Etisalat Group
1Q 2017 Results Presentation

26 April 2017

1. Business Overview

Saleh Abdulla Alabdooli
Chief Executive Officer
Etisalat Group

Etisalat Group Financial Highlights

AED Million	Q1 2017	*Growth YoY%*	*Growth QoQ%*
Revenue	12,458	-3%	-4%
EBITDA	6,351	-1%	+2%
EBITDA Margin	*51%*	*+1pp*	*+3pp*
Net profit	2,091	+5%	-6%
Net profit Margin	*17%*	*+1pp*	*0pp*
Capex	1,553	-5%	-70%
Capex/Revenue	*12%*	*0pp*	*-28pp*

1Q2017 Highlights

- **Revenue growth impacted by currency depreciation and competitiveness of few markets**
  - **Strong performance in the domestic operations**
- **EBITDA margin improvement attributed to cost control measures**
- **Profit improvement Y/Y attributed to lower depreciation /amortization and forex losses**
  - **Q/Q impacted by higher federal royalty and taxation**
- **Lower capex spend Y/Y due to license acquisition in prior year**

Q1 2017 Highlights

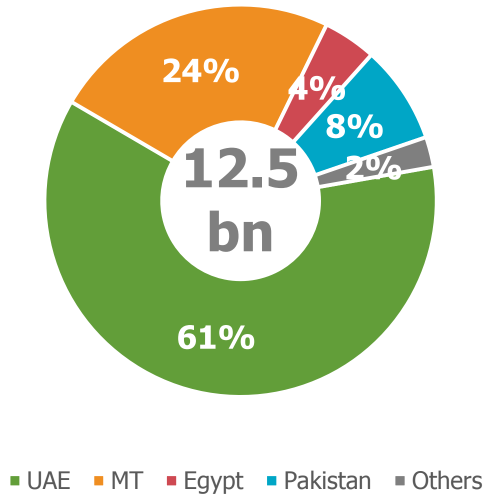
Financial Highlights	▪ Topline pressure attributed to international operations — Sustained positive growth in domestic market ▪ Improved profitability and cash flow generation ▪ On track to deliver 2017 financial guidance
Domestic Operations	▪ Maintained subscribers growth momentum ▪ Revenue growth across all key segments ▪ Sustained Y/Y profitable growth ▪ Invest in network with focus on digital capabilities
International Operations	▪ Maroc Telecom Group improved profitability despite pressure on topline ▪ Strong performance in Egypt diluted by currency devaluation ▪ Better profitability in Pakistan attributed to cost optimization initiatives

2. Financial Overview

Serkan Okandan
Chief Financial Officer
Etisalat Group

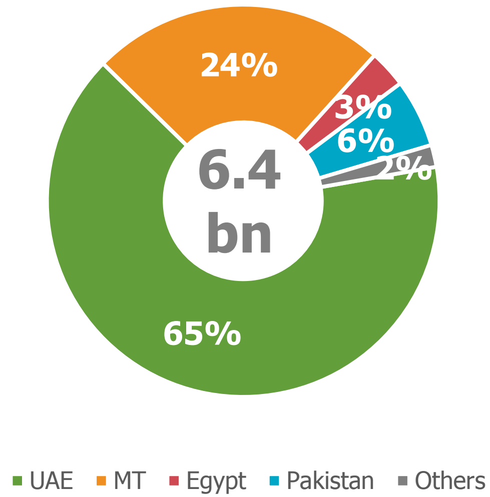
Etisalat Group Financial Highlights

Revenue Breakdown Q1 2017 (AED m)



		-3% YoY Growth
UAE		**+5%**
MT Group	*(LC -3%)*	**-5%**
Egypt	*(LC +5%)*	**-53%**
Pakistan	*(LC -2%)*	**-2%**

EBITDA Breakdown Q1 2017 (AED m)



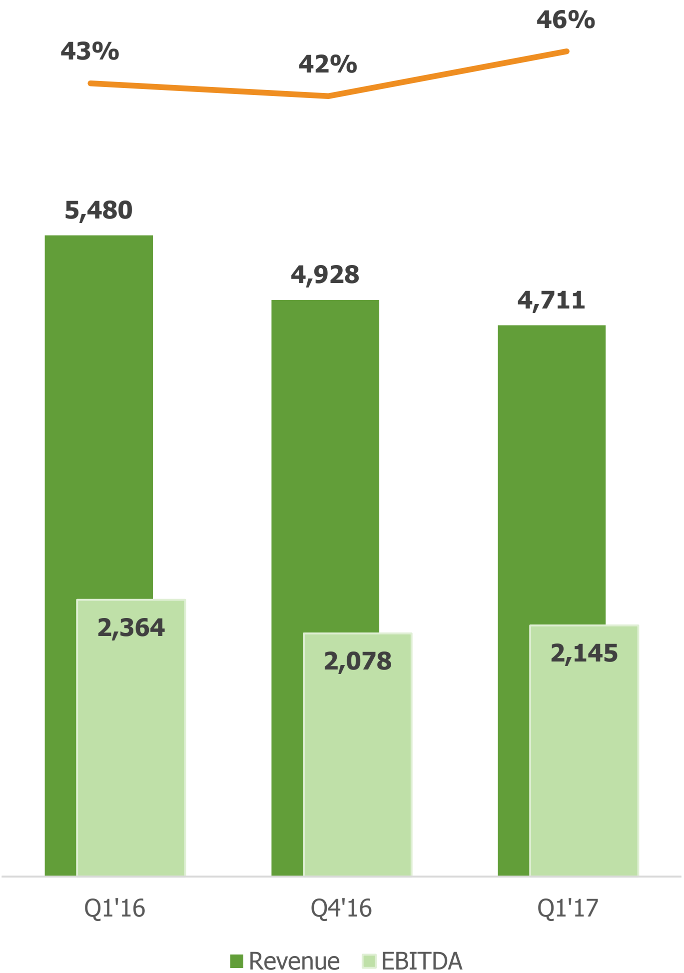
		-1% YoY Growth
UAE		**+6%**
MT Group	*(LC +1%)*	**-2%**
Egypt	*(LC +7%)*	**-52%**
Pakistan	*(LC +3%)*	**+3%**

(1) Financial figures are restated to exclude the impact of discontinued operations

Represents others

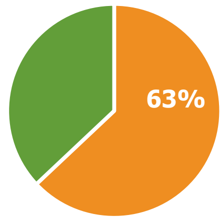
Int’l Operations Financial Highlights Q1 2017

Revenue (AED m)/EBITDA (AED m) / EBITDA Margin (%)



