

# Q2 2023 Results Presentation

2 August 2023



**A Global Technology Group**

# Disclaimer

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**Group CEO  
Hatem Dowidar**

**Group Key Highlights**



# Group Q2 2023 Snapshot



Exemplifying financial resilience...

## Revenue

**AED 13.6 billion**

+12% Y-o-Y Growth in Constant Currency

## EBITDA

**AED 6.6 billion**

+4% Y-o-Y Growth in Constant Currency, **48% Margin**

## Net Profit

**AED 2.5 billion**

+4% Y-o-Y Growth in Reported Currency



... coupled with solid operational growth...

## Subs

**165 million**

+3% Y-o-Y increase with growth across most key markets

## CAPEX

**AED 1.9 billion**

6% Y-o-Y increase, leading to an intensity ratio of **14%**

## Strategic Priorities

Great strides in expediting transformation & scaling new verticals through a series of M&A's and partnerships



... and a key focus on sustainability



e& successfully completes 'Women in Leadership' programme in partnership with Nokia, UN Women



e& records significant progress on net-zero emissions targets by 2030



etisalat by e& unveils National Programme for launching business

# Q2 2023 Key Developments



**BESPIN GLOBAL**  
HELPING YOU ADOPT CLOUD.



**%**

Investment of **\$400 million** **50.03%**  
**Majority Stake**

Our investment will accelerate the development of the company and creation of a regional Super App champion



**%**

Investment of **\$10 million** **65%**  
**Majority Stake**

Enhancing digital capabilities by creating a JV that offer public cloud managed and professional services in the Middle East, Turkey, Africa and Pakistan (METAP)



**%**

Investment of **\$24 million** **63.3%**  
**Majority Stake**

Beehive is the first regulated online marketplace for peer-to-peer lending to SMEs in the MENA region which will help accommodate the scaling of e& enterprise



**%**

Investment of **€2,150 million** **50% + 1 share**  
**Majority Stake**

Acquisition of a controlling stake in PPF Telecom assets and infrastructure business in Bulgaria, Hungary, Serbia, and Slovakia

# e& to expand into Central and Eastern Europe through majority stake investment in PPF Telecom (4 Countries)

## PPF Telecom Group

+10 Million subscribers across 4 high growth markets with leading positions



Slovakia

25%<sup>1</sup>



Hungary

29%<sup>1</sup>



Serbia

37%<sup>1</sup>



Bulgaria

37%<sup>1</sup>



Revenue 22A: €1.8 billion  
EBITDAaL 22A : €0.7 billion  
EBITDAaL Margin : 41%



Delivered mid-to-high single-digit revenue growth whilst maintaining or gaining value share over the last few years



Well-established regulatory framework in all 4 markets with robust macro economic fundamentals

## Investment Rationale

Consistent with e&'s strategic ambition

- 1 **Expand international portfolio by enhancing geographical footprint**
- 2 **Potential for further expansion in Central and South East Europe**
- 3 **Growth potential, stable currencies and strong macro fundamentals**
- 4 **Potential synergy driven by economy of scale Procurement and Carrier & Wholesale**
- 5 **Potential to roll-out of B2B & B2C digital services**
- 6 **Increase e&'s Revenue and EBITDA international contribution**

## Transaction Details

Acquisition of a **50% +1 share** economic stake in PPF Telecom assets and infrastructure business in Bulgaria, Hungary, Serbia, and Slovakia for an upfront consideration of **€2,150** million

**Up to €350 million** in earn-out payments to PPF if the target group exceeds certain financial targets within the 3-year period after closing and is subject to a claw back if such financial targets are not achieved

PPF has a put option exercisable 5 years after closing and e& would have a reciprocal call option



14% incremental revenue & 11% EBITDA, (based on FY 2022 actuals)



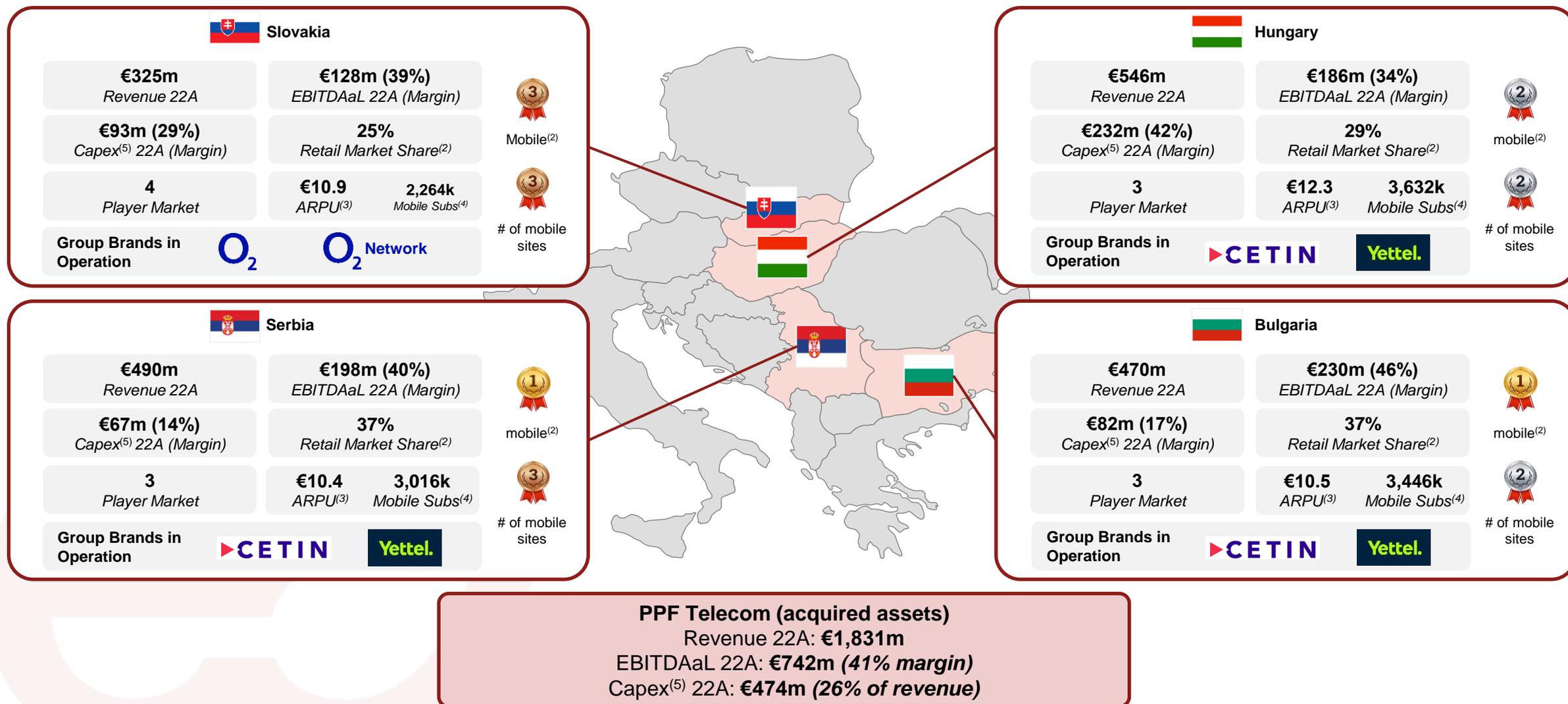
Telecom Portfolio of 20 countries



Expected to close by Q1 2024

1) Based on 2022A revenue market share

# PPF Telecom enjoys strong competitive position across its various segments in CEE with attractive 3 players structure<sup>(1)</sup>



Notes: (1) With exception of Slovakia with a 4<sup>th</sup> operator (4ka has 10% market share); (2) Based on 2022A revenue market share / position of Yettel BG, HU, RS and O2 SK, excluding CETIN and O2 Network SK entities; (3) Blended ARPU of Yettel BG, HU, RS and O2 SK, excluding CETIN and O2 Network SK entities, calculated according to IAS 18 for the last 12 months ending 31-Dec-2022, excluding M2M accounts; (4) 2022A mobile subs of Yettel BG, HU, RS and O2 SK, excluding CETIN and O2 Network SK entities, including M2M subscribers; pre-paid subscribers reported using 3 months active criterion; (5) Capex (incl. spectrum). Source: Company information, Analysys Mason

# etisalat by e& UAE Strategic Digital Developments to Accelerate Growth

## Smiles



Lifestyle companion super app that has taken great strides in scaling digital consumer offering

**>3.5 million registered customers**



**Smiles Market**

Launched in April with +10k Items



**Home Services**

service market



**Grocery Delivery**

elGrocer



**Food Delivery**

Recent milestone acquisitions to strengthen Smiles app

## Go Chat Messenger



An all in one free voice and video app reporting robust growth in new subscriptions

**Reached >5.5 Million in Downloads**



New

**In-app GoChat GPT**

Offered within GoChat available to all users



New

**VIP Subscriptions**

Customisable experience with no Ads & exclusive stickers

## Business Solutions



AI powered solution for businesses to accelerate their digital presence



Launched Utap, a holistic, omni-channel business automation and payment management solution for different business verticals



Launched E2E Managed Services & System Integration offering to customers with bundled solutions



Providing affordable connectivity solutions to labour sites through different commercial models



