

# Q2 2024

## Results Presentation

*1 August 2024*



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# Group Key Highlights

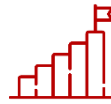
Hatem Dowidar, e& Group CEO

# Executive Summary

## Q2 2024 Overview



Demonstrated solid performance in Q2 across all verticals as we remain on track to meet our full-year guidance



Achieved robust growth in revenue, EBITDA, and operating free cash flow (OpFCF) within the telco verticals



Made significant progress on PPF and Telenor transactions, with an aim to close by year-end



Regulatory turbulence in Morocco has impacted Maroc Telecom and influenced our investment outlook



Committed to enhancing shareholder returns through a progressive dividend policy

# Key Highlights Q2 2024

## Another quarter of growth & resilience

### Maintained robust growth trajectory...



#### Revenue

**AED 14.1 billion**

+6% Y-o-Y increase in Constant Currency



#### EBITDA

**AED 6.6 billion**

+2% Y-o-Y growth in constant currency, 47% Margin



#### Net Profit

**AED 3.2 billion**

+25% Y-o-Y growth in reported currency

### ...doubling down on core with resilience...



#### Telco Revenue

**AED 13.2 billion**

+6% Y-o-Y increase in constant currency with growth across all key markets



#### Telco EBITDA Margin

**50%**

Stable Y-o-Y despite increased inflationary pressure



#### Network Leadership

**e& UAE sets new record as fastest 5G speed**

### ...supported by solid financial position & cash generation



#### Operating Free Cashflow

**AED 4.8 billion**

+3% Y-o-Y increase with a stable margin of 34%



#### Net Debt/EBITDA

**0.91x**

With a total net debt of **AED 23.9 billion**



#### Credit Rating

**AA- | Aa3**

S&P and Moody's maintained credit rating with a stable outlook

# GlassHouse Acquisition

Strengthens existing e& enterprise capabilities and expands geographic footprint

## GlassHouse at a Glance



**Leading provider of managed cloud, data backup, business continuity, and SAP infrastructure services**

## Opportunities highlights



Offices in **3 countries** in Turkey, Qatar and South Africa



**Healthy financials** with solid EBITDA margins



**150+** employees



**Strong expertise** in Financial Services space



**Partnerships** with industry giants



**9 / 10** top Turkey banks as clients

## Strategic Rationale



**Reinforce existing capabilities** in private cloud and managed services



Addition of **SAP capabilities** and **financial services expertise** to e& enterprise portfolio



**Expansion** of e& enterprise's portfolio into **high growth markets**

# Group Financial Highlights

Karim Bennis, e& Group CFO

## e& reported solid financial performance....



**AED 14.1 billion**

Revenue

▲ 4% y-o-y and +6% in constant currency



**AED 6.6 billion**

EBITDA

Stable y-o-y and +2% in constant currency



**47%**

EBITDA Margin

Telco on a standalone basis reported 50% margin



**AED 3.2 billion**

Net Profit

▲ 25% y-o-y

## ... maintaining resilient cash generation and a sound balance sheet



**AED 4.8 billion**

Operating Free Cashflow

▲ 3% y-o-y with a stable margin of 34%



**41.5 fils**

Interim Dividends

Represents a payout ratio of 66%

S&P Global  
Ratings

**AA- | Aa3**

S&P | Moody's Credit Rating

MOODY'S

With a "Stable" outlook



**0.91x**

Net Debt/EBITDA

Lower than global telecom average



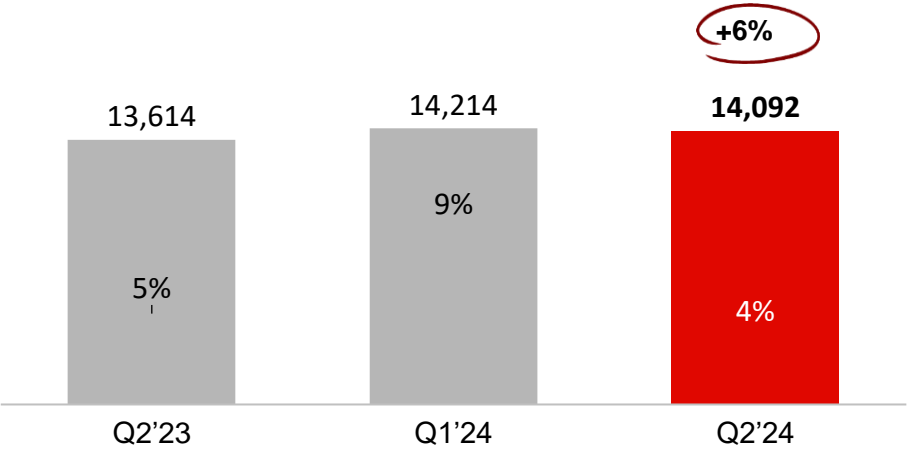
# Group Revenue

## Sustaining topline growth across all verticals

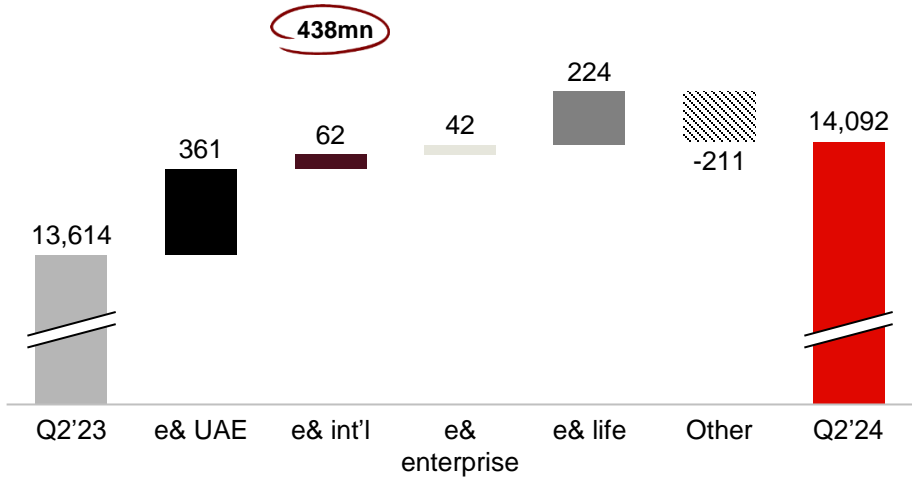
### Key Highlights

- Robust revenue growth attributed to both telco and digital verticals
- e& UAE sustained growth momentum, up 4.6% y-o-y, supported by positive operating environment
- e& int'l increased 1.3% y-o-y and 9.0% in constant currency:
  - MT Group - growth impacted by regulatory and operating environment in Morocco
  - Strong growth in Egypt was offset by EGP depreciation
  - Growth in Pakistan largely due to strong performance in data revenue streams
- e& enterprise growth impacted by project completion delay. On track to deliver strong double-digit growth
- e& life continued to showcase strong growth fueled by consolidation of Careem Technologies

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






### Sources of Revenue Variance (AED mn)



### Revenue by Vertical (AED mn)

	Q2 2024		Year-on-Year Variance	
e& UAE	8,213	↔	+5%	
e& international	4,951	↔	+1%	+9%
e& enterprise	641	↔	+7%	
e& life	510	↔	+78%	

	Reported Currency	Constant Currency
<div>  <div> <div></div> <div></div> </div> </div>	-1%	-2%
<div>  <div> <div></div> <div></div> </div> </div>	-8%	+43%
<div>  <div> <div></div> <div></div> </div> </div>	+19%	+16%

Growth Y/Y in constant currency

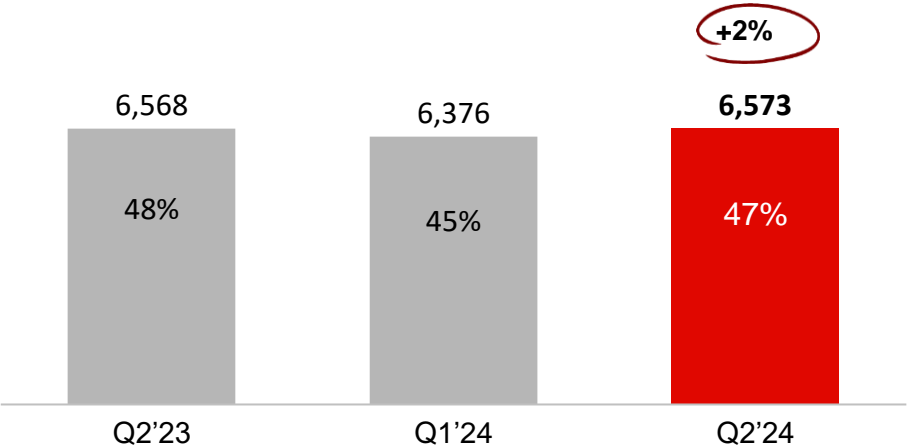
# Group EBITDA

## Strong margins supported by telco operations

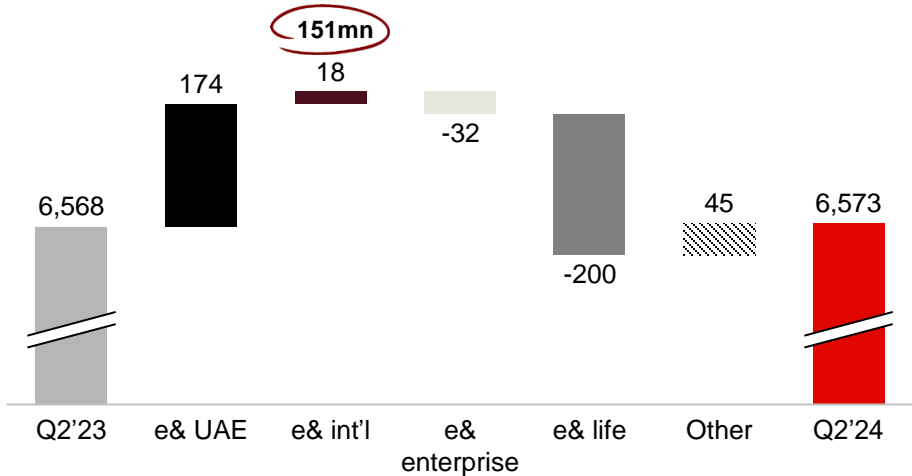
### Key Highlights

- e& group EBITDA margin reached 47%, (up 2 percentage points q-o-q) while slightly declined y-o-y due to changes in revenue mix
- Telco verticals continued to witness EBITDA growth y-o-y of 3% and stable margin at 50%
- e& UAE delivered strong EBITDA growth (+4%) and maintained its robust margin of 52% attributed to profitable revenue growth
- e& Int'l EBITDA increased by 6% y-o-y, at constant currency, attributed to strong performance in Egypt, PTCL & Afghanistan
- e& enterprise EBITDA declined due to slower revenue growth and PY one-off benefit