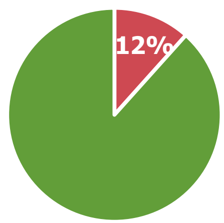
Revenue & EBITDA (AED m) / EBITDA Margin (%) / YoY Growth %

Maroc Telecom Group



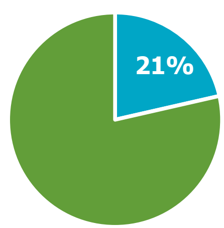
	1Q 2017	YoY Growth in AED	Growth in MAD
Revenue	**2,967**	**-5%**	**-3%**
EBITDA	**1,546**	**-2%**	**+1%**
EBITDA Margin	***52%***	***+2pp***	***+2pp***

Etisalat Misr



	1Q 2017	YoY Growth in AED	YoY growth in EGP
Revenue	**548**	**-53%**	**+5%**
EBITDA	**197**	**-52%**	**+7%**
EBITDA Margin	***36%***	***+1pp***	***+1pp***

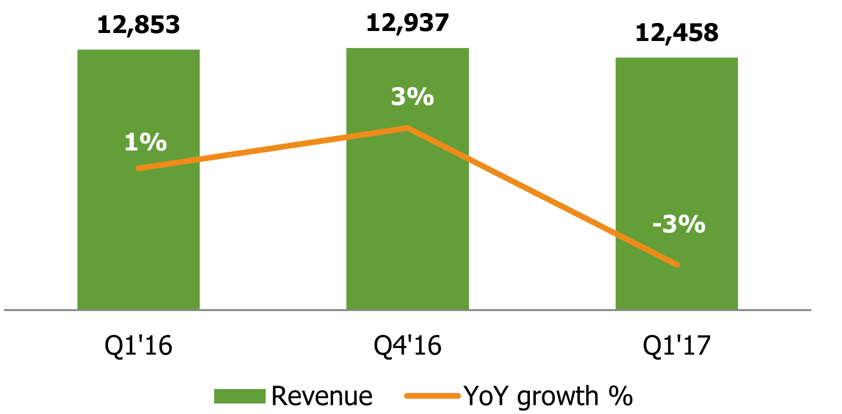
Pakistan



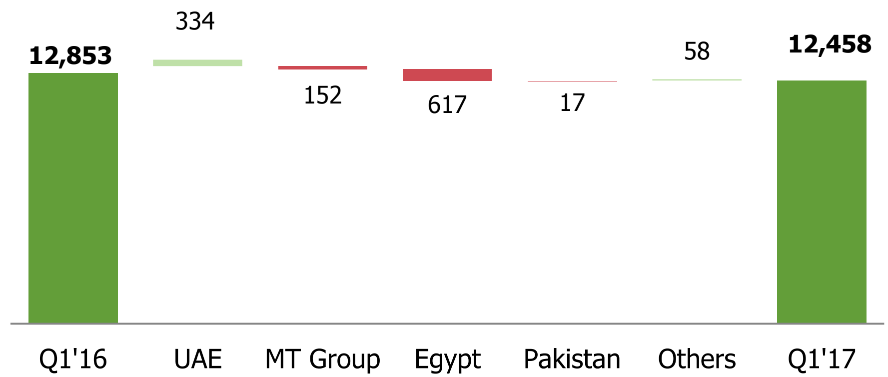
	1Q 2017	YoY Growth in AED	YoY growth in PKR
Revenue	**1,010**	**-2%**	**-2%**
EBITDA	**357**	**+3%**	**+3%**
EBITDA Margin	***35%***	***+2pp***	***+2pp***

Group Revenue

Revenue (AED m) and YoY growth (%)



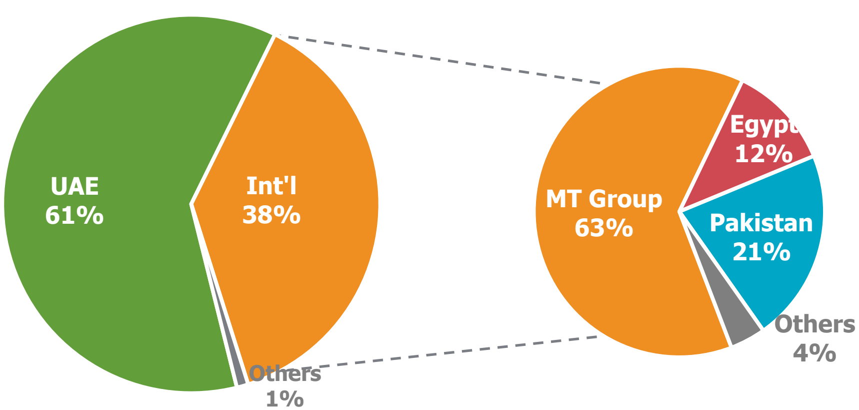
Sources of Revenue growth – Q1'17 vs Q1'16 (AED m)



Revenue by Cluster (Q1'17)