Launched Maritime services offering fully manages mobility services to vessels



Launched 5G wireless line offering 5G based solutions and private networks to government entities and large enterprises

**Group CFO  
Karim Bennis**

**Group Financial Highlights**



# Q2 2023 Key Financial Highlights

## Delivering profitable growth

Group Revenue

AED 13.6 billion

↑ 5% Y-o-Y



Group EBITDA

AED 6.6 billion

↓ 1% Y-o-Y



Net Profit

AED 2.5 billion

↑ 4% Y-o-Y



CAPEX

AED 1.9 billion

↑ 6% Y-o-Y



OpFCF

AED 4.6 billion

↓ 4% Y-o-Y



Cash & Equivalents

AED 24.0 billion



Group Debt

AED 47.2 billion



Net Debt/EBITDA

0.91x



Credit Rating

AA- | Aa3

S&P | Moody's



### Profit & Loss:

**Revenue** witnessed robust y-o-y growth in reported currency, spearheaded by an outstanding quarter in the UAE market.

**EBITDA** saw a slight decline y-o-y as inflationary and currency pressures continue to persist



### Cashflow:

**Capital Expenditure** increased y-o-y due to network expansion, slightly impacting **OpFCF**.



### Balance Sheet:

Maintaining financial flexibility while investing in growth

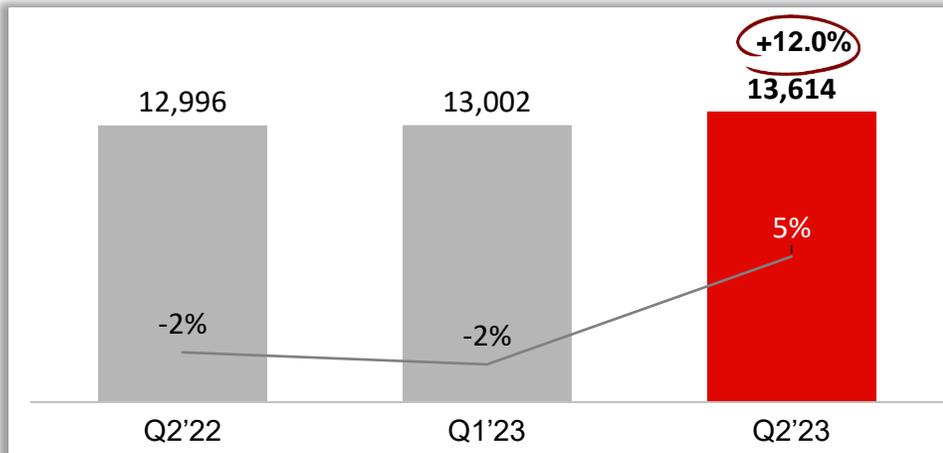
# Group Revenue

## Organic and reported revenue growth

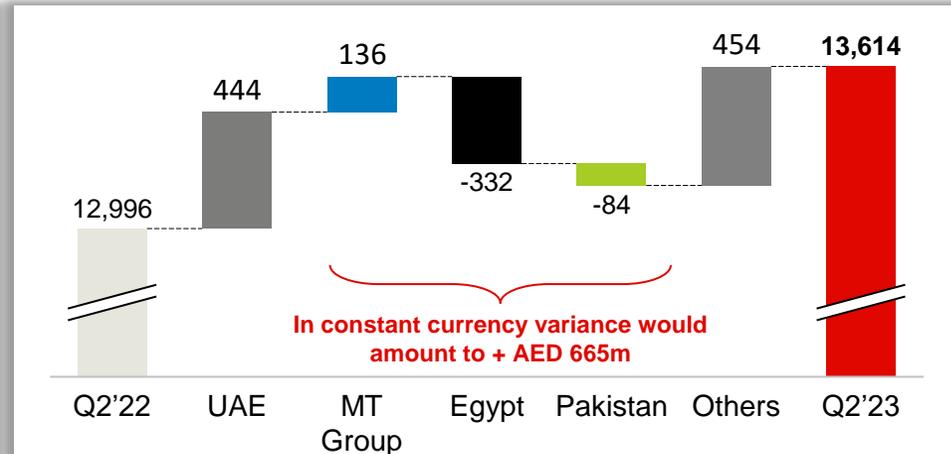
### Key Highlights

- Continued strong performance in UAE attributed to ongoing commercial momentum and solid economic environment
- MT Group revenues increased primarily driven by strong performance of Moov Africa operations and fixed broadband segment in Morocco
- Double-digit growth in Egypt in local currency due to strong growth of data and voice revenue
- Strong revenue growth in local currency in fixed, mobile and Ubank

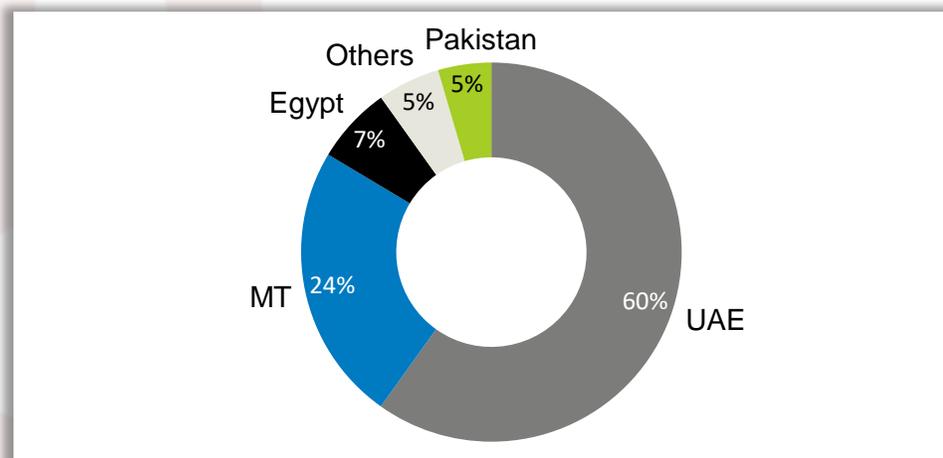
### Revenue (AED m) & YoY Growth (%)



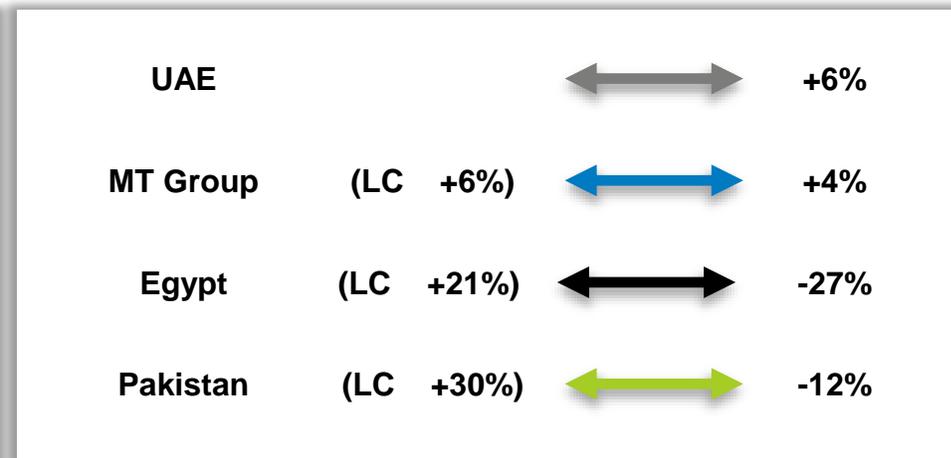
### Sources of Revenue Variance (AED m)