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



### Sources of EBITDA Variance (AED mn)



### EBITDA by Vertical (AED mn)

	Q2 2024		Year-on-Year Variance	
			Reported Currency	Constant Currency
e& UAE	4,274	↔ +4%	<div>        </div>	0%
e& international	2,349	↔ +1%		-1%
e& enterprise	63	↔ -34%		36%
e& life	-211	↔ nm		26%

Growth Y/Y in constant currency

+6%

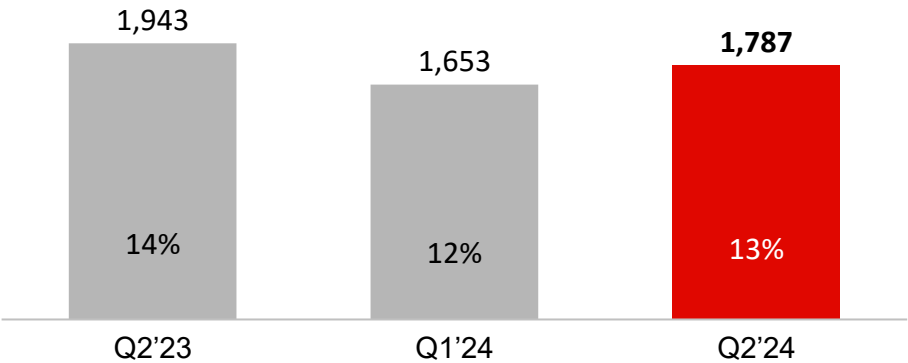
# Group CAPEX

## Balanced long-term investment while maintaining superior networks

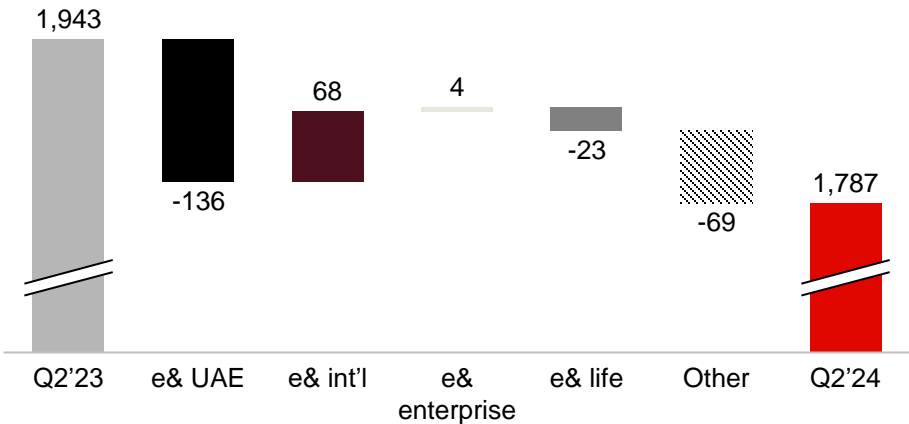
### Key Highlights

- Lower capital spend y-o-y mainly attributed to e& UAE operation
- Capital spend in e& UAE focused on expansion of 5G network, indoor coverage and network modernization
- Higher capital spend in e& international attributed mainly to Egypt focusing on mobile network expansion and capacity enhancement
- Low capex requirements for digital verticals

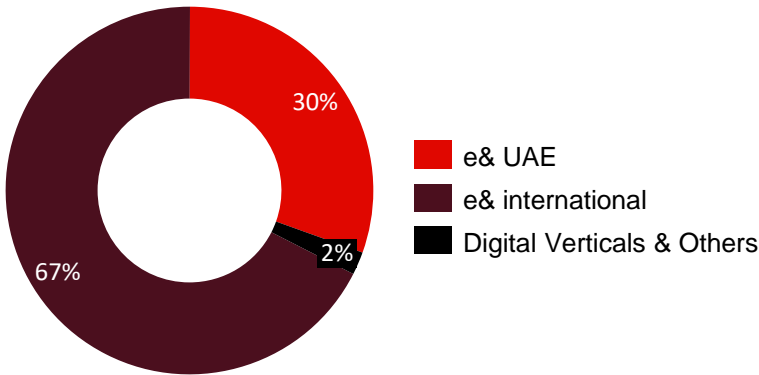
### CAPEX (AED mn) & Intensity Ratio (%)



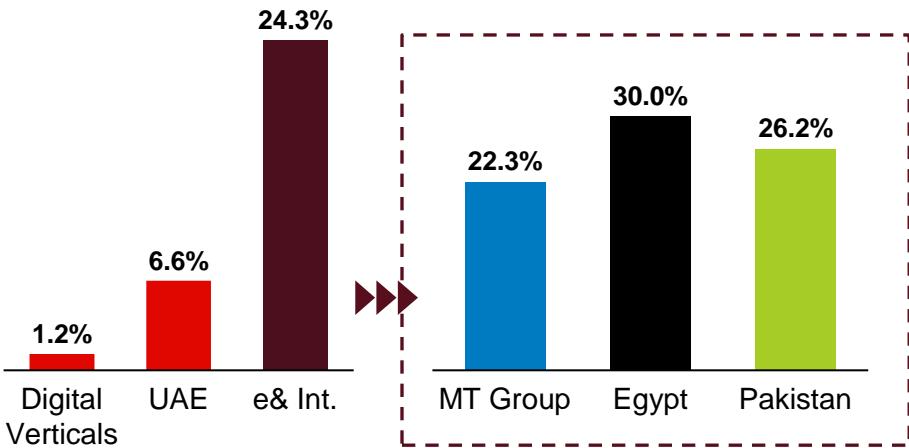
### Sources of CAPEX Variance (AED mn)



### CAPEX Breakdown (Q2 2024)



### Q2 2024 Intensity Ratio by Key Operations (%)



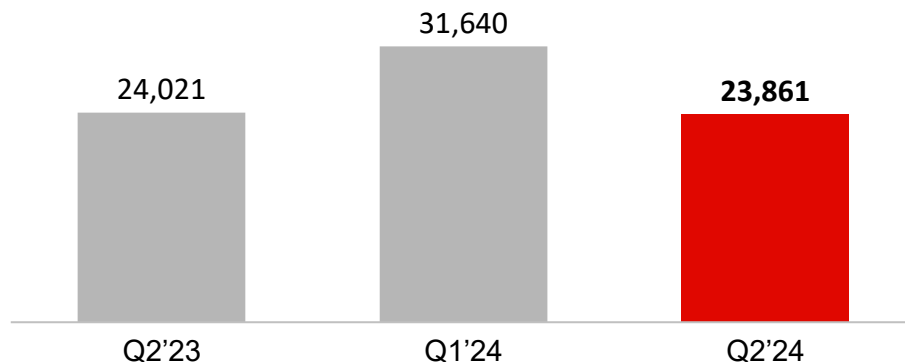
# Group Financial Position

## Healthy liquidity position and stable outlook

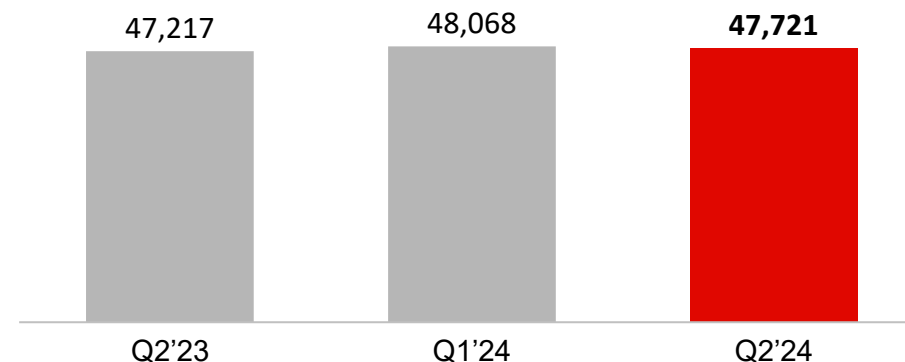
### Key Highlights

- Maintaining a healthy cash balance y-o-y attributed to high cash flow generation
- Cash balance consistent with last year post royalty and final dividends payments
- Relatively stable debt balance during the quarter
- Leverage ratio stood at 0.91x LTM EBITDA as of Jun 2024
- S&P Global and Moody's confirmed the group investment grade credit ratings and stable outlook