Domestic vs. Int'l

International

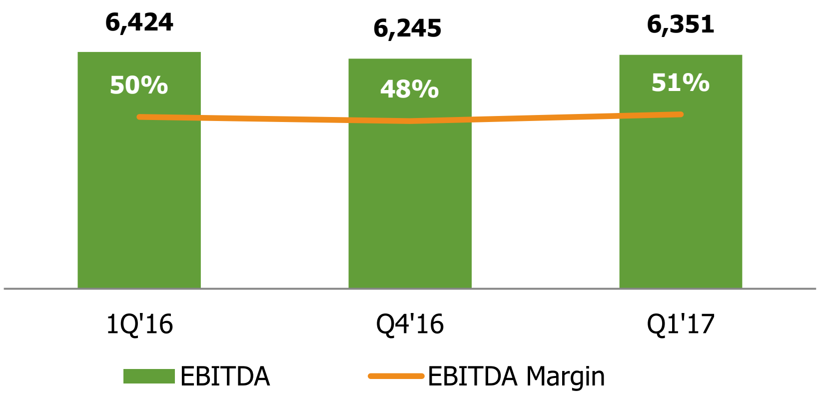


Highlights

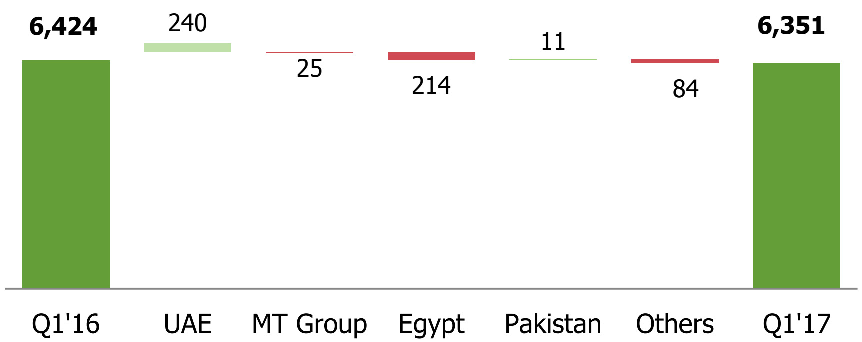
- In Q1'17 consolidated revenue decreased Y/Y by 3% attributed to International operations that was impacted by currency depreciation
- Growth in the UAE is attributed to higher fixed and mobile broadband and wholesale revenues
- Revenues from international consolidated operations declined by 14%, resulting in 38% contribution to Group revenues, 5 points lower than prior year mainly attributed to currency devaluation
  - Revenue growth in MT Group impacted by unfavourable regulatory environment in Morocco
  - Revenue growth in Egypt impacted by currency devaluation
  - Revenue growth in Pakistan impacted by lower subscriber base ad usage

Group EBITDA

EBITDA (AED m) & EBITDA Margin

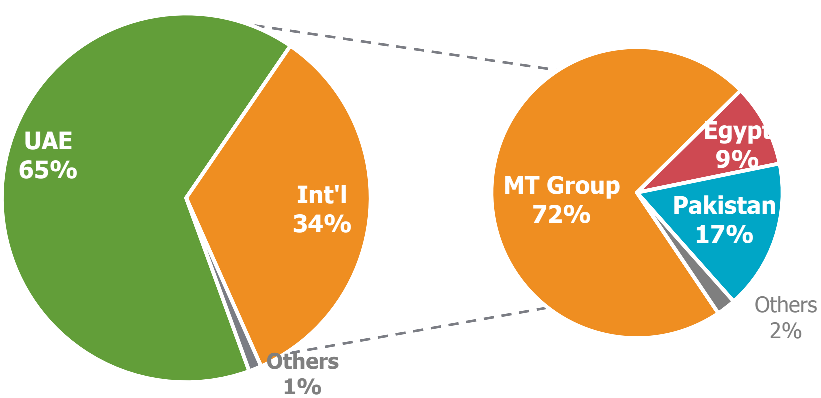


Sources of EBITDA growth – Q1’17 vs Q1’16 (AED m)



EBITDA by Cluster (Q1’17)

Domestic vs. Int’l | **International**

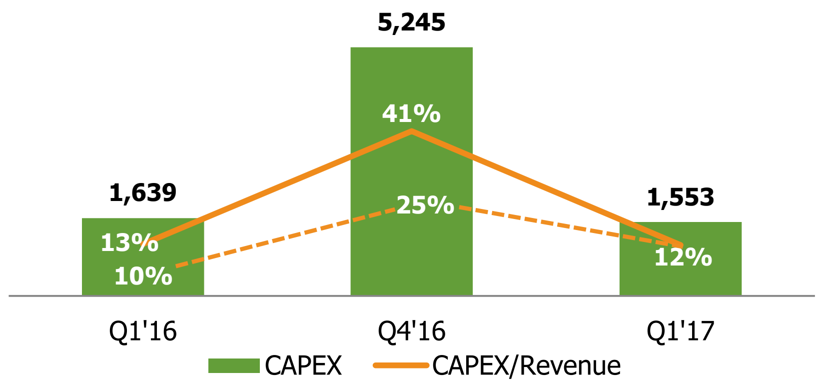


Highlights

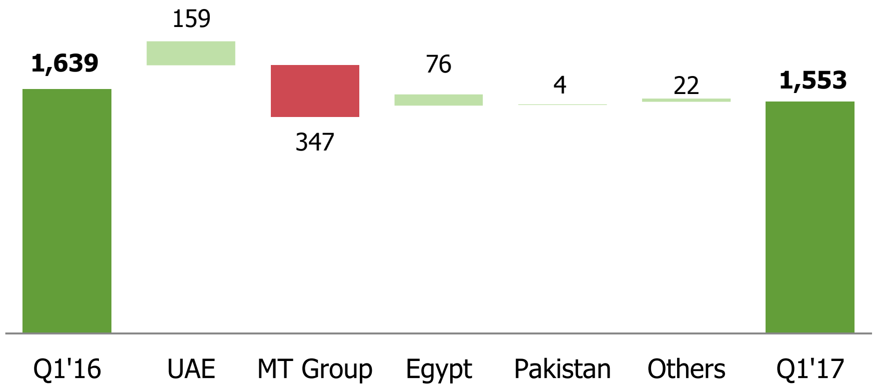
- In Q1’17 consolidated EBITDA decreased Y/Y by 1% to AED 6.4 billion mainly due to currency devaluation
- EBITDA in the UAE positively impacted by higher revenue trend and better costs control.
- EBITDA of consolidated international operations decreased Y/Y by 9% due to currency devaluation, resulting in 34% contribution to Group EBITDA
  - Negative contribution from Maroc Telecom Group due to competitive environment in Morocco
  - Egypt impacted by currency devaluation while grew in local currency
  - Positive contribution from Pakistan due to cost optimization initiatives

Group CAPEX

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



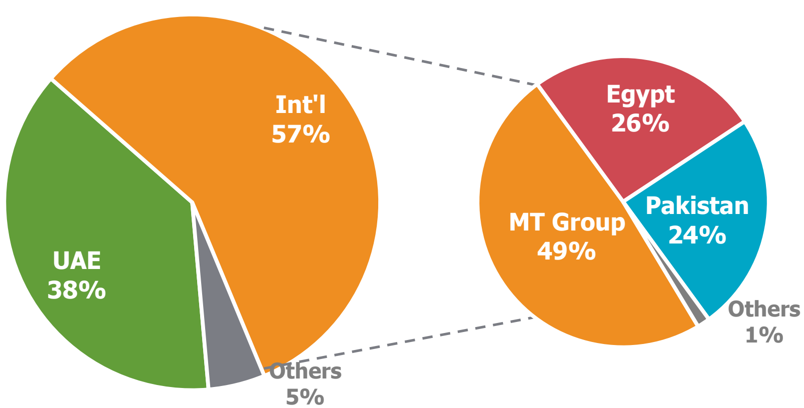
Sources of Capex growth – Q1’17 vs Q1’16 (AED m)



CAPEX by Cluster (Q1’17)

