning, etisalat by e& **Egypt** continues to reap the benefits of the consumer driven economy. This allowed the subscriber base to witness a robust 8.3% increase year over year to 31.6 million subscribers accommodated by competitive service offerings.

In **Pakistan**, despite turbulent economic conditions, the subscriber base showcased resilience growing 4.5% year over year to 26.9 million, attributed to higher FTTH and mobile subscriber acquisition.

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Revenue

(AED Million)	Q2 2023	Q2 2022	y-o-y	H1 2023	H1 2022	y-o-y
etisalat by e& UAE	**8,151**	**7,707**	**5.8%**	**16,113**	**15,506**	**3.9%**
e& international	**4,889**	**5,146**	**-5.0%**	**9,516**	**10,509**	**-9.4%**
Maroc Telecom Group	*3,230*	*3,094*	*4.4%*	*6,301*	*6,326*	*-0.4%*
etisalat by e& Egypt	*894*	*1,225*	*-27.1%*	*1,713*	*2,523*	*-32.1%*
PTCL Group	*616*	*700*	*-12.0%*	*1,223*	*1,424*	*-14.1%*
Etisalat Afghanistan	*149*	*126*	*17.9%*	*279*	*236*	*18.2%*
Other	**575**	**143**	**301.7%**	**987**	**312**	**216.8%**
Consolidated Revenue	**13,614**	**12,996**	**4.8%**	**26,617**	**26,327**	**1.1%**
etisalat by e& UAE % of Total	*59.9%*	*59.3%*	*0.6 pp*	*60.5%*	*58.9%*	*1.6 pp*
e& international % of Total	*35.9%*	*39.6%*	*-3.7 pp*	*35.8%*	*39.9%*	*-4.2 pp*

Consolidated reported revenue for the second quarter of 2023 amounted to AED 13.6 billion, representing a solid 4.8% increase in comparison to the same period last year and 4.7% quarter over quarter. In the second quarter, exchange rates were lower in the Egyptian Pound and Pakistani Rupee as compared to the second quarter of the previous year. At constant exchange rates, revenue was robust and increased year over year by 12% reflecting growth in all key markets.

In the **UAE**, revenue grew in the second quarter by 5.8% year on year and 2.4% quarter over quarter to AED 8.2 billion. This increase is attributed to strong ongoing business activity in the country supported by population growth and robust overall economic growth in addition to the company strategy's focus on the diversify into new digital products for both consumer and business segments. Mobile segment continued its year over year revenue growth at 3.1% to AED 2.9 billion due to the increase in subscribers and in bundled propositions to consumer and enterprise segments. As a result, we witnessed strong growth in outbound roaming and mobile data. Fixed segment revenue increased by 1.8% year over year reaching AED 2.8 billion, supported by new propositions such as Business Pro and Home Wireless services resulting in higher internet and data services offsetting legacy voice and the impact of termination of beIN contract on TV revenue. Other segment revenue increased year over year by a solid 14.4% to AED 2.4 billion due to increase in wholesale and handset revenues.

Reported revenues of **e& international** for the second quarter of 2023 decreased year over year by 5.0% but increased by 5.7% quarter on quarter to AED 4.9 billion. The decline is primarily attributable to the unfavourable exchange rate movements in the Egyptian Pound, Pakistani Rupee and Moroccan Dirham. At constant exchange rates, revenue of e& international remained resilient increasing year over year by 13.3%.

Maroc Telecom consolidated revenue for the second quarter of 2023 witnessed a strong rebound amounting to AED 3.2 billion, representing a year over year increase of 4.4% despite devalued exchange movement of MAD against AED. In local currency, revenue increased year over year by 5.8%. In Morocco, revenue grew year over year by 1.9% in local currency. The mobile segment revenue increased by 1.3% year over year supported by handset sales while service revenue remained under pressure due to the persistence of unfavourable regulatory and competitive environment. The fixed segment increased by 2.3% year on year due to the strong performance of the fixed broadband which grew by 9.4% benefiting from the expansion of FTTH customer base. Revenue from international operations "Moov Africa" increased by 9.7% year over year in Moroccan Dirham mainly due to strong growth of mobile data and mobile money.