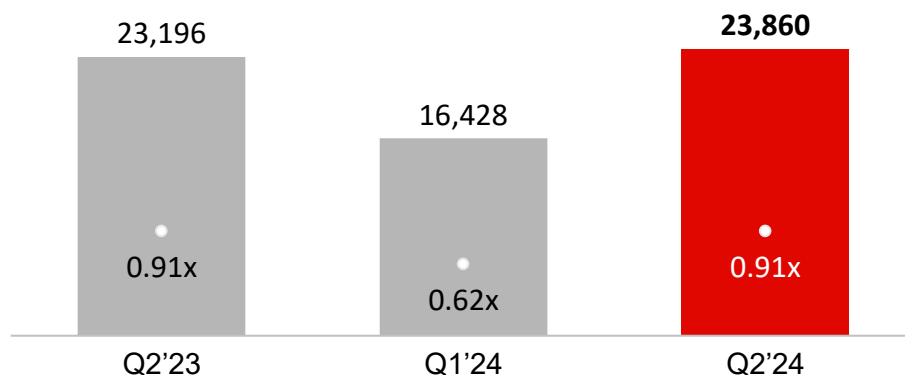
### Cash & Cash Equivalents (AED mn)



### Total Debt (AED mn)



### Net Debt/(Cash) (AED mn) & Net Debt/EBITDA (x)



### Investment Grade Credit Ratings

**S&P Global**  
Ratings

**Rating: AA-**  
**Outlook: Stable**

**MOODY'S**

**Rating: Aa3**  
**Outlook: Stable**

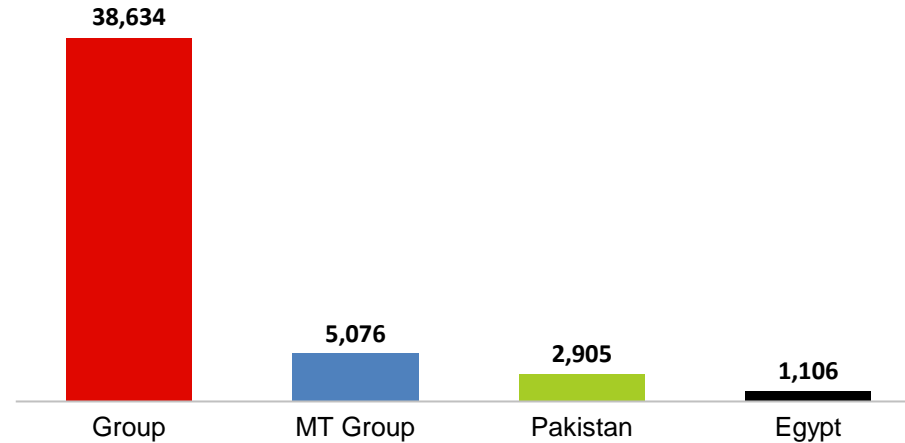
# Group Debt Profile

## Diversified sources of debt

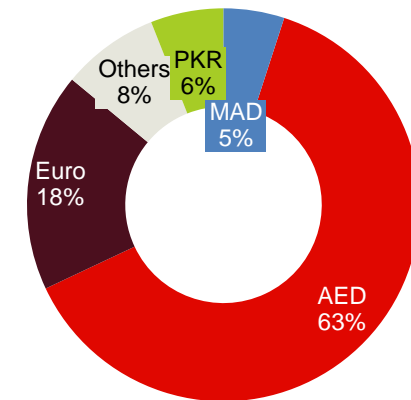
### Key Highlights

- Total debt of AED 47.7 bn
- 81% of debt is at Group level, mostly in bank borrowings
- 64% of debt is in USD/AED
- Refinancing of 10-year bond tranche of USD 500 million matured on June 30 via bank borrowings
- Assessing refinancing option for debt maturing between 1-2 years

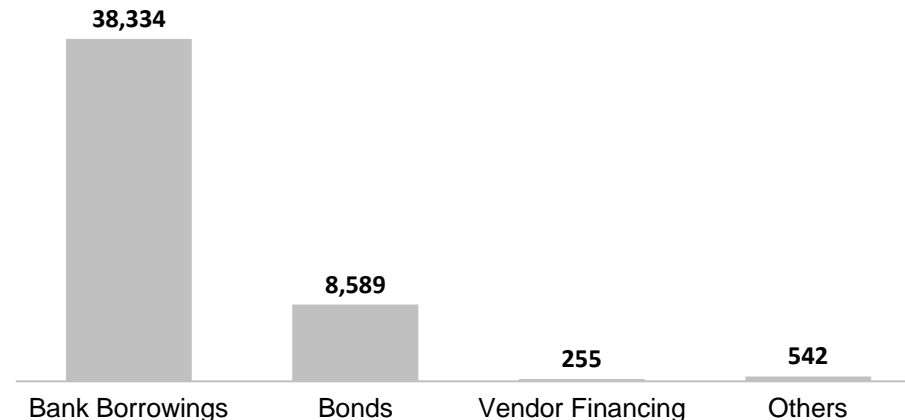
### Borrowings by Operations (AED mn)



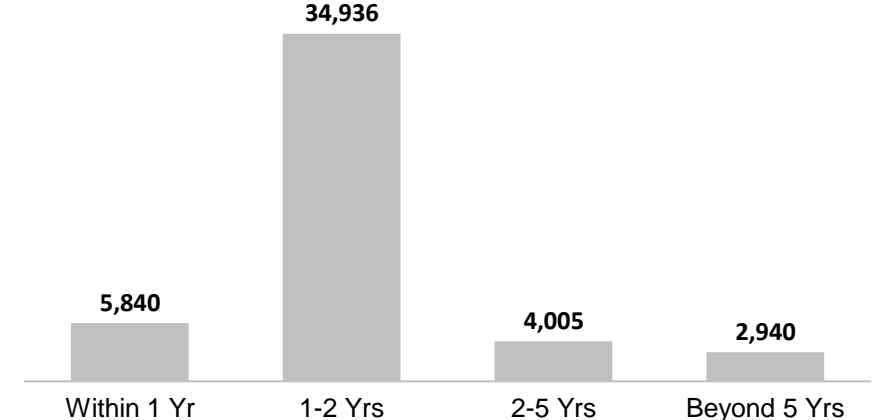
### Borrowings by Currency (%)



### Debt by Source (AED mn)



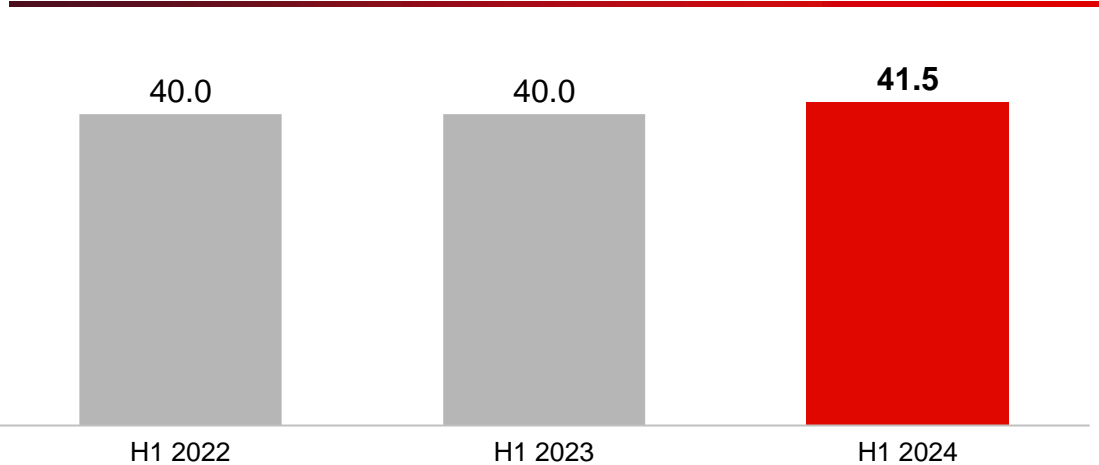
### Repayment Schedule (AED mn)