Domestic vs. Int’l

International



Highlights

- In Q1’17 consolidated capex decreased Y/Y by 5% resulting in Capex/ Revenue ratio of 12%. This decline is attributed to international operations
- Higher capital spend in the UAE with focus on digital capabilities
- Capital expenditure in international operations decreased by 23% and contributed 57% of consolidated Group Capex
  - Lower capex in MT Group attributed to license acquisition and frequencies cost in the prior year
  - Higher capex in Egypt impacted by 4G network deployment
  - Higher capex in Pakistan focused on network modernization

Group Balance Sheet & Cash Flows

Balance Sheet (AED m)	Dec-16	Mar-16
Cash & bank Balances	23,676	27,231
Total Assets	122,546	126,298
Total Debt	22,279	22,710
Net Cash / (Debt)	1,398	4,520
Total Equity	55,915	58,595

Investment Grade Credit Ratings

S&P Global	AA-/Stable
Moody's	Aa3/Negative (1)

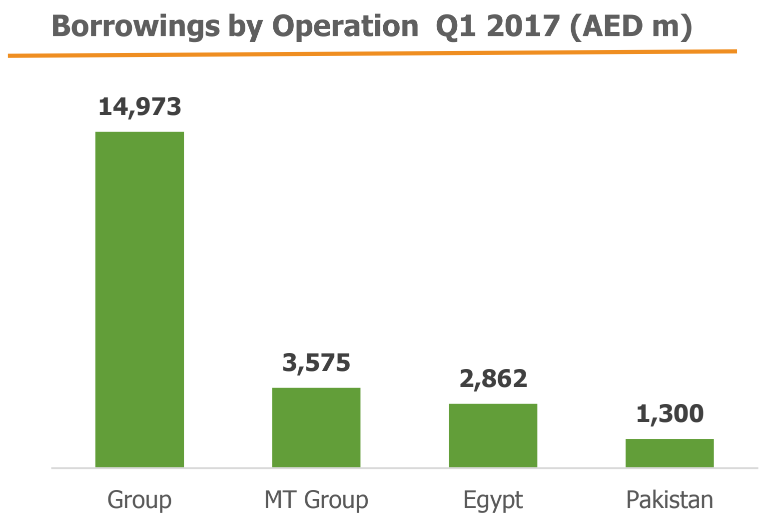
Net cash position (AED m)	Mar-16	Mar-17
Operating	5,423	5,265
Investing	(1,842)	(1,533)
Financing	(309)	(194)
Net change in cash	3,272	3,539
Effect of FX rate changes	*50*	*10*
Reclassified as held for sales	(69)	5
Ending cash balance	21,676	27,231

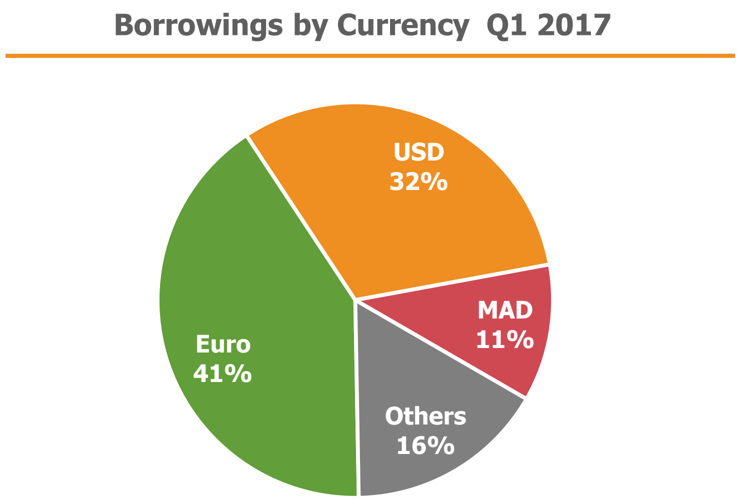
Highlights

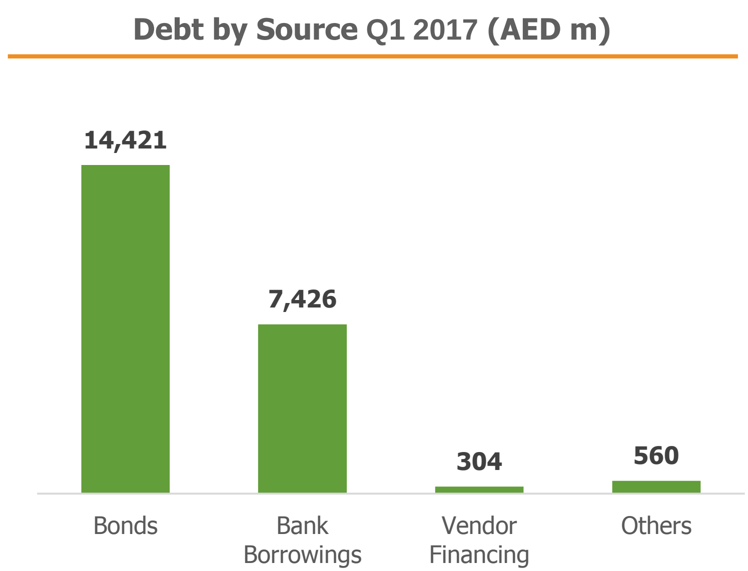
- Strong financial position with improved liquidity level
- Net cash position
- Operating cash relatively stable
- Lower financing cash flow due to higher net proceeds from borrowings

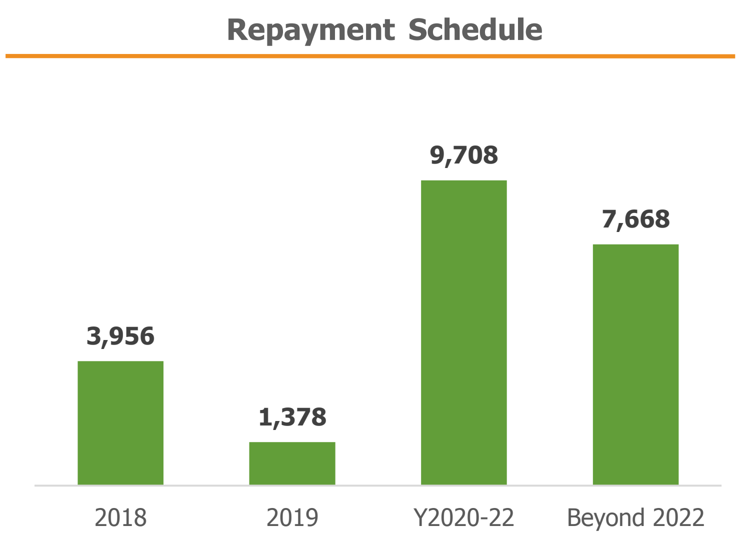
(1) Moody's changed its view on the outlook of the UAE and GRE.