### Revenue Breakdown (Q2 2023)



### Revenue Growth by OpCo (Q2 2023)



Growth Y/Y in constant currency

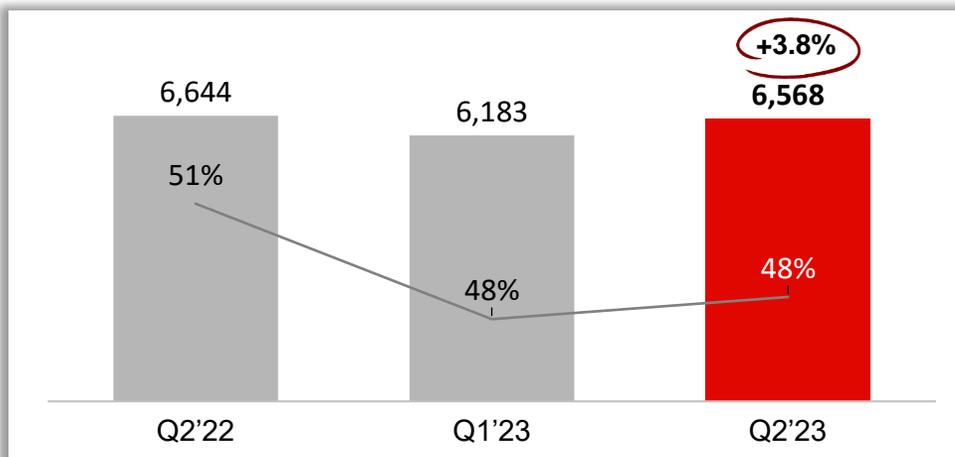
# Group EBITDA

## EBITDA margin impacted by currency and changes in the revenue mix

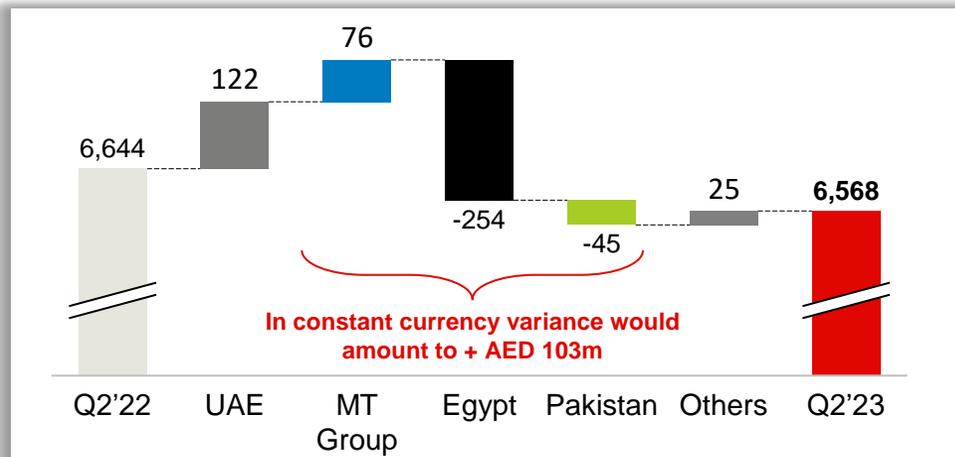
### Key Highlights

- EBITDA in constant currency increased YoY by 3.8% attributable to the strong revenue growth
- EBITDA growth in the UAE supported by profitable revenue growth
- Maroc Telecom's EBITDA supported by revenue growth and cost control
- Egypt EBITDA impacted by inflationary pressure and loss of national roaming agreement
- Pakistan EBITDA grew in local currency due to higher revenue

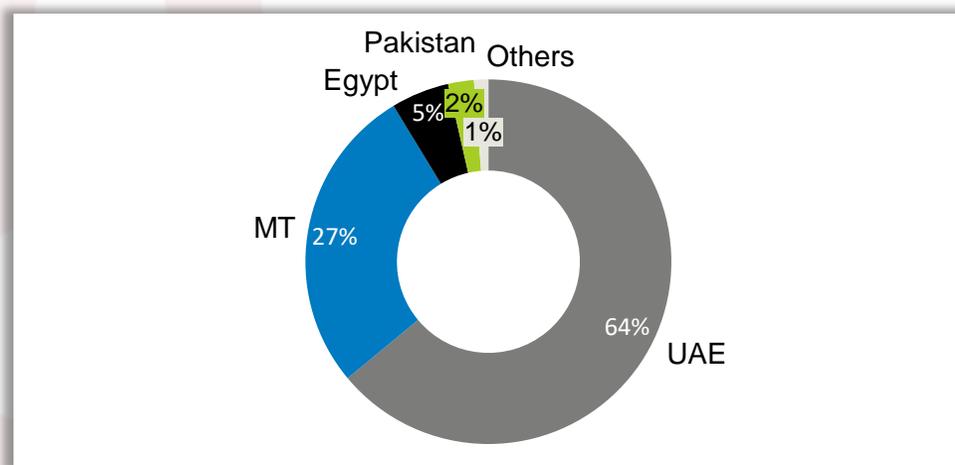
### EBITDA (AED m) & Margin (%)



### Sources of EBITDA Variance (AED m)



### EBITDA Breakdown (Q2 2023)



### EBITDA Growth by OpCo (Q2 2023)

UAE		↔	+3%
MT Group	(LC +6%)	↔	+4%
Egypt	(LC -5%)	↔	-43%
Pakistan	(LC +14%)	↔	-23%

Growth Y/Y in constant currency

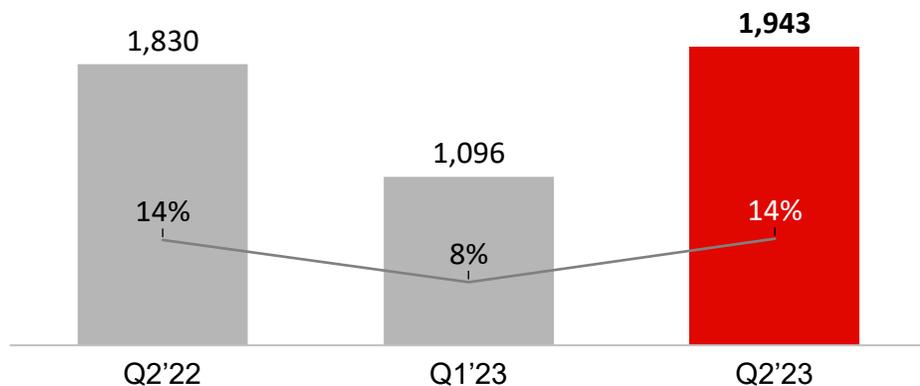
# Group CAPEX

## Focus on networks investment and modernisation

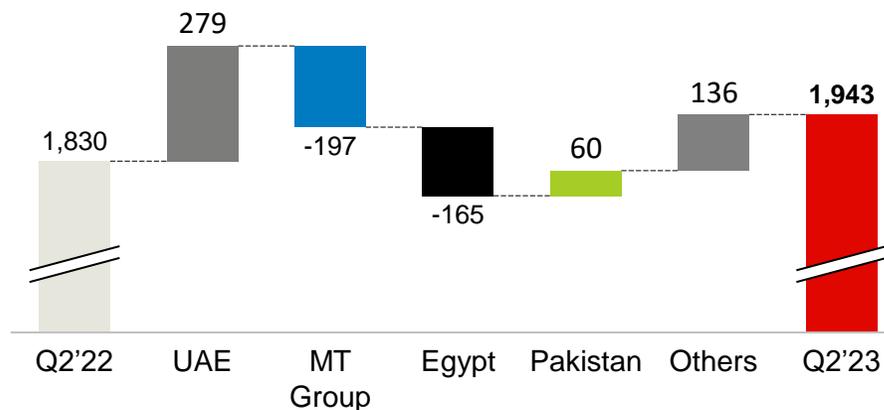
### Key Highlights

- Maintaining disciplined capital spend and capex intensity ratio
- Capital spend in the UAE focused on expansion of 5G network and network modernisation
- MT Group capex focused on FTTH network expansion across most markets
- Lower capital spend in Egypt focused on network coverage
- Capex in PTCL Group focused on expansion of FTTH and mobile networks

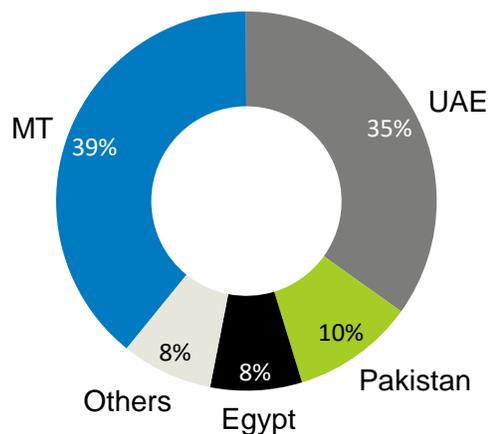
### CAPEX (AED m) & Intensity Ratio (%)



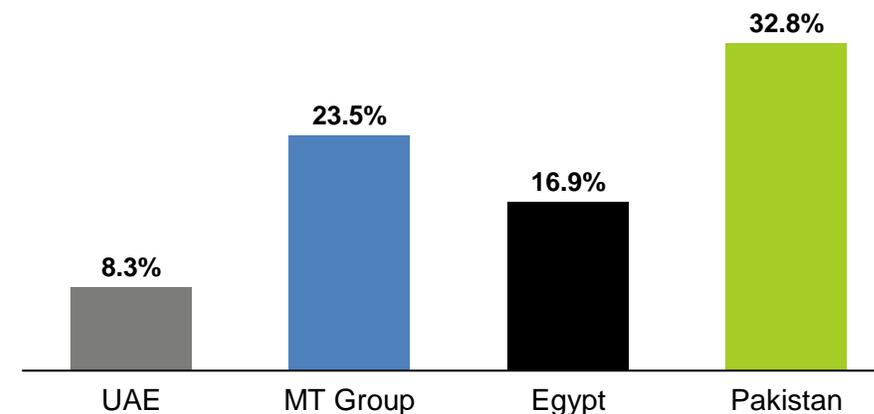
### Sources of CAPEX Variance (AED m)