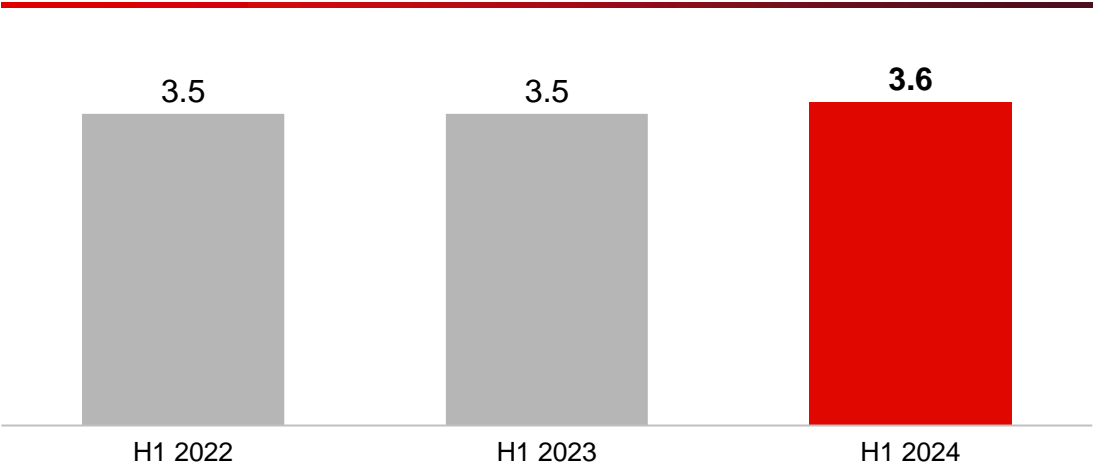
# Group Dividends

## Progressive dividends policy

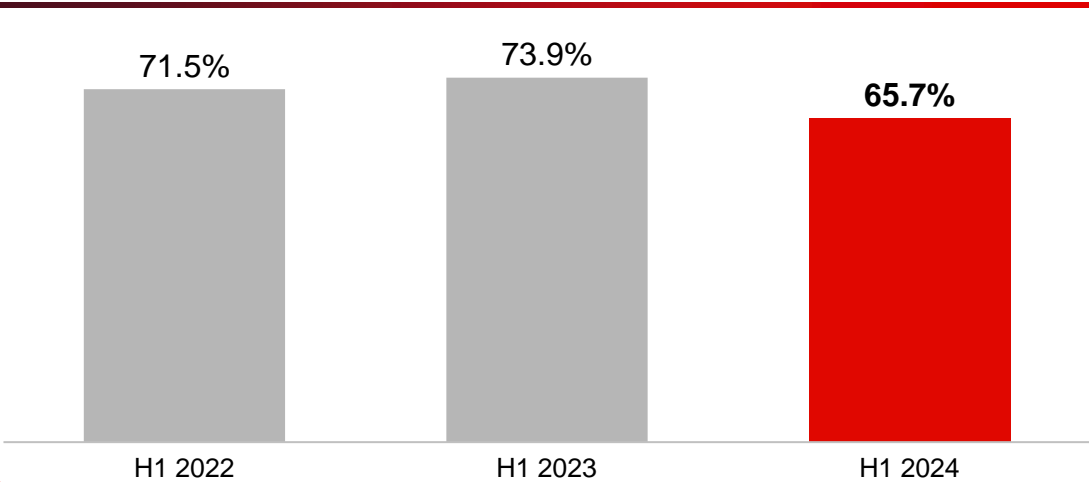
DPS (fils)



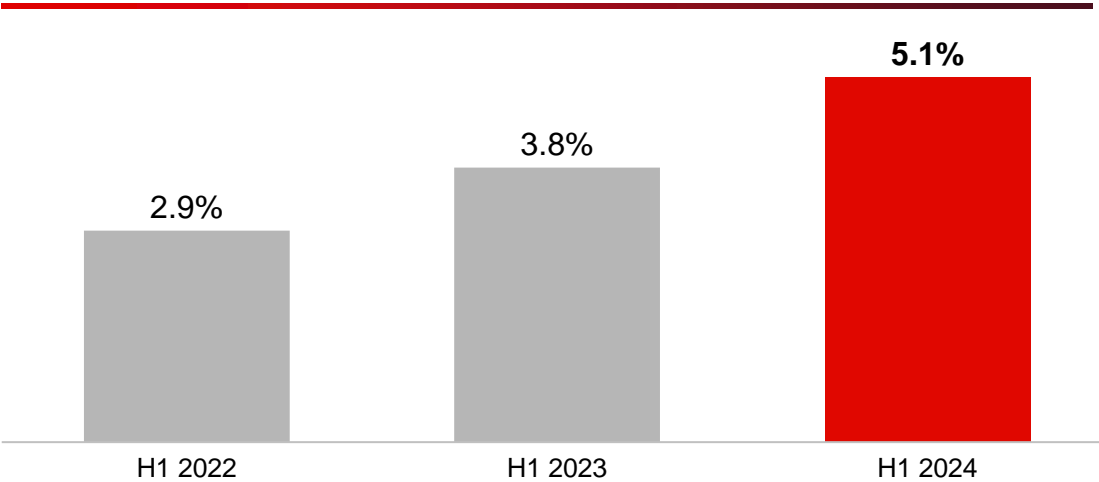
Interim Dividends (AED bn)



Payout Ratio (%)



Dividends Yield <sup>(1)</sup> (%)

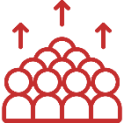


1) The data is annualized, and H1 2024 is based on the closing price of 31<sup>st</sup> July 2024, while historical data are based on the closing share price of their corresponding payment date.

# Performance by Vertical

# UAE Economy

## Strong operating environment fueling growth in Telecom sector



The UAE's **population** is expected to grow at ~1% p.a. over 2024-2027



**UAE government** vision is strongly driven by digital and AI tech e.g., AI Strategy 2031



**Tourism** set to continue to grow - with a **9%** increase realized YoY



The UAE has been **ranked #1 globally** for the 3<sup>rd</sup> consecutive year by the GEM<sup>1</sup> as the best place for starting and operating new businesses



The UAE is set to achieve a record **USD 30 billion in foreign direct investment inflows** in 2024



The UAE economy is set for strong growth with **Real GDP** forecast to grow to **4.2%** in 2025 and reach **4.4%** in 2027



# UAE at a glance

e& UAE continues to drive core telco growth via differentiated, premium positioning in Consumer and Business underpinned by Network and CX excellence

Strong Commercial Execution...

...Accommodated by Profound Capabilities...

...Delivering Outstanding Performance...

## Consumer

## Customer Experience



Premium Mobile Positioning



Return to Growth in Prepaid



High-Value Fixed Sustained



Outright CX Leadership



Step-change in Proactive Care



Excellence in Touchpoints

## Business

## Technology



Strong B2B Growth



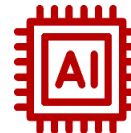
Growth in Next-Gen Core



SMB Champion



World-Class Networks



Uplift in AI Value Realization



Continued Network Investment

**AED 8.2 billion**

Revenue

5% year over year

**AED 4.3 billion**

EBITDA

4% year over year

**52%**

EBITDA Margin

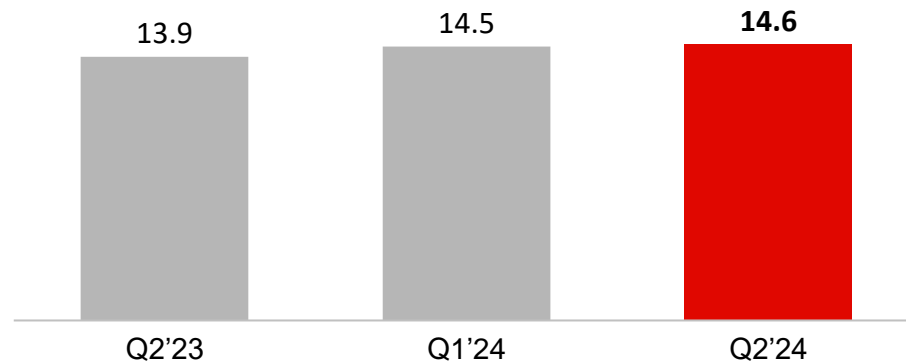
Stable year over year despite inflationary pressures

## Consistent and sustainable execution

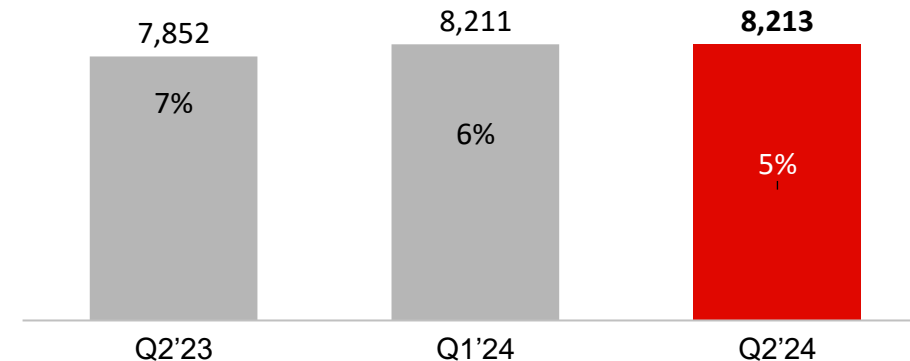
### Key Highlights

- Growing customer base, by connecting new 656K customers
- Sustained solid topline growth driven by robust commercial execution leading to growth across all segments
- EBITDA grew 4% y-o-y in line with higher revenues while maintaining strong margin of 52%, due to cost-control measures.
- Disciplined capital spending focused on network modernization and 5G coverage
- Stronger OpFCF due to higher EBITDA and lower capital spend

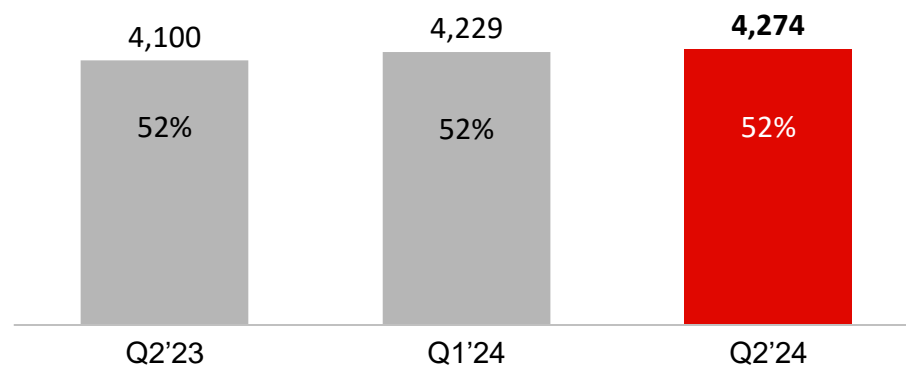
### Subscribers (mn)