Debt Profile: Diversified debt portfolio





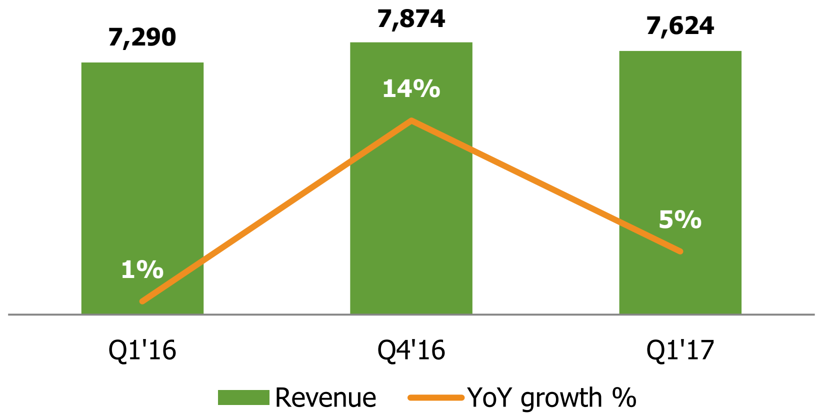




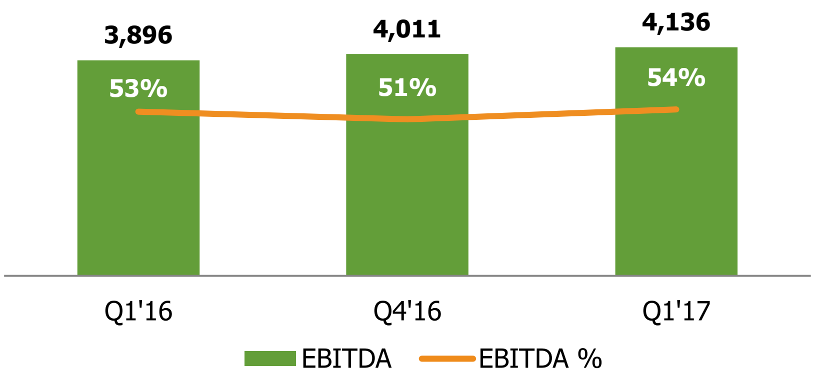
Country by Country Financial Review

UAE: Maintained growth momentum with improved profitability

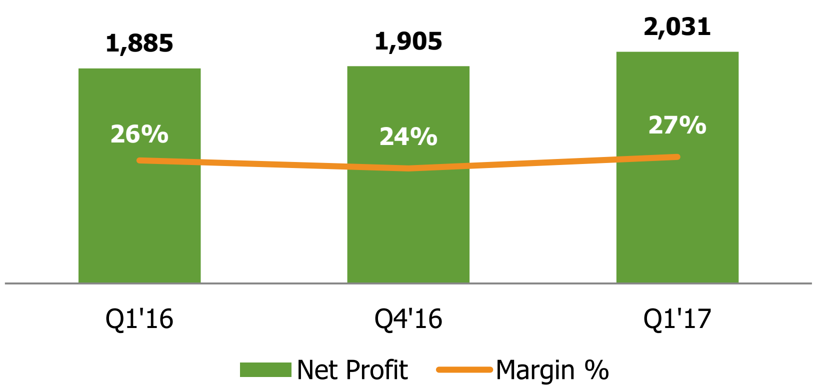
Revenue (AED m) / YoY Growth (%)



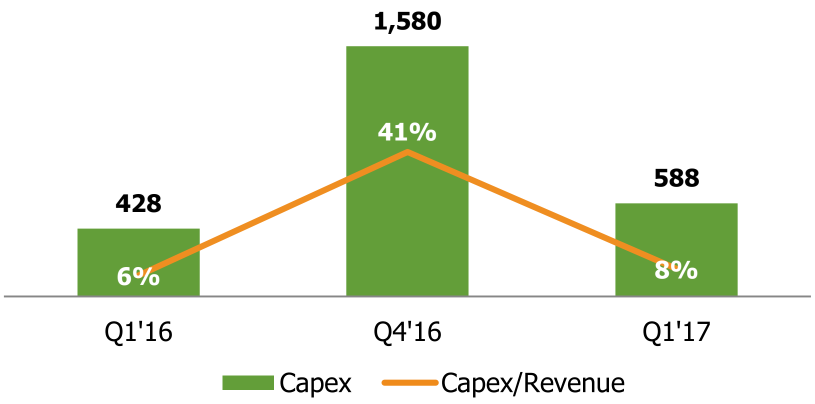
EBITDA (AED m) / EBITDA %



Net Profit (AED m) / Profit Margin (%)

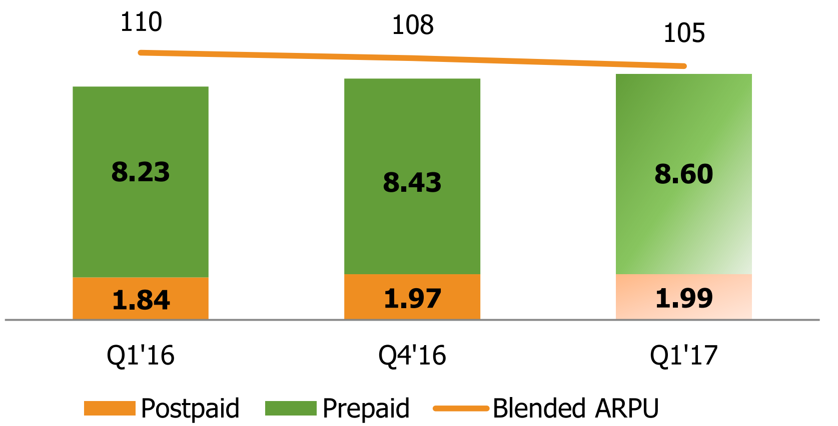


CAPEX (AED m) & CAPEX/Revenue Ratio (%)