In **Egypt**, reported revenue for the second quarter of 2023 was AED 0.9 billion, witnessing a 27.1% decline year over year. In local currency however, revenue increased by a robust 21.2% despite heightened inflationary pressures and the end of the national roaming agreement with Telecom Egypt in December 2022. The growth in the second quarter is attributed to the solid subscriber acquisition contributing to growth in mobile data and voice revenue.

In **Pakistan**, reported revenue for the second quarter was AED 0.6 billion, representing a year over year decrease of 12%, primarily due to unfavourable exchange rate movements of the Pakistani Rupee against AED. In local

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currency, revenue increased by a strong 30.3% despite the challenging macro environment that continues to impact our operations. The growth in local currency in the second quarter was attributed to the positive contribution from fixed segment mainly due to strong growth in FTTH and corporate and wholesale services; mobile segment supported by subscriber growth and mobile data as well as Ubank services.

Operating Expenses

(AED Million)	Q2 2023	Q2 2022	y-o-y	H1 2023	H1 2022	y-o-y
Direct Cost of Sales	3,862	3,207	*20.4%*	7,556	6,444	*17.3%*
Staff Costs	1,084	1,109	*-2.3%*	2,196	2,247	*-2.3%*
Depreciation & Amortisation	1,733	1,866	*-7.1%*	3,495	3,840	*-9.0%*
Network & Related Costs	707	650	*8.8%*	1,402	1,387	*1.1%*
Marketing Expenses	213	202	*5.9%*	412	439	*-6.2%*
Other OpEx[1]	913	1,097	*-16.8%*	2,153	2,039	*5.6%*
Total OpEx	**8,512**	**8,130**	***4.7%***	**17,214**	**16,396**	***5.0%***

Consolidated operating expenses for the second quarter of 2023 was AED 8.5 billion, an increase of 4.7% compared to the same quarter of the previous year and a decrease of 2.2% from the first quarter of 2023. The year on year increase was mainly due to global inflationary pressures, especially with double digit inflation growth in both Egypt and Pakistan in addition to investment in new revenue streams. However, the Group maintains a strong discipline and some of these costs were offset by lower staff, regulatory and depreciation costs, in addition to foreign exchange gains.

Key components of operating expenses are:

- **Direct cost of sales** witnessed a 20.4% increase year over year to AED 3.9 billion in the second quarter of 2023. As a percentage of revenue, it grew by 4 percentage points in the second quarter. This increase is driven by higher handset and content cost to support revenue growth from handset and TV services.

- **Staff expenses** decreased year over year by 2.3% to AED 1.1 billion for the second quarter of 2023. As a percentage of revenue, staff costs declined by 1 percentage point to reach at 8%.

- **Depreciation and amortisation** decreased year over year by 7.1% to AED 1.7 billion in the second quarter of 2023. As a percentage of revenue, depreciation and amortisation expenses decreased by 2 percentage points year over year to 13%.

- **Network costs** increased by 8.8% year over year to AED 0.7 billion in the second quarter of 2023 as a result of higher energy prices. As a percentage of revenue, network costs remained relatively unchanged at 5%.

- **Marketing expenses** increased year over year by 5.9% to AED 0.2 billion in the second quarter of 2023 attributed to higher promotional activities supporting revenue growth. As a percentage of revenue, marketing expenses remained steady compared to the comparable period the prior year at 2%.

- **Other operating expenses** decreased by 16.8% year over year to AED 0.9 billion in the second quarter, mostly attributed to incurring forex gain in comparison to forex losses in comparison to prior comparable period and lower general and administrative costs. As a percentage of revenue, other operating expenses decreased 2 percentage points to reach 7%.