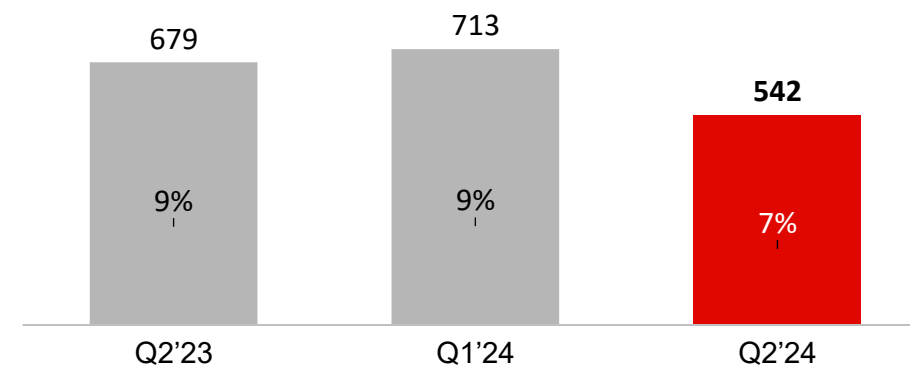
### Revenue (AED mn) & YoY Growth (%)



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

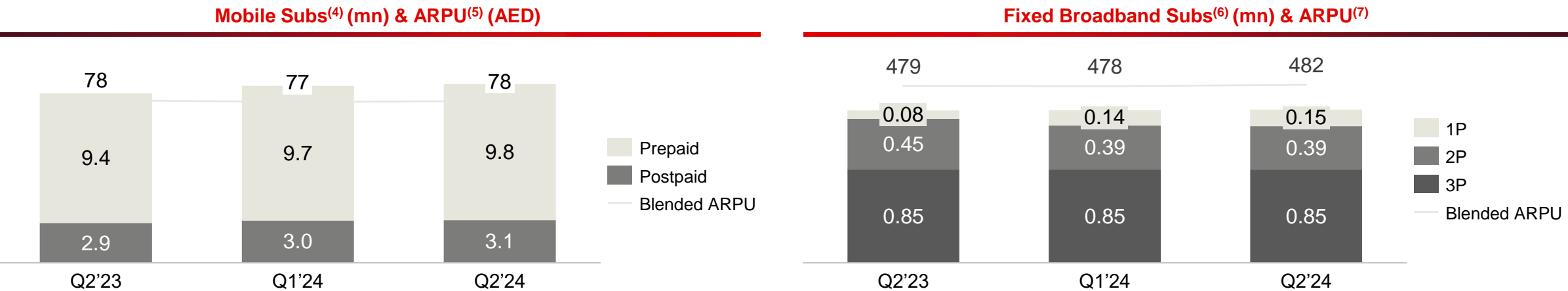
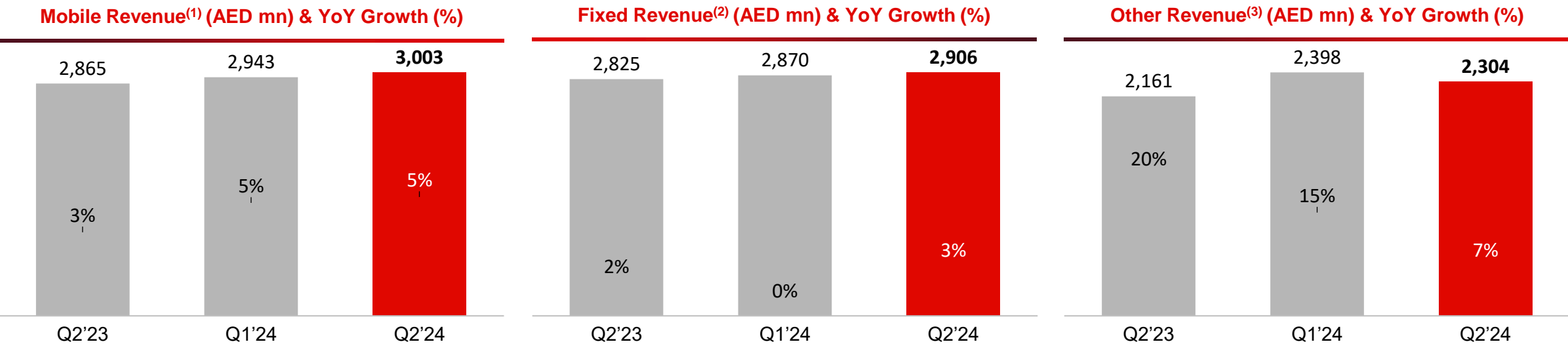



### CAPEX (AED mn) & CAPEX / Revenue (%)



# UAE Breakdown & Key KPIs

## Elevating revenues across the board supported by strong operational KPIs





etsalat and

(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.

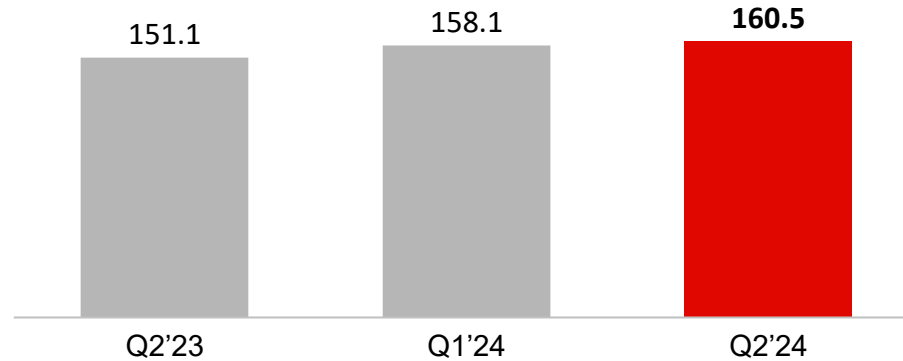
# e& international

## Solid organic performance

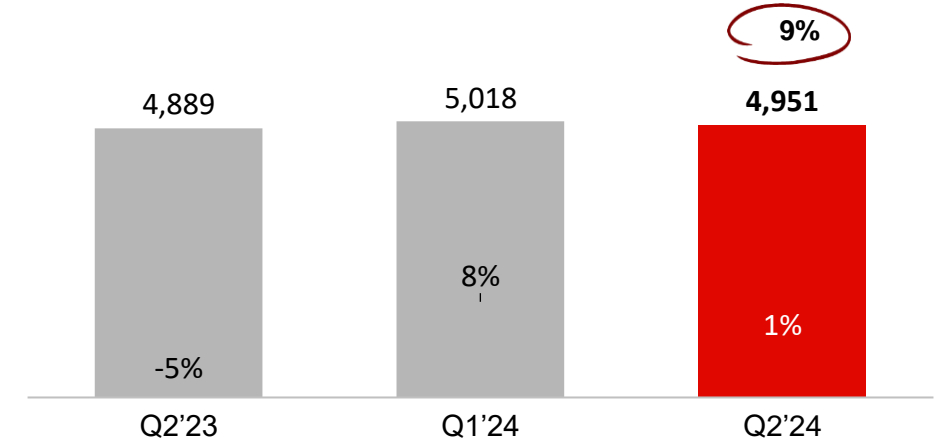
### Key Highlights

- International subs climbed 6% y-o-y, reaching 161mn mainly on growing base of Egypt and Moov Africa
- In constant currency, revenues increased by 9% on strong performance in Egypt, Pakistan and Afghanistan
- EBITDA increased by 6% in constant currency mainly due to strong performance in Egypt and Pakistan
- Despite inflationary pressure, margin relatively stable at 47%
- Higher capital spending y-o-y focused on modernizing networks and enhancing capacities

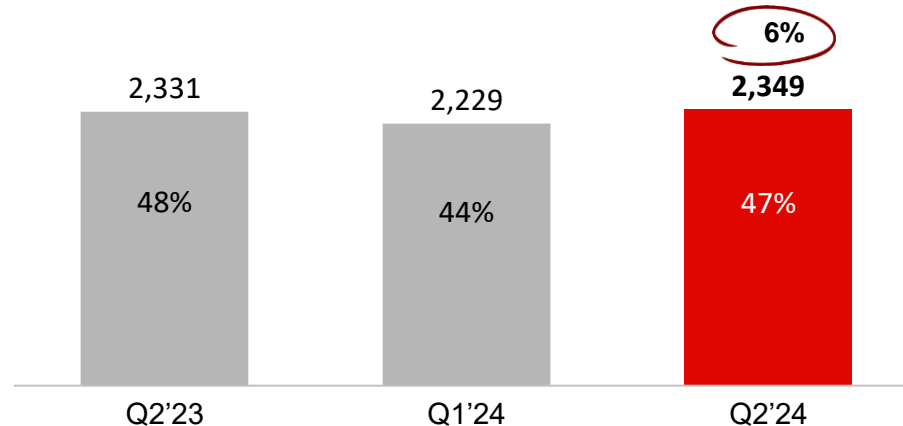
### Subscribers (mn)



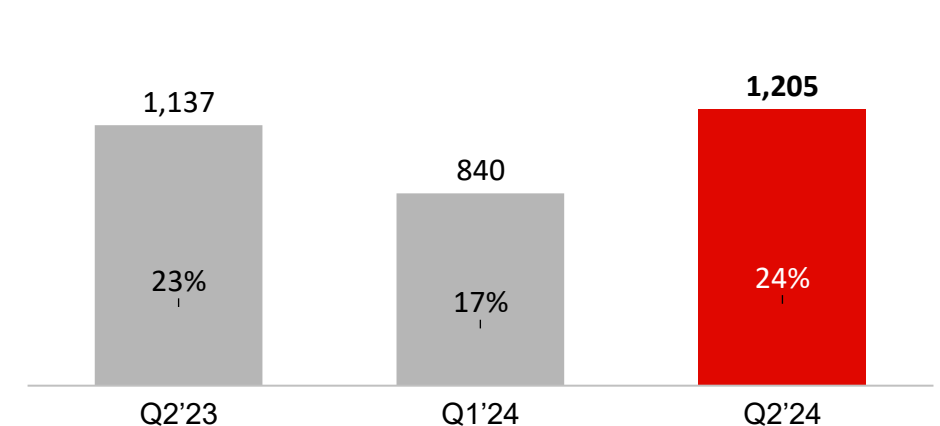
### Revenue (AED mn) & YoY Growth (%)