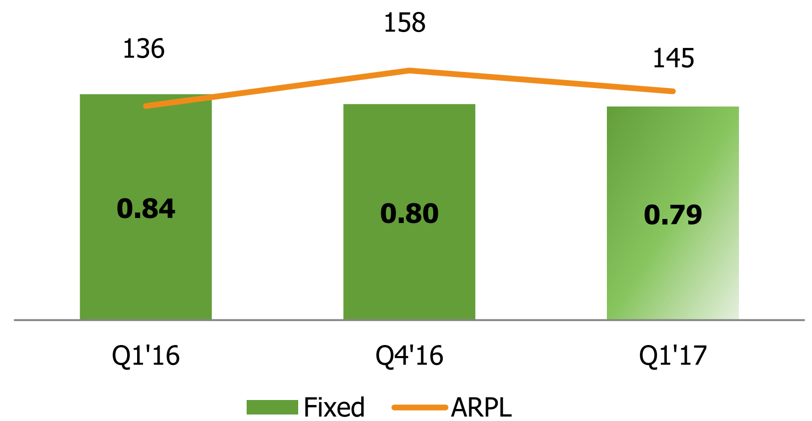


UAE: Steady growth in subscribers base

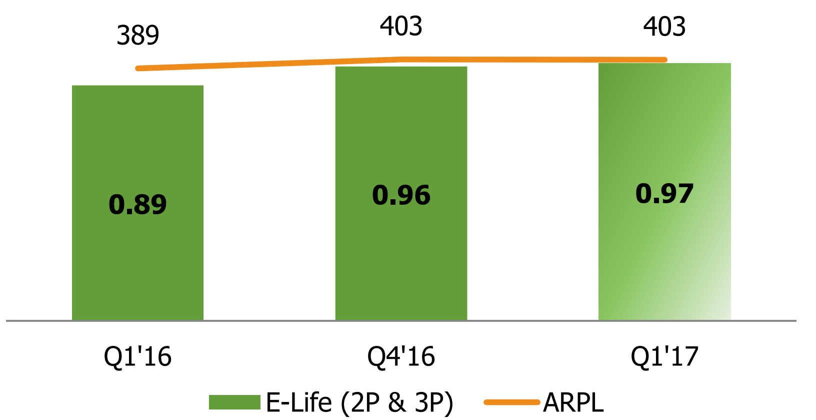
Mobile Subs (m) & ARPU[1] (AED)



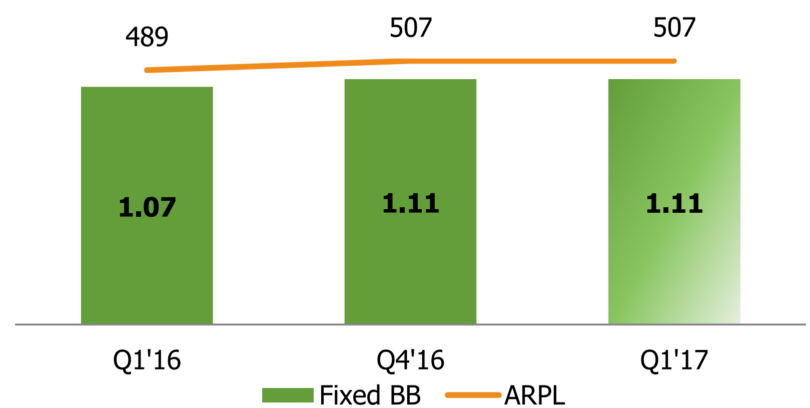
Fixed Subs (m) & ARPL[2] (AED)



eLife Subs – Double & Triple-Play (m)



Fixed Broadband[3] Subs (m)

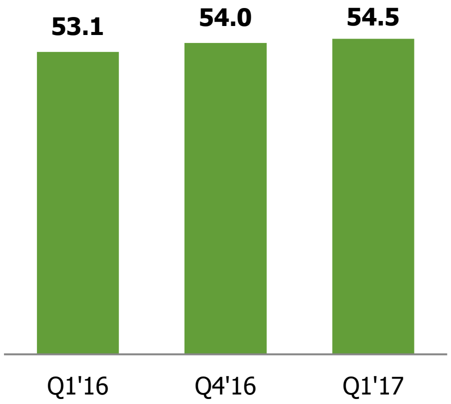


(1) Mobile ARPU ("Average Revenue Per User") calculated as total mobile voice, data and roaming revenues divided by the average mobile subscribers.
(2) ARPL ("Average Revenue Per Line") calculated as fixed line revenues divided by the average fixed subscribers.
(3) Fixed broadband subscriber numbers calculated as total of residential DSL (Al-Shamil), corporate DSL (Business One) and E-Life subscribers.

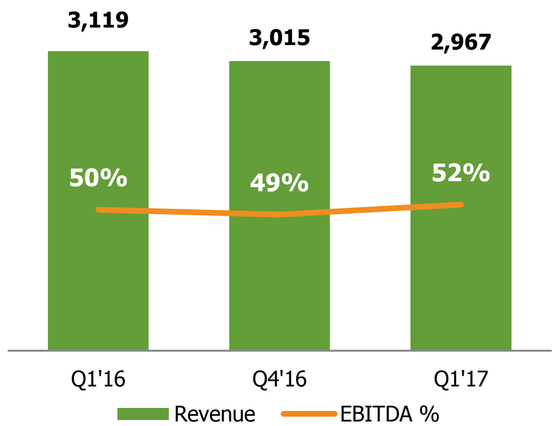
Maroc Telecom: Challenging regulatory and competitive environment

Morocco, Benin, Burkina Faso, CAR, CDI, Gabon, Mali, Mauritania and Togo

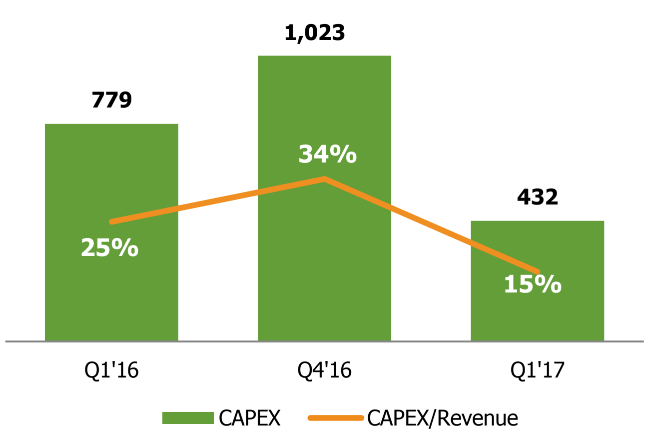
Subscribers (m)



Revenue (AED m) / EBITDA Margin

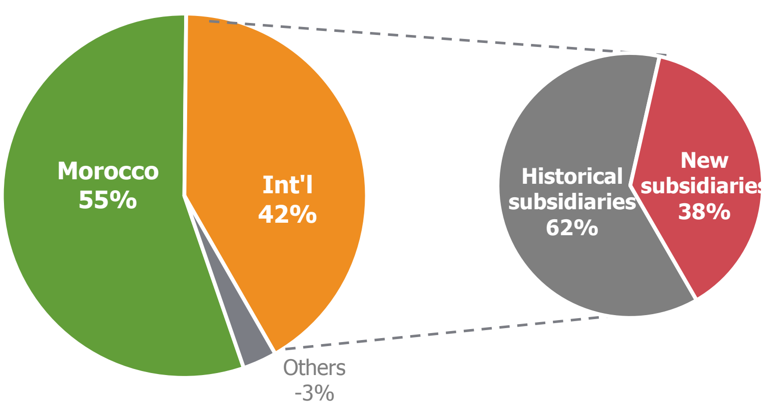


CAPEX (AED m) & CAPEX/Revenue Ratio (%)