1) Other operating expenses include regulator expenses, consultancy costs, operating lease rentals, IT Costs, and others

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EBITDA

(AED Million)	Q2 2023	Q2 2022	y-o-y	H1 2023	H1 2022	y-o-y
etisalat by e& UAE	**4,201**	**4,079**	**3.0%**	**8,273**	**8,119**	**1.9%**
e& international	**2,331**	**2,539**	**-8.2%**	**4,454**	**5,121**	**-13.0%**
Maroc Telecom Group	*1,797*	*1,721*	*4.4%*	*3,449*	*3,471*	*-0.6%*
etisalat by e& Egypt	*337*	*591*	*-43.0%*	*626*	*1,192*	*-47.5%*
PTCL Group	*149*	*195*	*-23.2%*	*302*	*402*	*-25.0%*
Etisalat Afghanistan	*48*	*32*	*46.8%*	*78*	*55*	*40.2%*
Other	**36**	**26**	**39.7%**	**24**	**206**	**-88.5%**
Consolidated EBITDA	**6,568**	**6,644**	**-1.1%**	**12,751**	**13,445**	**-5.2%**
etisalat by e& UAE % of Total	*64.0%*	*61.4%*	*2.6 pp*	*64.9%*	*60.4%*	*4.5 pp*
e& international % of Total	*35.5%*	*38.2%*	*-2.7 pp*	*34.9%*	*38.1%*	*-3.2 pp*

EBITDA Margin (%)	Q2 2023	Q2 2022	y-o-y	H1 2023	H1 2022	y-o-y
etisalat by e& UAE	**52%**	**53%**	**-1.4 pp**	**51%**	**52%**	**-1.0 pp**
e& international	**48%**	**49%**	**-1.7 pp**	**47%**	**49%**	**-1.9 pp**
Maroc Telecom Group	*56%*	*56%*	*0.0 pp*	*55%*	*55%*	*-0.1 pp*
etisalat by e& Egypt	*38%*	*48%*	*-10.5 pp*	*37%*	*47%*	*-10.7 pp*
PTCL Group	*24%*	*28%*	*-3.5 pp*	*25%*	*28%*	*-3.6 pp*
Etisalat Afghanistan	*32%*	*26%*	*6.3 pp*	*28%*	*23%*	*4.4 pp*
EBITDA Margin	**48%**	**51%**	**-2.9 pp**	**48%**	**51%**	**-3.2 pp**

Group reported consolidated EBITDA for the second quarter of 2023 declined slightly versus its comparable period in the previous year by 1.1% and increased 6.2% quarter on quarter to AED 6.6 billion, resulting in EBITDA margin of 48%. The year over year decline is primarily attributed to inflationary pressures, the termination of Egypt's national roaming agreement and challenging macro environment that continues to impact our international operations and resulting in currency devaluation. At constant exchange rates, Group consolidated EBITDA increased by 3.8% year over year.

In the **UAE**, EBITDA in the second quarter of 2023 was AED 4.2 billion, representing a 3.0% increase year over year and leading to an EBITDA margin of 52%, 1 percentage point lower than the second quarter of the previous year. The increase in EBITDA is primarily attributed to strong focus on profitable revenue growth and continued cost optimization efforts driving operational efficiency.

Reported EBITDA of **e& international** decreased by 8.2% year over year to AED 2.3 billion in the second quarter, resulting in a 35.5% contribution to the Group's consolidated EBITDA. In constant currency, EBITDA increased by 4.6% year on year despite inflationary pressures and challenging macro environment impacting our operations.

Maroc Telecom's reported consolidated EBITDA for the second quarter of 2023 increased by 4.4% to AED 1.8 billion and resulted in an EBITDA margin of 56%, stable versus the same period in the prior year. In Moroccan Dirhams, EBITDA in absolute terms increased by 6.2% year over year attributed to an increase in Moov Africa by 13.1% while increasing by 1.4% in Moroccan operations.