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



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



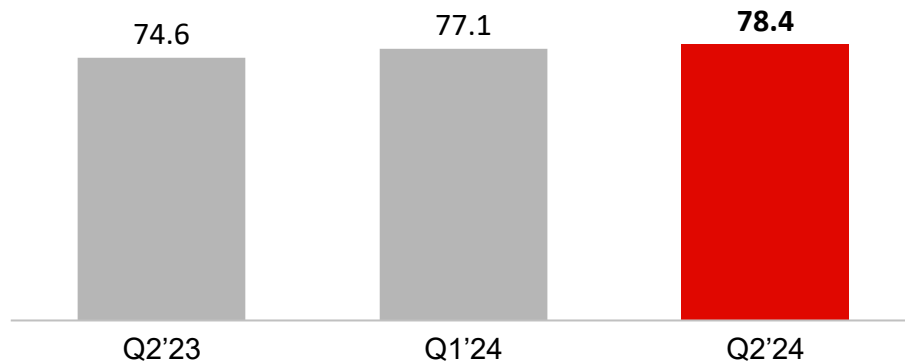
# Maroc Telecom Group

## Operational scale preserves the momentum despite of regulatory and competition headwinds

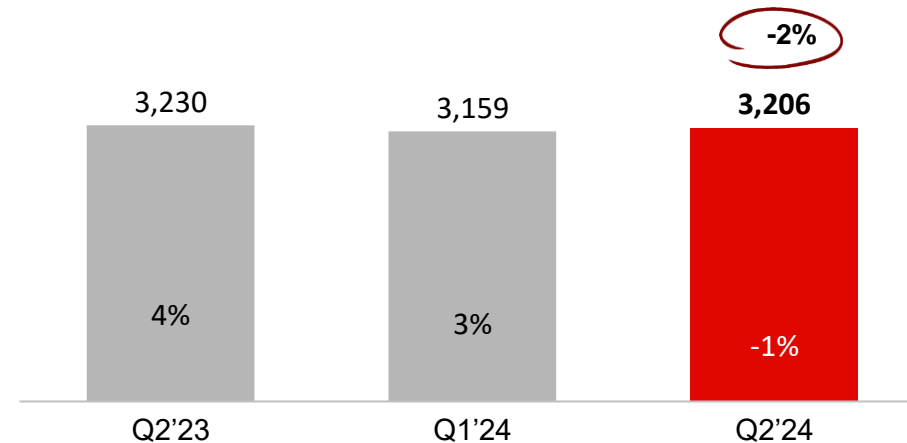
### Key Highlights

- Year on year growth in subscriber base attributed to Moov Africa
- Revenue growth impacted by mobile segment in Morocco that was partially compensated by growth in Fixed data and Moov Africa operations
- EBITDA is stable and margin remained resilient at 56% level
- Capital outlays focused on expanding mobile and FTTH networks
- Company will appeal to the Court of Cassation against the decision of the Court of Appeal

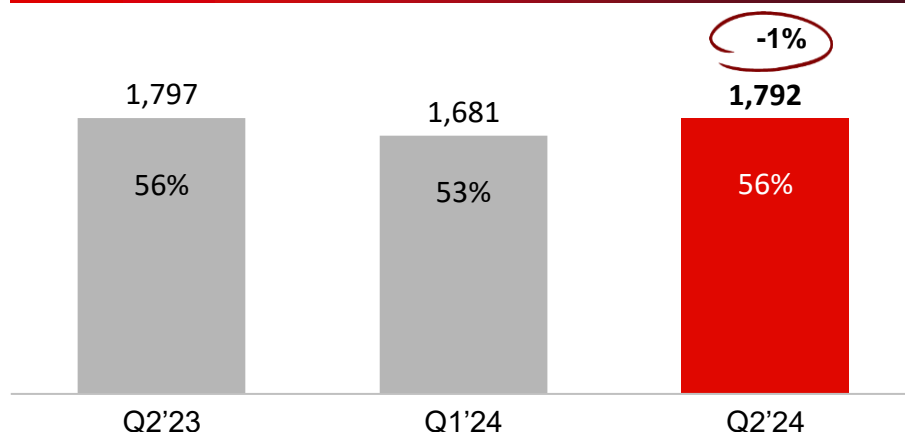
### Subscribers (mn)



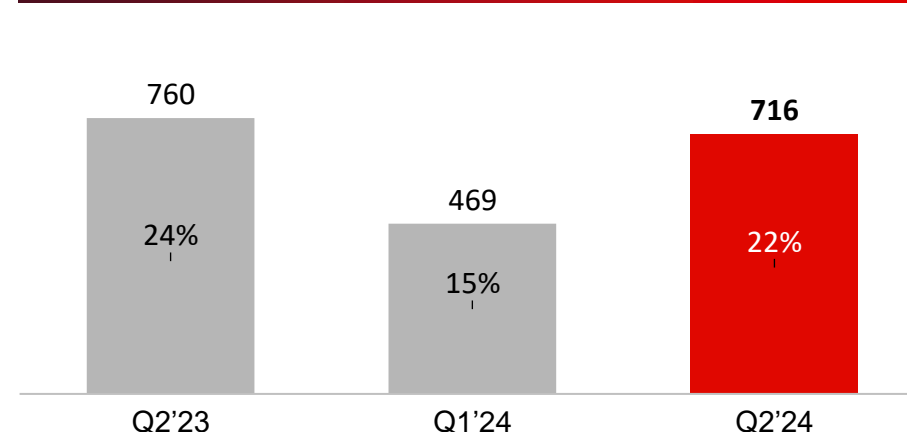
### Revenue (AED mn) & YoY Growth (%)



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



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

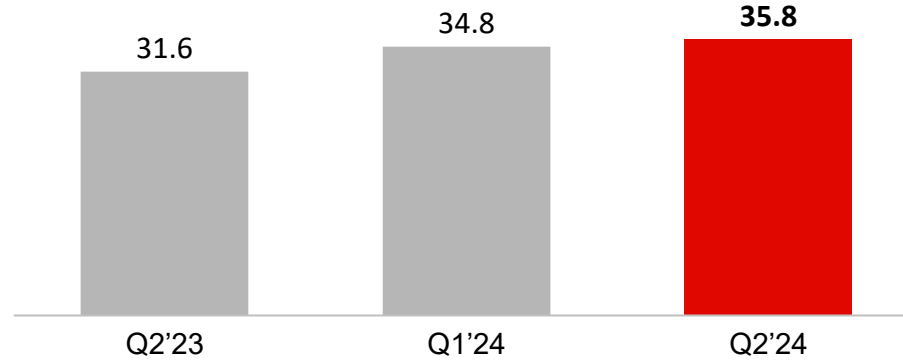


## Outstanding growth in operations was muted by currency translation

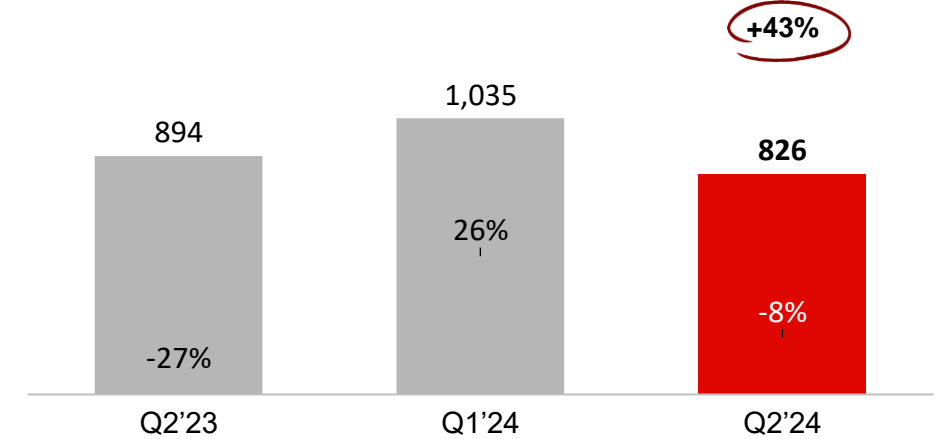
### Key Highlights

- Higher customer base y-o-y (+13%) attributed to strong commercial momentum
- Robust revenue growth in local currency attributed to mobile data and voice services supported by volume and price increase
- Strong revenues filtered through to outstanding EBITDA double-digit y-o-y growth, in local currency
- Higher capital spending focused on network rollout and capacity

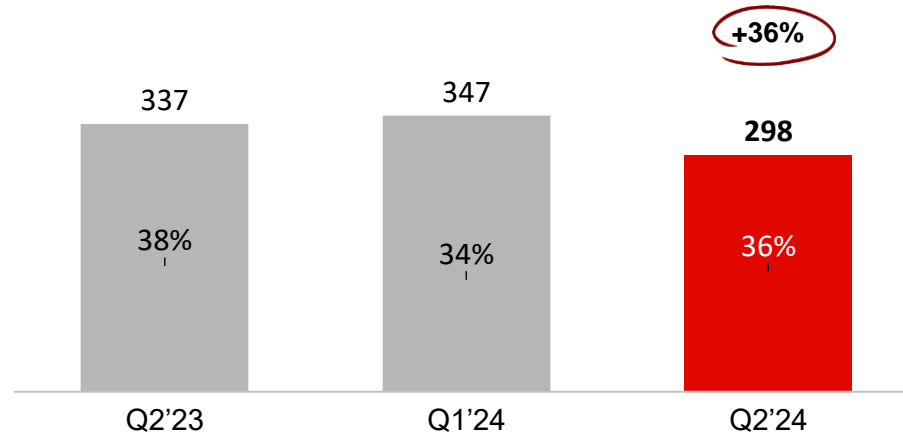
### Subscribers (mn)