### CAPEX Breakdown (Q2 2023)

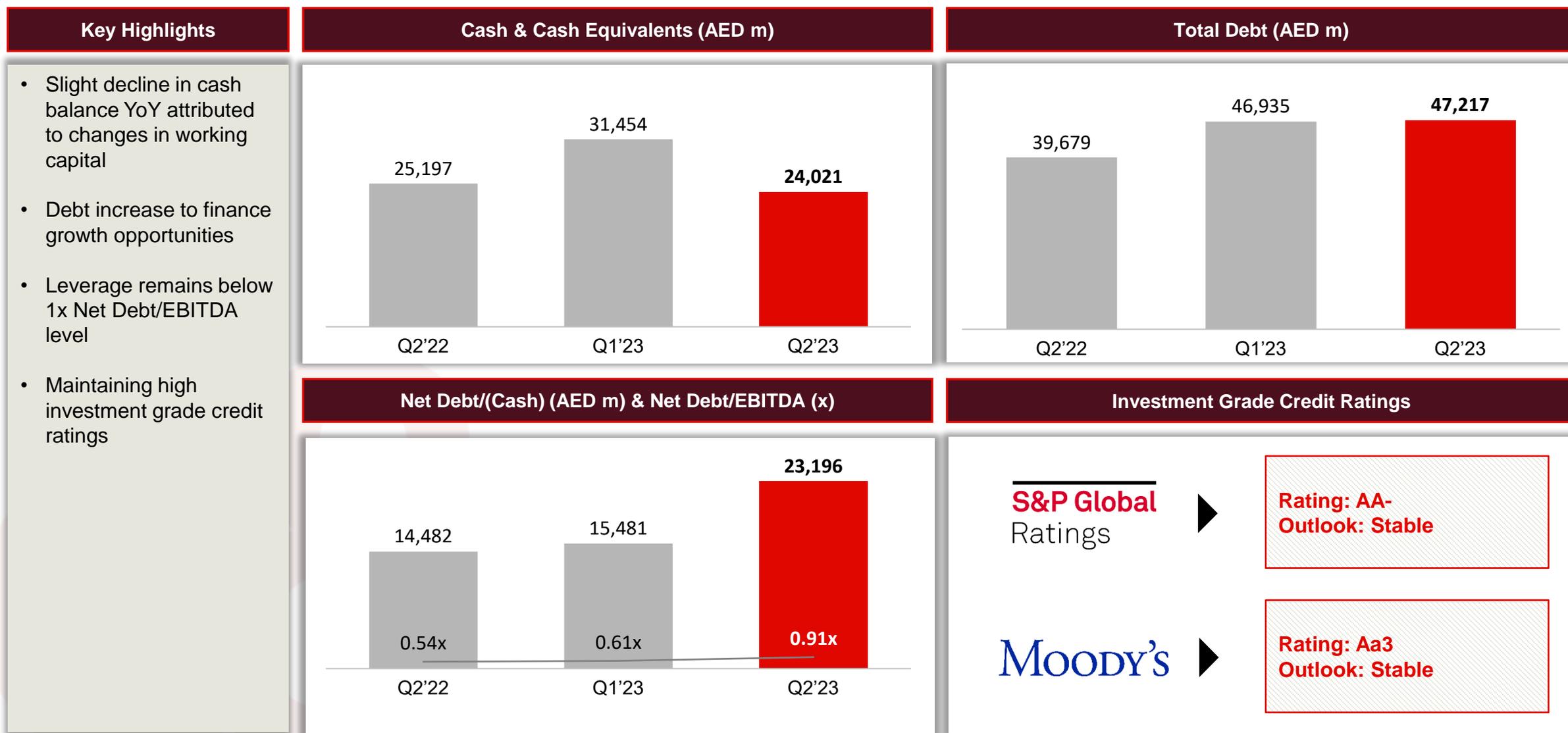


### Q2 2023 Intensity Ratio by Key Operations (%)



# Group Financial Position

## Strong balance sheet supporting growth agenda



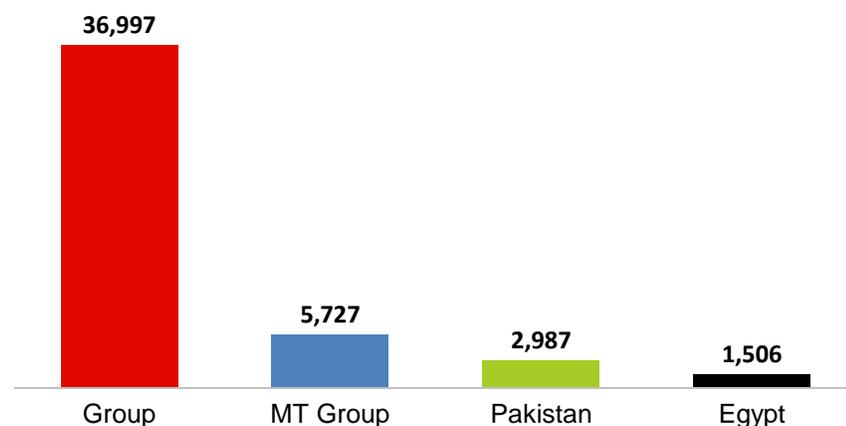
# Group Debt Profile

## Diversified long-term debt profile

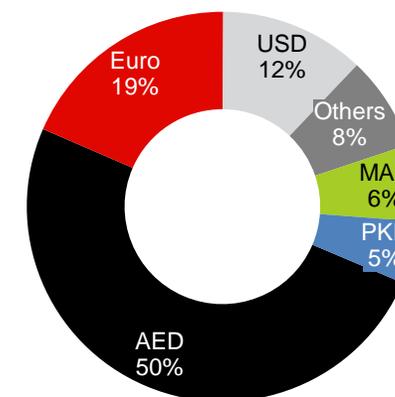
### Key Highlights

- Total debt of AED 47.2 billion
- 78% of debt is at Group level, mostly in bank borrowings
- 62% of debt is in USD/AED
- Comfortable debt repayment schedule

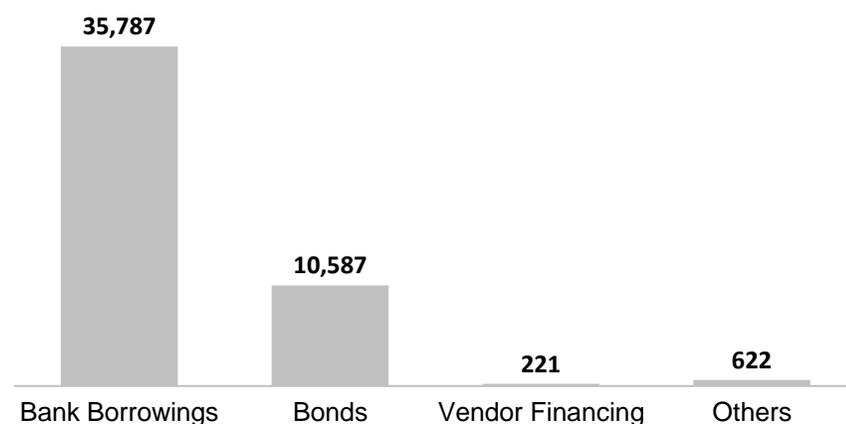
### Borrowings by Operations (AED m)



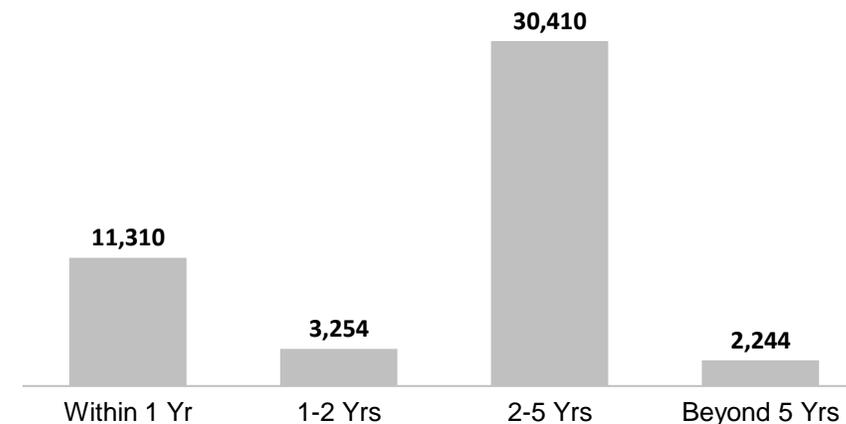
### Borrowings by Currency (%)



### Debt by Source (AED m)



### Repayment Schedule (AED m)



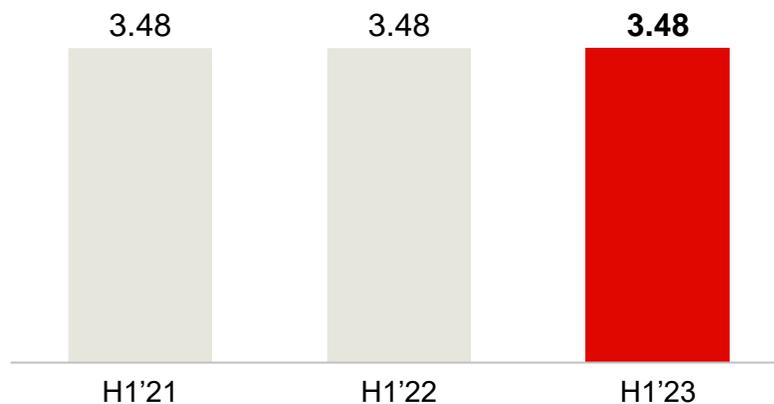
# Group Dividends

## Maintaining consistent dividends to shareholders

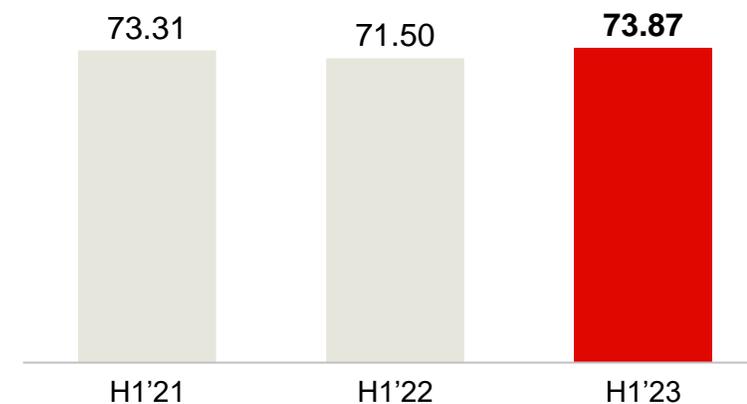
### Key Highlights

- e&'s Board approved interim DPS of 40 fils for H1 2023
- To be distributed to the shareholders registered in the shareholders' register on 11th August 2023
- Dividend payment will occur within second half of August 2023