In **Egypt**, reported EBITDA in the second quarter decreased year on year by 43% to AED 0.3 billion representing EBITDA margin of 38%. In local currency, EBITDA decreased by 5.3% year over year. The decrease in EBITDA was mainly due to high inflationary impact coupled with termination of the national roaming agreement.

In **Pakistan**, reported EBITDA in the second quarter of 2023 decreased year on year by 23.2% to AED 0.1 billion with EBITDA margin decreasing year over year by 4 percentage points to 24%. In local currency, EBITDA grew 13.7% year over year, despite the inflationary impact on staff cost and higher network costs due to higher energy and utility costs.

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Net Profit After Federal Royalty

(AED Million)	Q2 2023	Q2 2022	y-o-y	H1 2023	H1 2022	y-o-y
Consolidated Net Profit	**2,522**	**2,431**	**3.8%**	**4,709**	**4,865**	**-3.2%**
Earnings Per Share	**0.29**	**0.28**	**3.8%**	**0.54**	**0.56**	**-3.2%**
Net Profit Margin	*19%*	*19%*	*-0.2 pp*	*18%*	*18%*	*-0.8 pp*

Consolidated net profit after federal royalty attributed to the owners of the company increased year over year by 3.8% to AED 2.5 billion in the second quarter of 2023 and net profit margin remained stable to 19%. The increase was mainly due to higher income from associates, higher net finance income, lower depreciation and amortization charges, and lower federal royalty and tax expenses.

In the first half of 2023, net profit decreased by 3.2% year over year attributable to the impact of the finance cost associated with the strategic investment in Vodafone which will be offset by the dividend income that will materialize in H2 2023. **Excluding the related finance cost, net profit would have increased by 2.4% in H1 2023.**

Earnings per share (EPS) amounted to AED 0.29 in the second quarter, an increase of 3.8% as compared to EPS of the comparable period the previous year.

Interim Dividends

On 2 August 2023, the Board of Directors approved an interim dividend distribution for the six months period ended 30 June 2023 at the rate of 40 fils per share. Shareholders registered in the Company's Shareholders Register at the end of 11 August 2023 (Record Date), will be eligible for the dividend distribution.

CAPEX

(AED Million)	Q2 2023	Q2 2022	y-o-y	H1 2023	H1 2022	y-o-y
etisalat by e& UAE	**679**	**400**	**69.8%**	**1,192**	**759**	**57.0%**
e& international	**1,137**	**1,425**	**-20.2%**	**1,712**	**2,666**	**-35.8%**
Maroc Telecom Group	760	957	-20.5%	1,065	1,397	-23.8%
etisalat by e& Egypt	151	316	-52.2%	324	882	-63.3%
PTCL Group	202	142	42.1%	275	375	-26.6%
Etisalat Afghanistan	24	10	141.9%	48	12	307.2%
Other	**127**	**5**	**>100%**	**136**	**49**	**179.1%**
Group CAPEX	**1,943**	**1,830**	**6.2%**	**3,040**	**3,474**	**-12.5%**
etisalat by e& UAE % of Total	*34.9%*	*21.8%*	*13.1 pp*	*39.2%*	*21.9%*	*17.4 pp*
e& international % of Total	*58.5%*	*77.9%*	*-19.4 pp*	*56.3%*	*76.7%*	*-20.4 pp*

Intensity Ratio (%)	Q2 2023	Q2 2022	y-o-y	H1 2023	H1 2022	y-o-y
etisalat by e& UAE	**8%**	**5%**	**3.1 pp**	**7%**	**5%**	**2.5 pp**
e& international	**23%**	**28%**	**-4.4 pp**	**18%**	**25%**	**-7.4 pp**
Maroc Telecom Group	24%	31%	-7.4 pp	17%	22%	-5.2 pp
etisalat by e& Egypt	17%	26%	-8.9 pp	19%	35%	-16.1 pp
PTCL Group	33%	20%	12.5 pp	23%	26%	-3.8 pp
Etisalat Afghanistan	16%	8%	8.2 pp	17%	5%	12.2 pp
Group Intensity Ratio	**14%**	**14%**	**0.2 pp**	**11%**	**13%**	**-1.8 pp**

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Consolidated capital expenditure increased 6.2% year over year to AED 1.9 billion in the second quarter of 2023 resulting in a capital intensity ratio of 14%, stable compared to the same period of the prior year. Our capital investment continued to focus on deploying latest technologies and modernising our networks to bring the best experience to our customers.