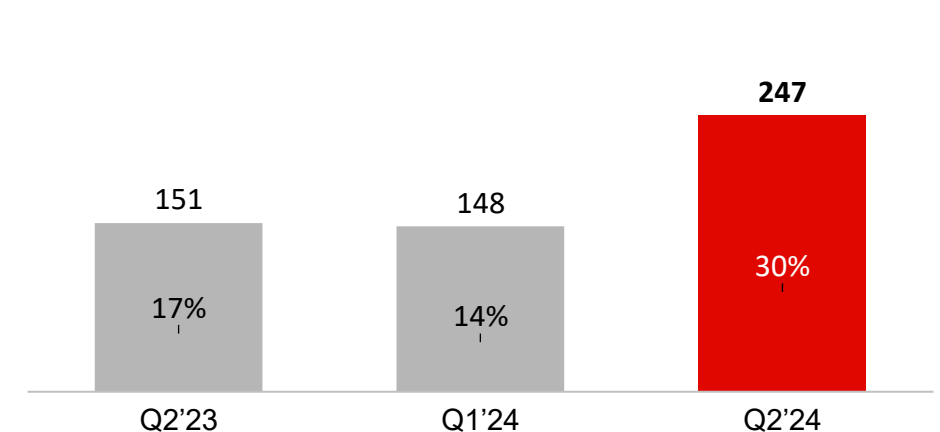
### Revenue (AED mn) & YoY Growth (%)



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



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

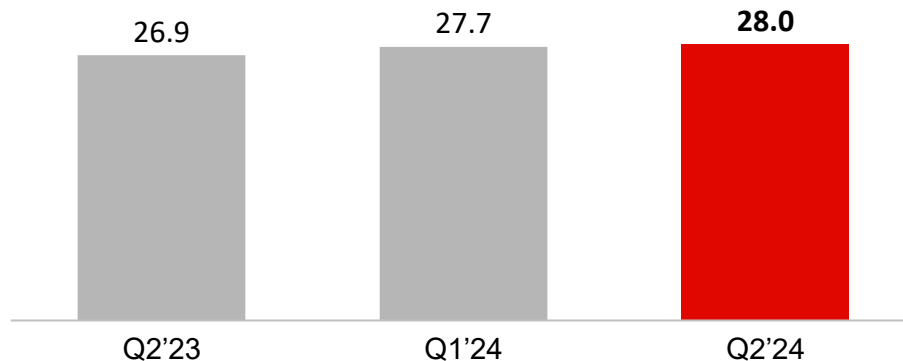


## Enhanced profitability backed by higher revenues

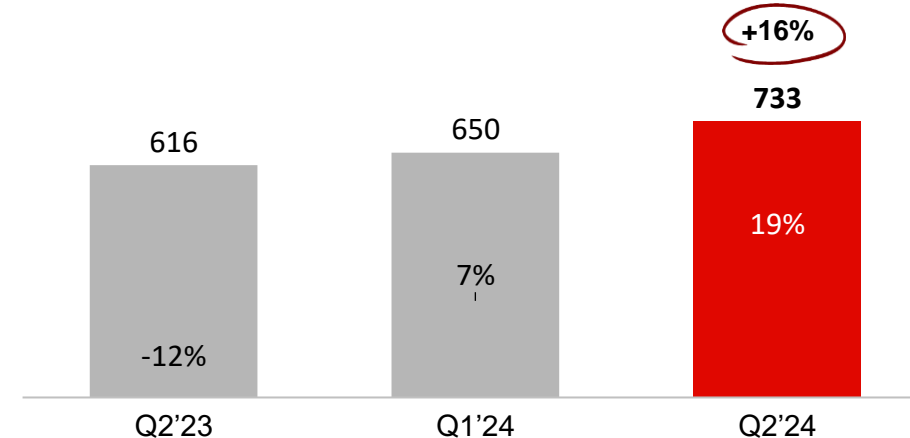
### Key Highlights

- Subscribers increase YoY was driven by mobile customers (+5%) and FTTH (+85%)
- Strong revenue growth attributed to higher demand for data and price increase
- EBITDA increased due to higher revenues that overshadowed the hike in different cost elements
- EBITDA margin improvement supported by changes in revenue mix
- Capex declined 5% YoY with investments focused on FTTH network and capacity enhancement

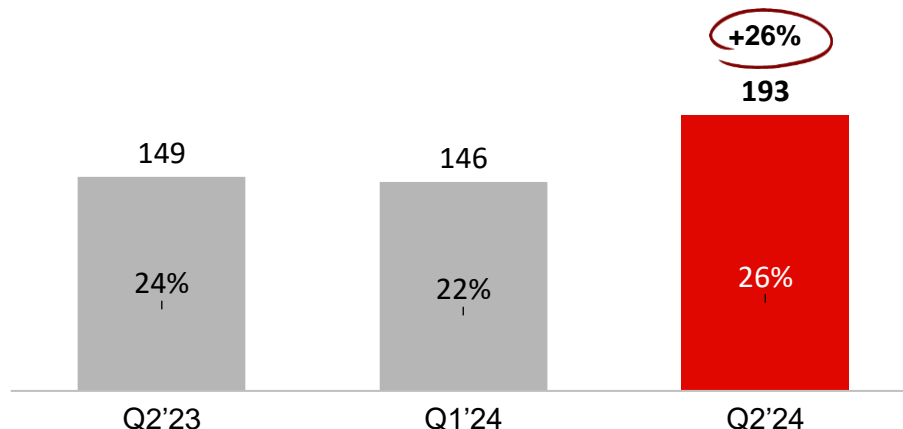
### Subscribers (mn)



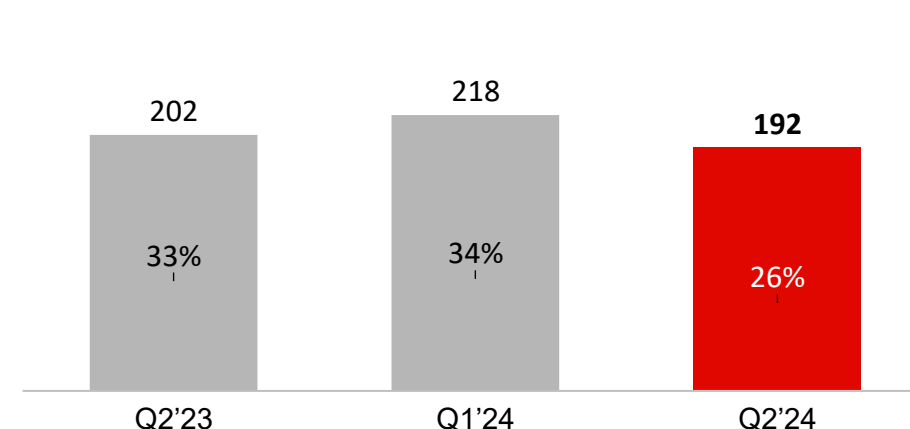
### Revenue (AED mn) & YoY Growth (%)