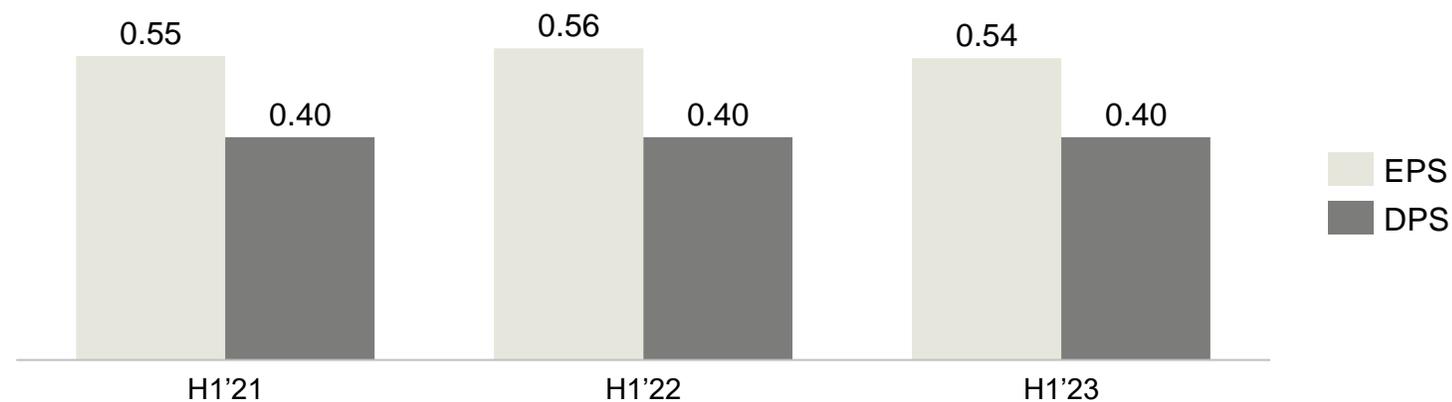
### Interim Dividends (AED bn)



### Interim Dividend Payout Ratio (%)



### Earnings per Share (AED) & Dividends per Share (AED)

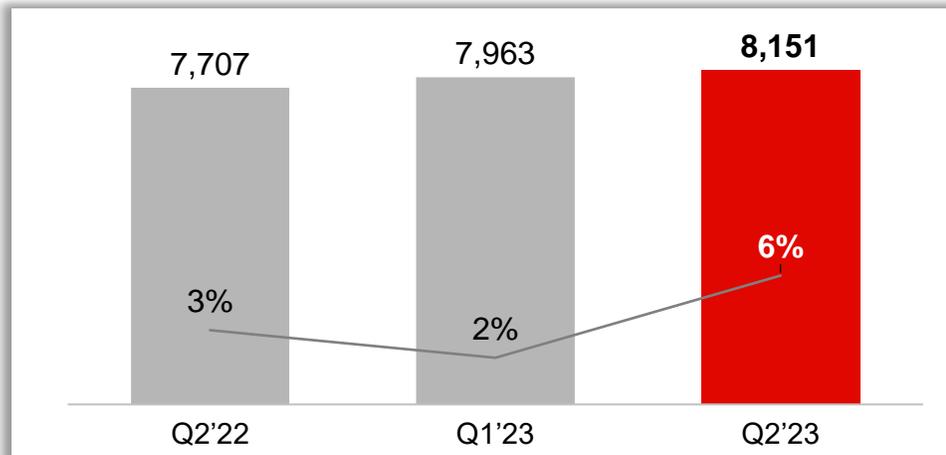


## Consistent execution driving profitable growth

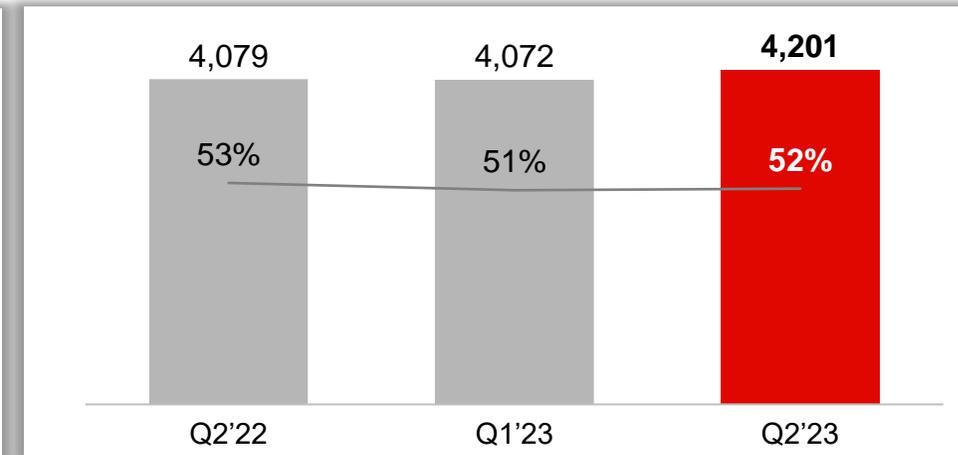
### Key Highlights

- Revenue growth YoY driven by strong commercial momentum and acceleration of digital products
- EBITDA growth in absolute terms driven by profitable revenue growth and cost discipline
- Robust EBITDA margin at 52% level despite changes in revenue mix
- Strong net profit growth of 8.5% YoY and margin improvement
- Capital spending focused on acceleration of 5G investment reinforcing superior network quality

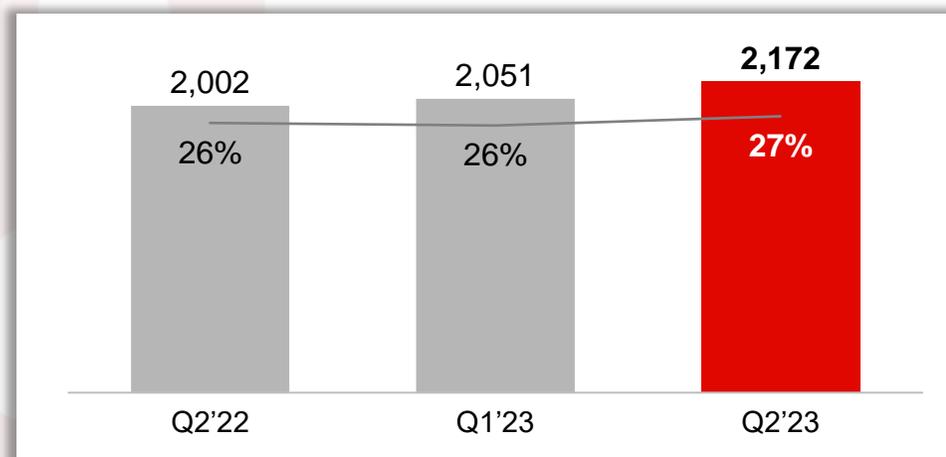
### Revenue (AED m) & YoY Growth (%)



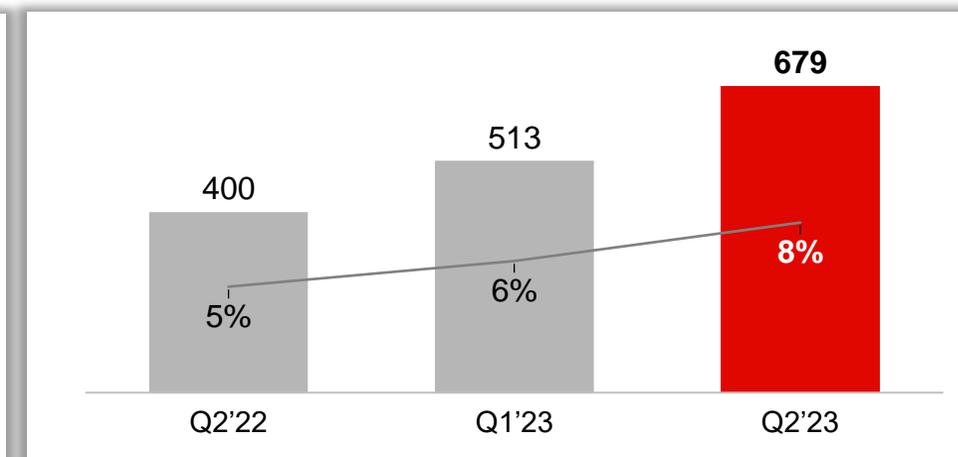
### EBITDA (AED m) & EBITDA Margin (%)