In the **UAE**, capital expenditure during the quarter amounted to AED 0.7 billion, a 70% increase in comparison to the same period last year. Capital intensity ratio was 8%, 3 percentage points higher when compared to the same quarter of the prior year. Capital spending focused on networks modernization and acceleration of 5G network investment reinforcing the ranking of the UAE's position as a global leader in fixed and mobile speeds.

Capital expenditures in **e& international** in the second quarter of 2023 decreased by 20% compared to the same period last year to AED 1.1 billion. International operations represented 59% of the Group's total consolidated capital expenditure.

In **Maroc Telecom**, capital expenditure for the second quarter decreased in AED by 21% year over year to AED 0.8 billion, resulting in a capital intensity ratio of 24%. Capital spending declined year over year in local currency in Morocco by 2% and in Moov Africa's operations by 30%. Capital spending focused on expanding fibre-to-the-home (FTTH) and 4G mobile network coverage.

In **Egypt**, capital expenditure for the second quarter decreased by 52% year over year to AED 0.2 billion resulting in a capital intensity ratio of 17%, which was 9 percentage points lower than the same period of the prior year. Capital spending focused on 4G deployment and upgrading of network capacity.

In **Pakistan**, capital expenditure for the second quarter increased by 42% year over year to AED 0.2 billion resulting in a capital intensity ratio of 33%, 12 percentage points higher than the comparable period in the prior year. Capital spending focused on expansion of FTTH network and enhancement of the mobile and fixed network's capacity.

Debt

Total consolidated gross debt amounted AED 47.2 billion as of 30 June 2023, as compared to AED 48.0 billion as of 31 December 2022; a decrease of AED 0.74 billion as a result of repayment of bank borrowings.

Consolidated debt breakdown by operations as of June 2023 is as following:

- Group (AED 37.0 billion)
- Maroc Telecom Group (AED 5.7 billion)
- PTCL Group (AED 3.0 billion)
- etisalat by e& Egypt (AED 1.5 billion)

Around 76% of the debt balance is of long-term maturity that is due after 1 year. Currency mix of borrowings is 50% in AED, 19% in Euros, 12% in USD and 19% in other currencies.

Consolidated cash balance amounted to AED 24.0 billion as of 30 June 2023 leading to a net debt position of AED 23.2 billion and a Net Debt /EBITDA ratio of only 0.91x .The decline in cash balance in June 2023 was mainly due, as usual, to the payment of the final dividend for FY 2022 and Federal Royalty of FY 2022.

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Performance Against Guidance FY 2023

H1 2023 performance is ahead of management's full year guidance in revenue growth at constant currency and capital spending. Management reiterates full year guidance for 2023.

Financial KPI	Guidance FY 2023	Actual H1 2023
Revenue Growth% (Constant Currency)	**Low-to-mid single-digit growth**	**+9.3%**
EBITDA Margin%	**~ 49.0%**	**48%**
EPS (AED)	**1.13 - 1.15[1]**	**0.54**
CAPEX/ Revenue %	**15% - 17%**	**11%**

1) EPS Guidance includes dividend from Vodafone Group, expected to materialize in H2 2023.