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



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

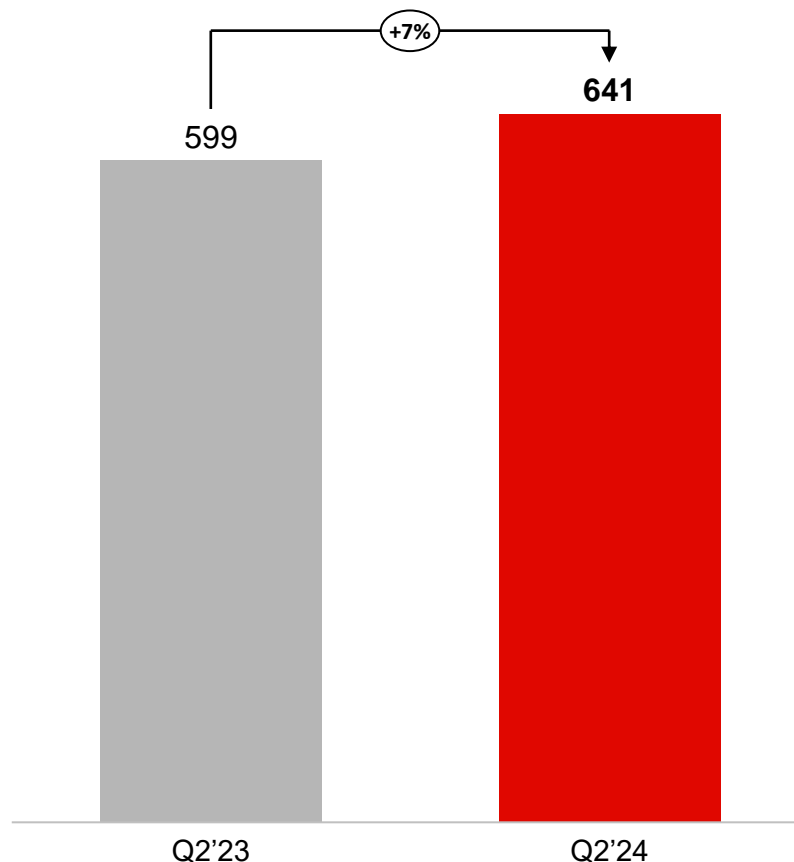


## Focused on executing growth strategy while on track to deliver double-digit revenue growth

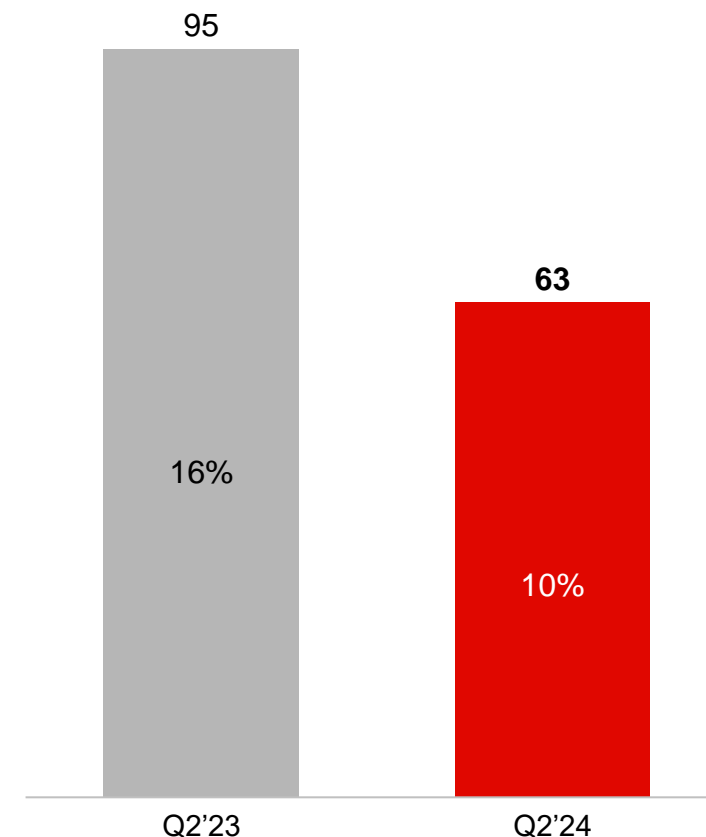
### e& enterprise Highlights

- Revenue growth impacted by projects delayed to H2. Full year outlook remains on track to deliver strong double-digit growth
- Solid growth in KSA (+37% y-o-y ) fueled by cybersecurity. Strong momentum expected to continue as evidenced by a growing pipeline
- Q2 EBITDA impacted by lower revenue performance. In addition, Q2/2023 was boosted by one offs.
- GlassHouse acquisition will strengthen existing capabilities, support growth and international diversification

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



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



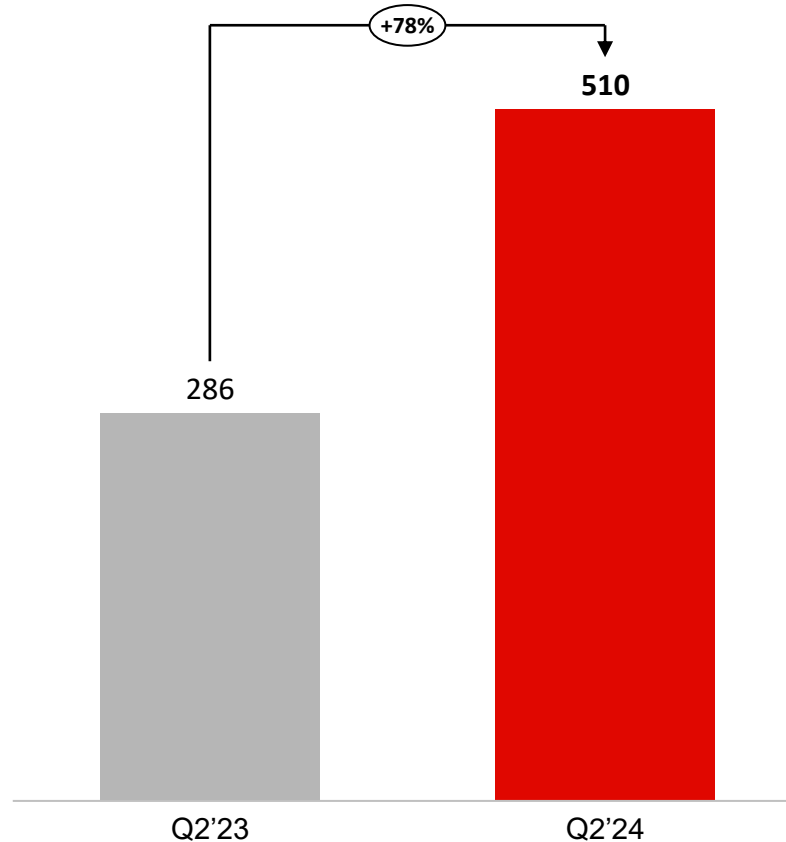


## Strong topline growth across verticals

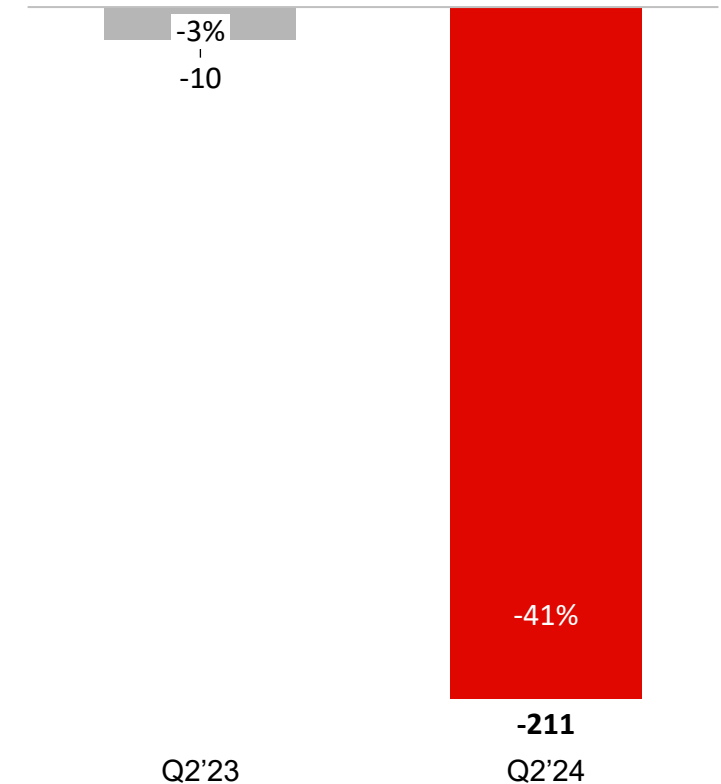
### e& life Highlights

- e& life delivered strong revenue growth in Q2'2024 attributable to Careem Technologies (+78% y-o-y)
- Traction was strong across all e& life companies, and especially robust within e& money and Careem Technologies
- EBITDA is tracking as planned due to investments in growth business; Y/Y is lower due to consolidation of Careem Technologies

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



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

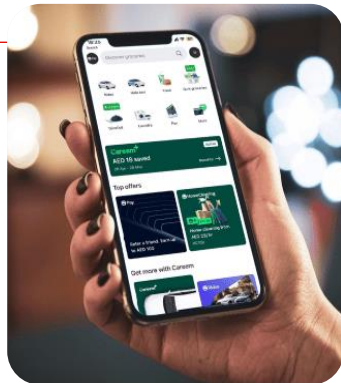


## Careem

 **+ 136% Total GTV** in Q2'24 versus Q2'23 <sup>1</sup>

 **GTV per USER** grew by **+65%** in Q2'24 compared to Q2'23

 **CAREEM +** reached **40% of MAU** base in Q2'24 **from 27%** of MAU in Q2'23



## e& life

## e& money

**3.7x**  
**TOTAL GTV**  
Q2'24 vs Q2'23

**3x**  
**REMITTANCE GTV**  
Q2'24 vs Q2'23



**589K+**  
**CARDS ISSUED**  
as of Q2'24

**1.15M+**  
**REGISTERED USERS**  
as of Q2'24

## evision STARZPLAY

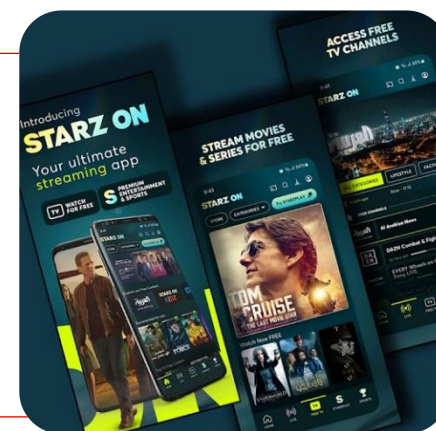


**STARZPLAY** ranks as **#2 OTT Platform in MENA**

by total subscribers<sup>2</sup>

**1.34M+**<sup>3</sup>

Active Users Growth on **STARZ ON**,  
growing by **3.6X QoQ**



# FY 2024 Guidance:

Overall H1 performance is broadly in line with full year guidance

		H1 2024 Actual	FY 2024 Guidance
Telecom	Revenue Growth Y-o-Y In Constant Currency (%)	+7%	Mid-Single Digit
	EBITDA Margin (%)	50%	~49%
	CAPEX Intensity Ratio (%)	13%	~16%
e& enterprise <sup>(1)</sup>	Revenue Growth Y-o-Y In Constant Currency (%)	+15%	Strong Double Digit
	EBITDA Margin (%)	11%	~13%
e& life <sup>(1)</sup>	Revenue Growth Y-o-Y In Constant Currency (%)	+68%	~2x
	EBITDA Margin (%)	Negative	Negative
Group <sup>(2)</sup>	Earnings Per Share (AED)	0.63	~1.2

**we are&**