### Net Profit (AED m) & Profit Margin (%)



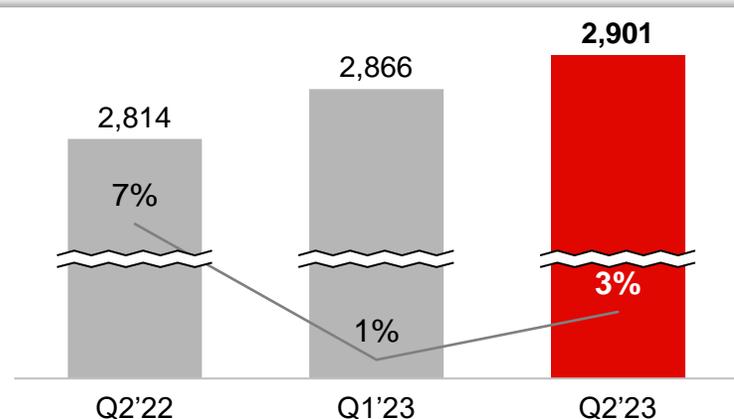
### CAPEX (AED m) & CAPEX / Revenue (%)



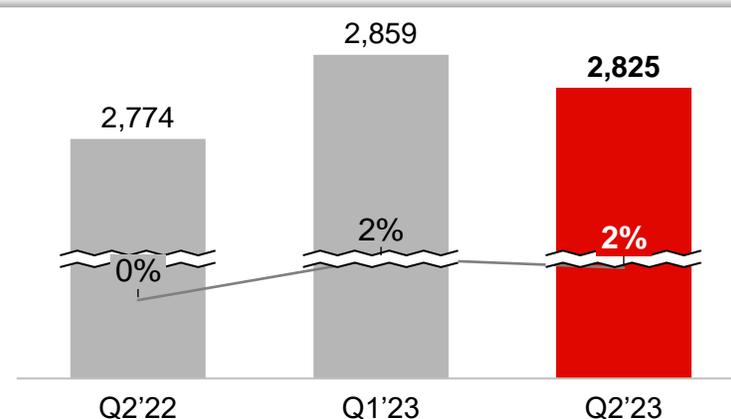
# UAE Breakdown & Key KPIs

## Strong operational performance & subscriber gains

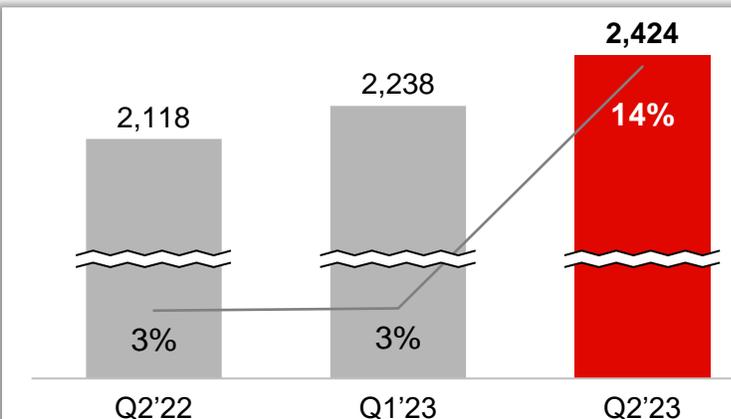
Mobile Revenue<sup>(1)</sup> (AED m) & YoY Growth (%)



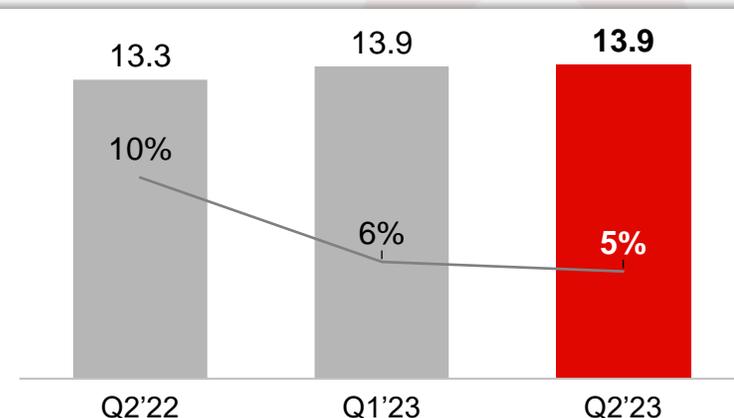
Fixed Revenue<sup>(2)</sup> (AED m) & YoY Growth (%)



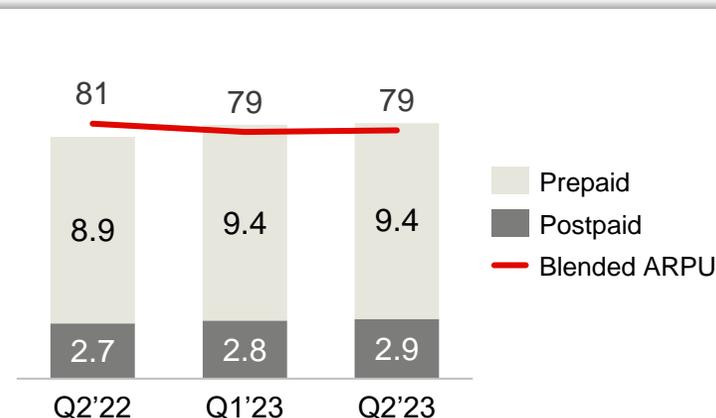
Other Revenue<sup>(3)</sup> (AED m) & YoY Growth (%)



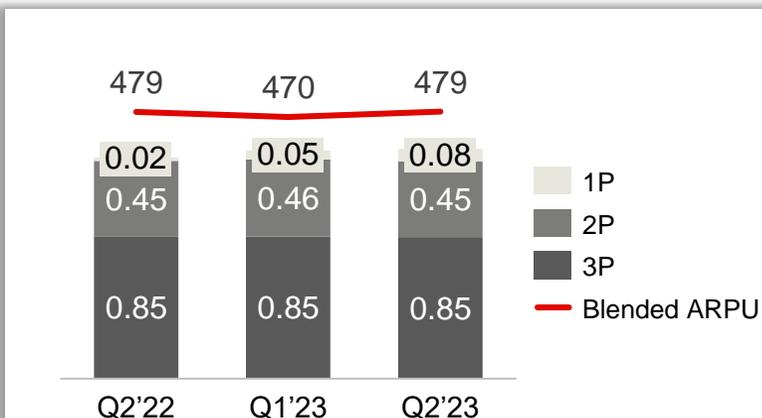
Total Subscribers (m) & YoY Growth (%)



Mobile Subs<sup>(4)</sup> (m) & ARPU<sup>(5)</sup> (AED)



Fixed Broadband Subs<sup>(6)</sup> (m) & ARPU<sup>(7)</sup>



(1) Mobile revenues includes mobile voice, data, rental, outbound roaming, VAS, and mobile digital services

(2) Fixed revenues includes fixed voice, data, rental, VAS, internet and TV services

(3) Others Revenues includes ICT, managed services, wholesale (local and int'l interconnection, transit and others), visitor roaming, handsets and miscellaneous

(4) Mobile subscribers represents active subscriber who has made or received a voice or video call in the preceding 90 days, or has sent an SMS or MMS during that period

(5) Mobile ARPU ("Average Revenue Per User") calculated as total mobile revenue divided by the average mobile subscribers.

(6) Fixed broadband subscriber numbers calculated as total of residential DSL (Al-Shamil), corporate DSL (Business One) and E-Life subscribers.

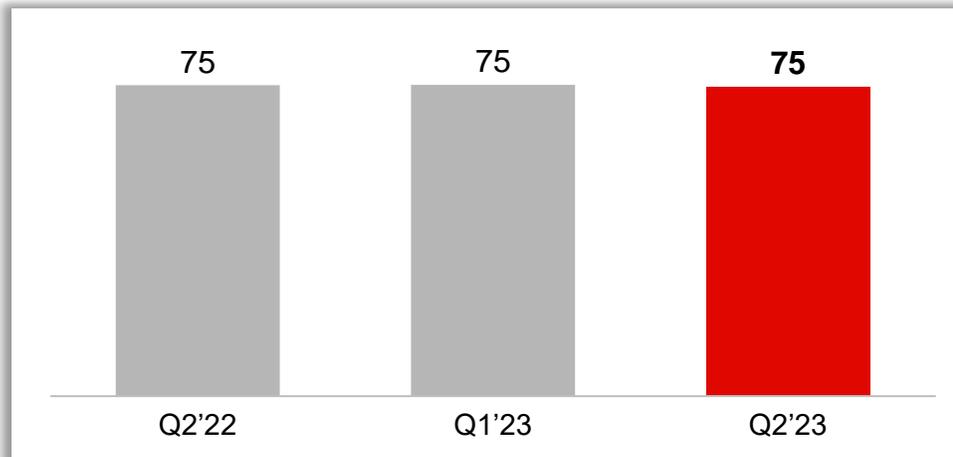
(7) ARPL ("Average Revenue Per Line") calculated as fixed broadband line revenues divided by the average fixed broadband subscribers.