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Key Financial Highlights

P&L Statement:

(AED m)	Q2'22	Q1'23	Q2'23	QoQ	YoY
Revenue	**12,996**	**13,002**	**13,614**	**+4.7%**	**+4.8%**
EBITDA	**6,644**	**6,183**	**6,568**	**+6.2%**	**-1.1%**
EBITDA Margin	*51.1%*	*47.6%*	*48.2%*	*+0.7 pp*	*-2.9 pp*
Federal Royalty	**(1,450)**	**(1,342)**	**(1,411)**	**+5.2%**	**-2. 7%**
Net Profit	**2,431**	**2,187**	**2,522**	**+15.4%**	**+3.8%**
Net Profit Margin	*18.7%*	*16.8%*	*18.5%*	*+1.7 pp*	*-0.2 pp*

Balance Sheet:

(AED m)	December 2022	June 2023
Cash & Bank Balances	**32,839**	**24,021**
Total Assets	**145,085**	**138,842**
Total Debt	**47,954**	**47,217**
Net Cash / (Debt)	**(15,115)**	**(23,196)**
Total Equity	**49,999**	**48,828**

Cashflow Statement:

(AED m)	H1'22	H1'23
Operating	**3,462**	**2,988**
Investing	**(16,922)**	**(6,283)**
Financing	**10,500**	**(5,801)**
Net change in cash	**(2,960)**	**(9,096)**
Effect of FX rate changes	**(284)**	**278**
Reclassified as held for sales	**(134)**	**-**
Ending cash balance	**25,197**	**24,021**

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Foreign Exchange Rate

	Average Rates			Closing Rates		
	Q2'22	Q2'23	YOY	Q2'22	Q2'23	YOY
EGP - Egyptian Pound	0.1977	0.1189	***-39.84%***	0.1953	0.1189	***-39.16%***
SAR - Saudi Riyal	0.9791	0.9790	***-0.01%***	0.9788	0.9792	***0.04%***
CFA - Central African Franc	0.0060	0.0061	***1.95%***	0.0058	0.0061	***4.87%***
PKR - Pakistani Rupee	0.0191	0.0129	***-32.41%***	0.0179	0.0128	***-28.59%***
AFA - Afghanistan Afghani	0.0414	0.0417	***0.78%***	0.0411	0.0420	***2.36%***
MAD - Moroccan Dirham	0.3700	0.3634	***-1.78%***	0.3630	0.3708	***2.14%***

Reconciliation of non-IFRS Financial Measurements

We believe that EBITDA is a measurement commonly used by companies, analysts and investors in the telecommunications industry, which enhances the understanding of our cash generation ability and liquidity position, and assists in the evaluation of our capacity to meet our financial obligations. We also use EBITDA as an internal measurement tool and, accordingly, we believe that the presentation of EBITDA provides useful and relevant information to analysts and investors.

Our EBITDA definition includes revenue, staff costs, direct cost of sales, regulatory expenses, operating lease rentals, repairs and maintenance, general financial expenses, and other operating expenses.

EBITDA is not a measure of financial performance under IFRS, and should not be construed as a substitute for net earnings (loss) as a measure of performance or cash flow from operations as a measure of liquidity. The following table provides a reconciliation of EBITDA, which is a non-IFRS financial measurement, to Operating Profit before Federal Royalty, which we believe is the most directly comparable financial measurement calculated and presented in accordance with IFRS.

(AED m)	Q2'22	Q1'23	Q2'23
EBITDA	**6,644**	**6,183**	**6,568**
Depreciation & Amortization	**(1,866)**	**(1,762)**	**(1,733)**
Exchange Gain/ (Loss)	**(155)**	**(263)**	**4**
Share of Associates and JV's results	**89**	**141**	**167**
Impairment and other losses	**-**	**(18)**	**(5)**
Operating Profit before Royalty	**4,712**	**4,281**	**5,001**

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About e&

e& is an international, blue-chip organisation with operations in 16 countries across the Middle East, Africa and Asia. It is one of the leading technology group with one of the largest market capitalisations among global telcos. It is a highly rated organisation with ratings from Standard & Poor's and Moody's (AA-/Aa3).

The Group's shareholding structure consists of 60% held by the Emirates Investment Authority and 40% free float. e& (Ticker: EAND) is quoted on the Abu Dhabi Securities Exchange (ADX).

Investors

Investor Relations

Email: ir@eand.com

Website: www.eand.com

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