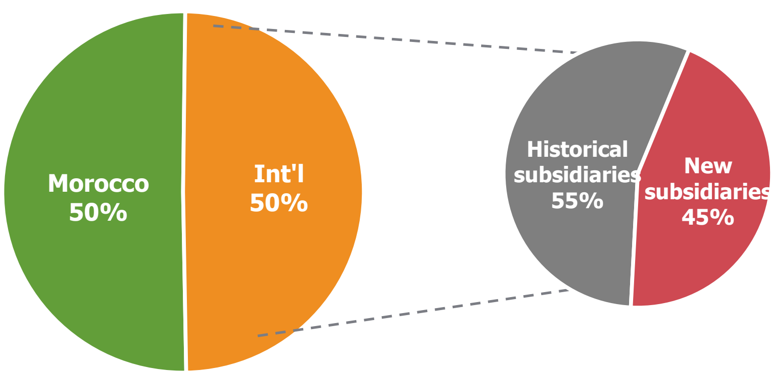
Revenue Breakdown Q1'17

Domestic vs. Int'l | Int'l



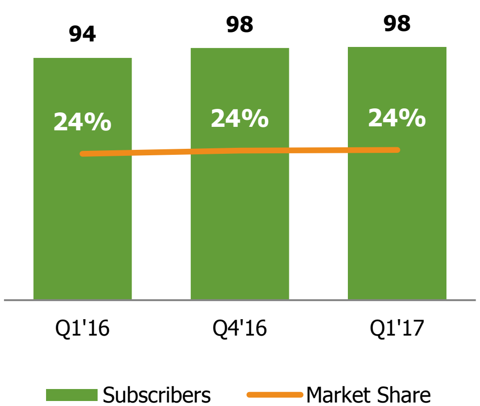
Capex Breakdown Q1'17

Domestic vs. Int'l | Int'l

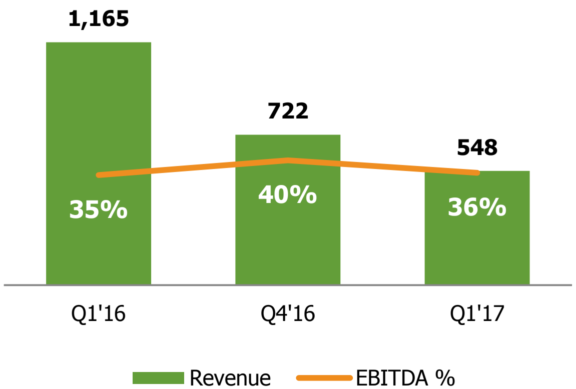


Egypt: Performance masked by currency devaluation

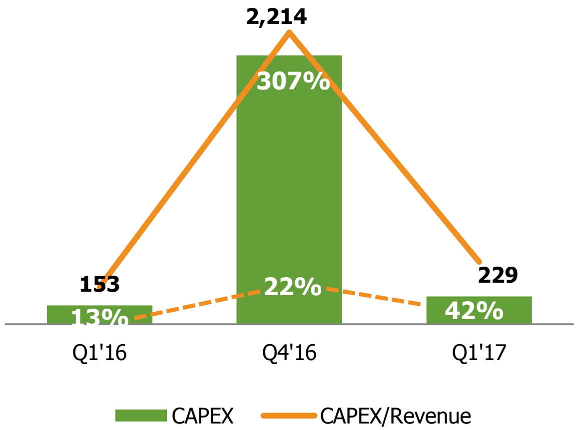
Total Subscribers [1] (m)



Revenue (AED m) / EBITDA Margin



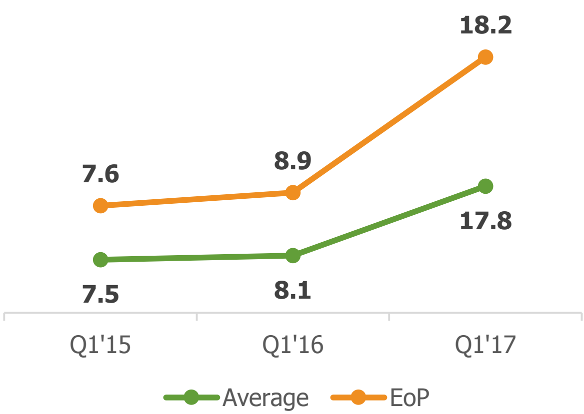
CAPEX (AED m) & CAPEX/Revenue Ratio (%)



Highlights

- Stable market share with better subscribers mix
- Revenue growth Y/Y impacted by steep currency devaluation
  - Maintained revenue growth Y/Y in local currency
  - Revenue growth across all segments with major contribution from data revenues
- Improvement in EBITDA margin Y/Y despite higher cost of sales and operating costs
- Increased capital spending focused on 4G deployment

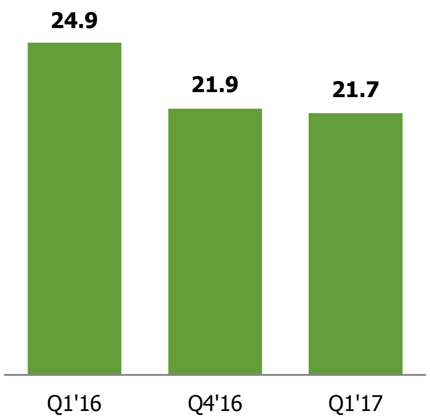
USD / EGP FX Rate (EGP)



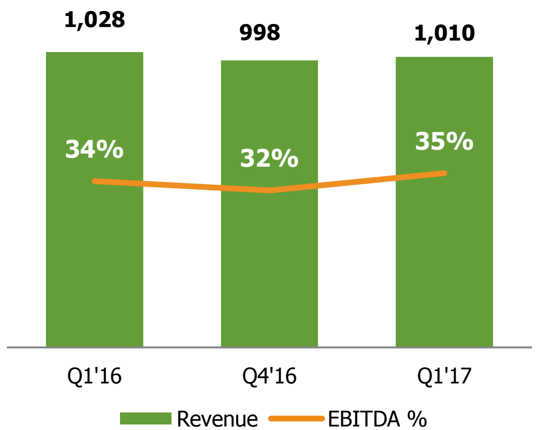
(1) Subscribers and market share data as per statistic published by the Ministry of Information and Technology