## Returned to steady growth in revenue and EBITDA

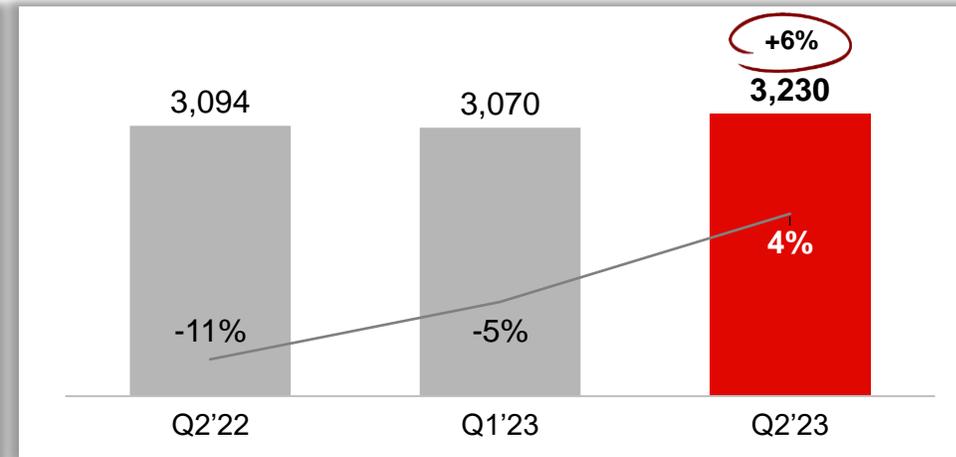
### Key Highlights

- Stable subscriber base
- Strong revenue growth in Moov Africa operations in addition to improvement in performance in Morocco
- EBITDA growth driven by higher revenue with robust EBITDA margin
- Lower capital spending focused on expanding FTTH and mobile network coverage and capacity

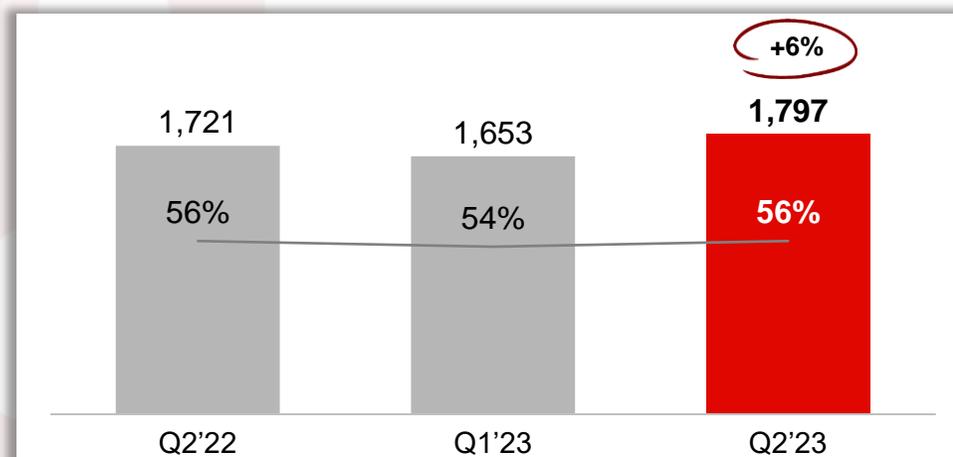
### Subscribers (m)



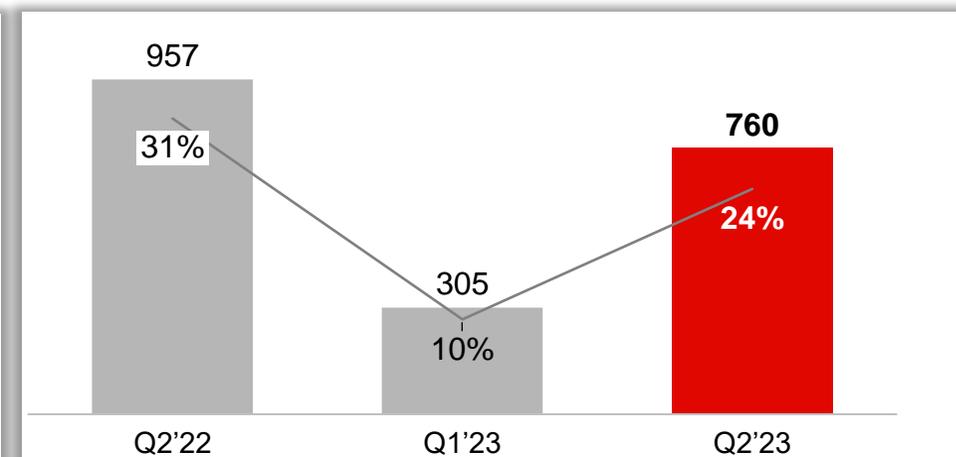
### Revenue (AED m) & YoY Growth (%)



### EBITDA (AED m) & EBITDA Margin (%)



### CAPEX (AED m) & CAPEX / Revenue (%)

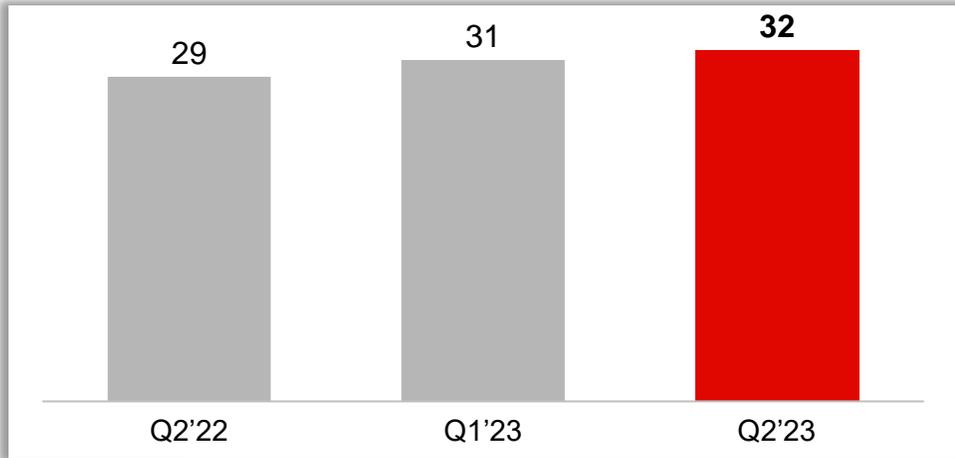


Growth Y/Y in local currency

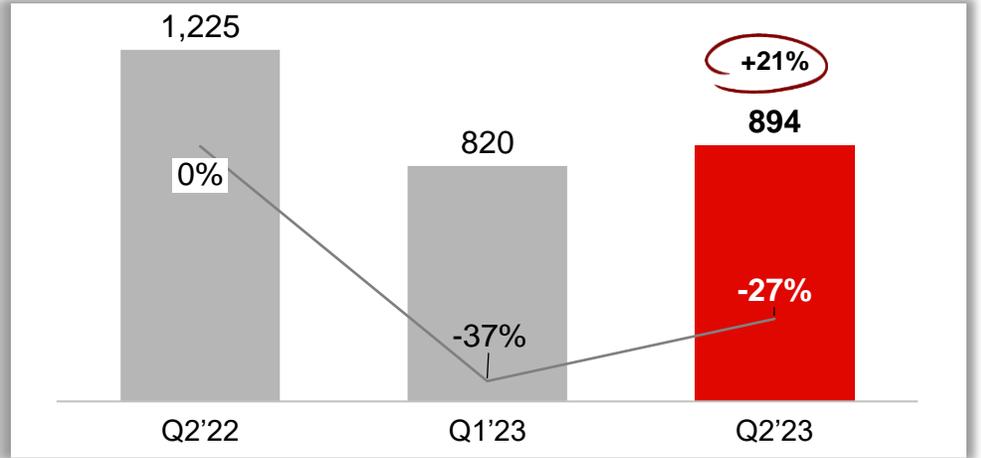
### Key Highlights

- Strong YoY subscriber growth
- Double-digit revenue growth in local currency attributed to data and voice services
- EBITDA in local currency impacted by inflationary pressure and end of national roaming agreement
- Capital spending focused on expanding network coverage

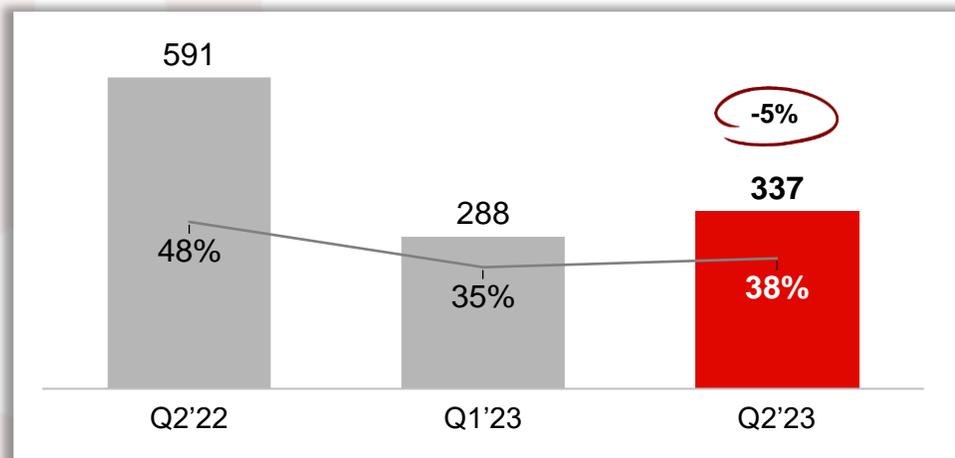
### Subscribers (m)



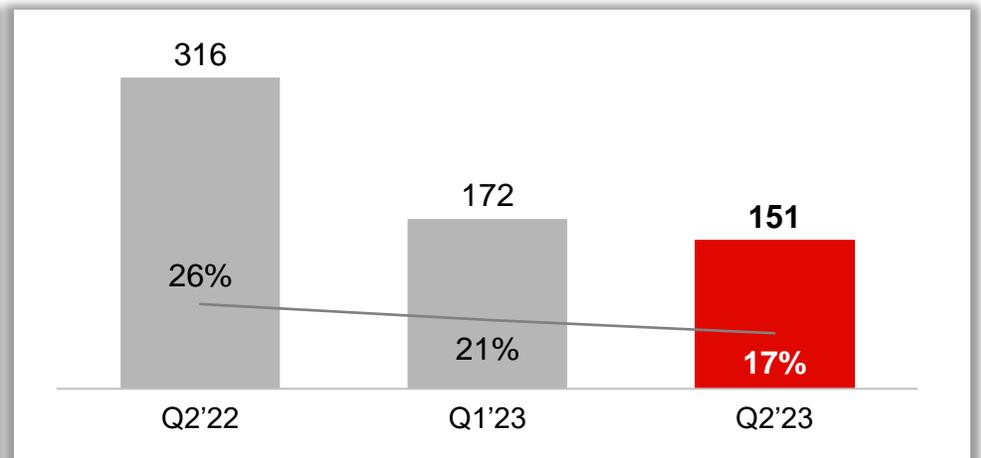
### Revenue (AED m) & YoY Growth (%)



### EBITDA (AED m) & EBITDA Margin (%)



### CAPEX (AED m) & CAPEX / Revenue (%)

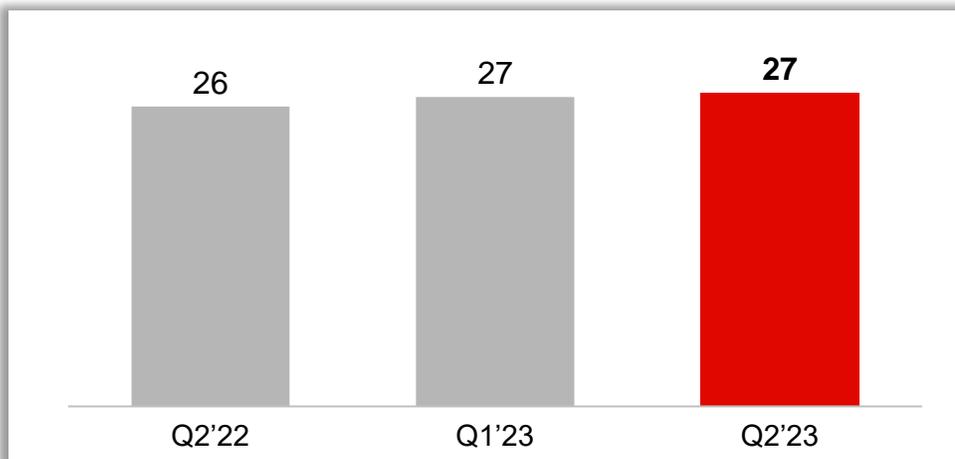


Growth Y/Y in local currency

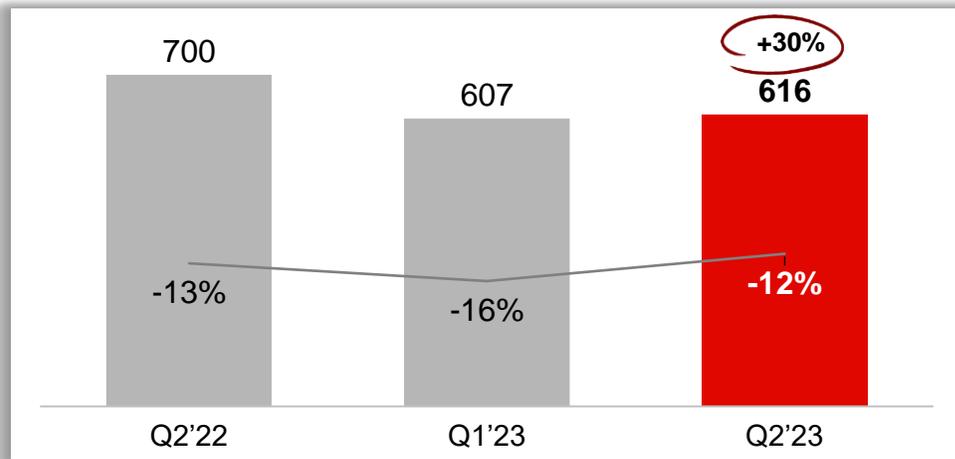
### Key Highlights

- Increase in FTTH and mobile subscriber base
- Double-digit revenue growth in local currency attributed to mobile, fixed and microfinance and supported by price increase
- EBITDA growth in local currency despite increased energy costs and inflationary pressure
- Higher capital spending focused on expansion of FTTH and mobile networks

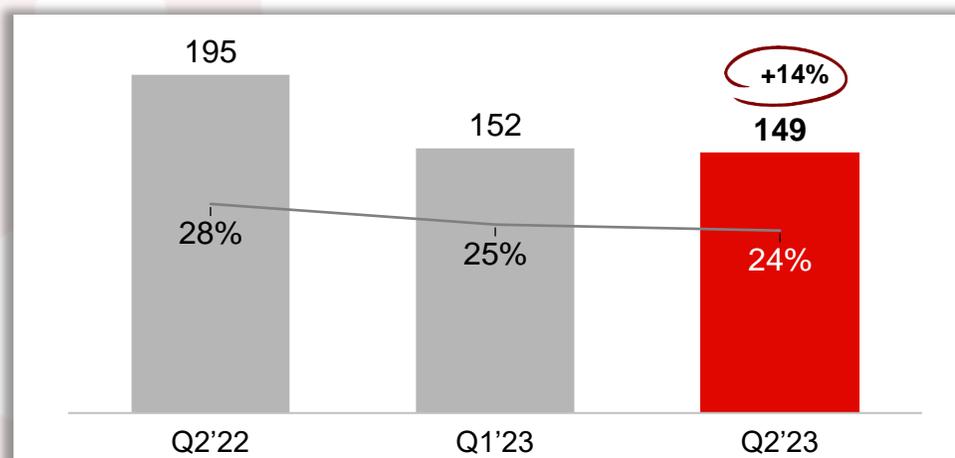
### Subscribers (m)



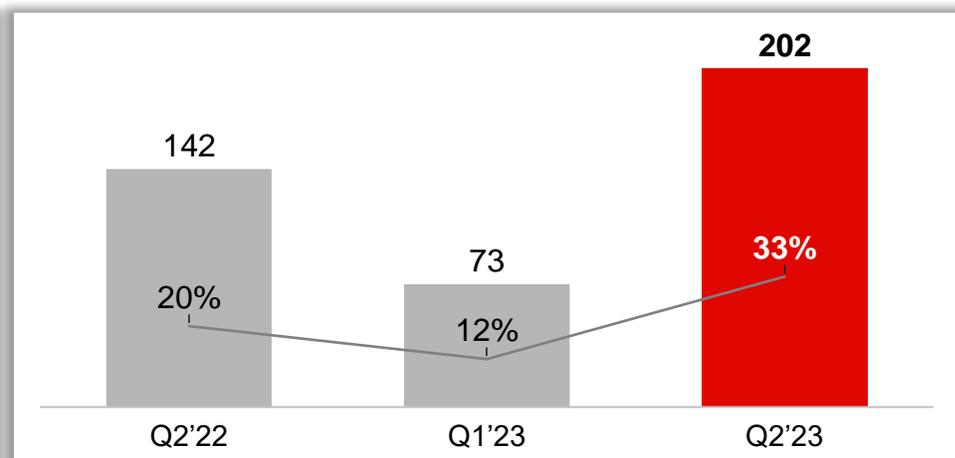
### Revenue (AED m) & YoY Growth (%)



### EBITDA (AED m) & EBITDA Margin (%)



### CAPEX (AED m) & CAPEX / Revenue (%)



Growth Y/Y in local currency

# FY 2023 Guidance

## Positive outlook for 2023 despite currency impact in H1



	FY 2023 Guidance	6M 2023 Actual
Revenue Growth Y-o-Y In Constant Currency (%)	Low to mid single digit growth	+9.3%
EBITDA Margin (%)	~ 49.0%	48%
EPS <sup>(1)</sup> (AED)	1.13 – 1.15	0.54
Capex / Revenue (%)	15% - 17%	11.4%

(1) EPS guidance includes dividends income from Vodafone to be recognised in H2 2023

**we are&**