Pakistan: Cost optimization initiatives yielding positive results

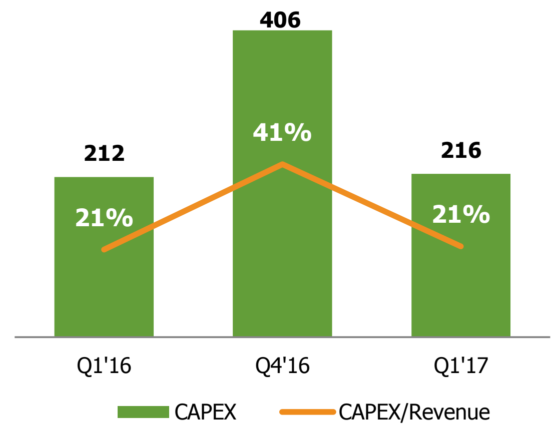
Subscribers (m)



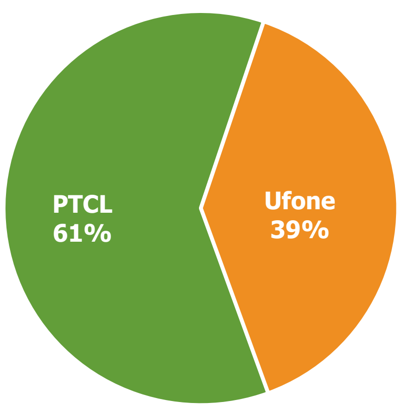
Revenue (AED m) / EBITDA Margin



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



Revenue Breakdown Q1'17

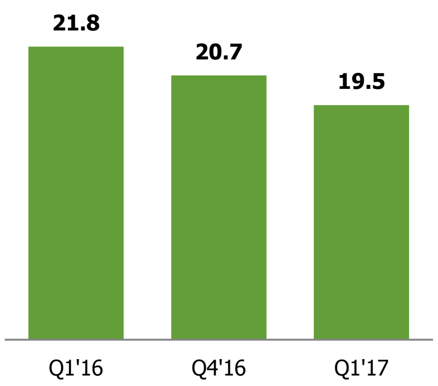


Highlights

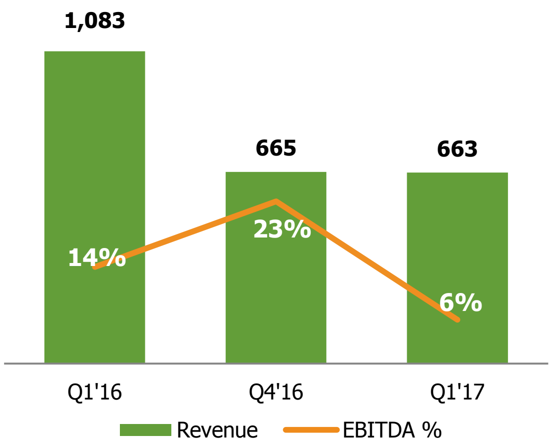
- Subscriber loss attributed to focus shift to value share and fixed to mobile substitution.
- Revenue growth Y/Y impacted by lower subscriber base and lower usage
- EBITDA in absolute terms and EBITDA margin improvements as a results of cost optimization initiatives
- Capex spending focused on enhancing network capacity network modernization

Nigeria: Performance impacted by worsening economic conditions, inflationary pressure and significant currency depreciation

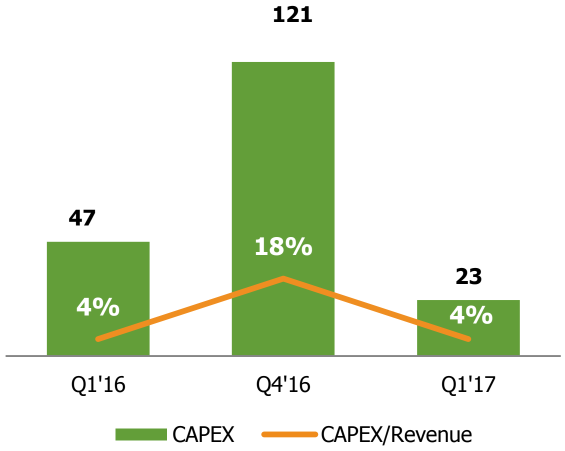
Subscribers (m)



Revenue (AED m) / EBITDA Margin



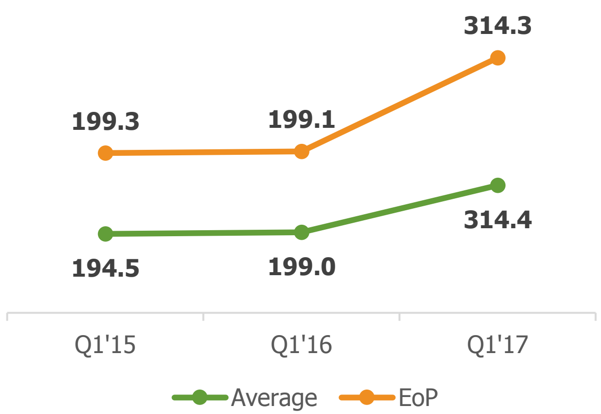
CAPEX (AED m) & CAPEX/Revenue Ratio (%)



Highlights

- In February 2017, Etisalat Group's voting rights reduced to 25% while economic interest increased to 45%
- Subscriber growth impacted by competitive pricing environment
- Revenue declined Y/Y, impacted by lower subscriber base and weakening consumer spending
- EBITDA in absolute term declined due to higher roaming cost, rental charges and network costs and staff costs; resulting in decline in EBITDA margin
- Capex intensity ratio of 4%

USD / NGN FX Rate (Naira)



2017 Actual Against Guidance: On track for full year guidance

Financial KPI	Guidance 2017 In AED	Guidance 2017 Constant Currencies (1)	Actual Q1 2017 In AED	Actual Q1 2017 Constant Currencies (1)
Revenue Growth %	**Slightly Lower**	**1% – 2%**	**-3%**	**+3%**
EBITDA Margin%	**around 50%**		**51%**	
CAPEX / Revenue %	**18% - 19%**		**12%**	

(1) Constant currency: Financial results assuming constant foreign currency exchange rates used for translation based on the rates in effect for the comparable prior-year period. In order to compute our constant currency results, we multiple or divide, as appropriate, our current AED results by the current year monthly average foreign exchange rates and then multiply or divide, as appropriate, those amounts by the prior year monthly average foreign exchange rates.

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Website:
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