Etisalat Group
2Q 2017 Results Presentation

27 July 2017
Abu Dhabi, UAE

1. Business Overview

Saleh Abdulla Alabdooli
Chief Executive Officer
Etisalat Group

Etisalat Group Financial Highlights

AED Million	Q2 2017	*Growth YoY%*	*Growth QoQ%*	H1 2017	*Growth YoY%*
Revenue	12,831	-4%	+3%	25,289	-3%
EBITDA	6,599	-3%	+4%	12,950	-2%
EBITDA Margin	*51%*	*0pp*	*+0PP*	*51%*	*+1pp*
Net profit	1,970	-15%	-6%	4,061	-6%
Net profit Margin	*15%*	*-2pp*	*-1pp*	*16%*	*0pp*
Capex	2,247	+25%	+45%	*3,800*	+11%
Capex/Revenue	*18%*	*+4pp*	*+5pp*	*15%*	*+2pp*

2Q2017 Highlights

- Revenue impacted by currency depreciation in Egypt and regulatory environment in Morocco
- Maintained strong EBITDA margin above 50% level
- Net profit impacted by forex losses, impairment charges, share of results from associates
- Higher capital expenditure attributed to both domestic and international operations

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

Q2 2017 Highlights

Financial Highlights

- Topline pressure attributed to international operations
  - Sustained positive growth in domestic market
- Stable EBITDA margin and improved cash flow generation
- Interim dividends of 40 fils per share
- On track to deliver 2017 financial guidance

Domestic Operations

- Maintained subscribers growth momentum
- Revenue growth despite slower economic activities
- Sustained Y/Y profitable growth
- Invest in network with focus on digital capabilities

International Operations

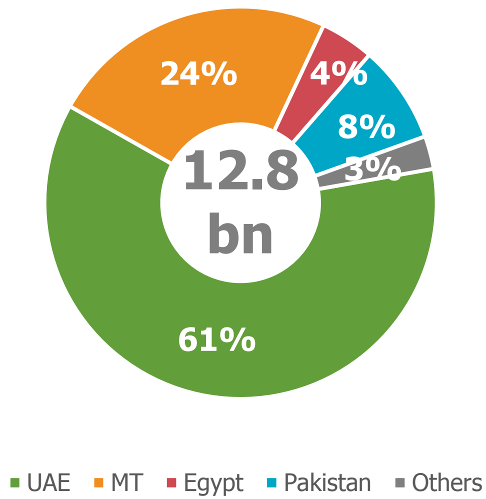
- Unfavorable exchange rate movements impacted international operations
- Maroc Telecom Group facing challenging regulatory environment in Morocco while improving profitability of international operations
- Strong performance in Egypt diluted by currency devaluation
- Network transformation program in Pakistan to support data growth

2. Financial Overview

Serkan Okandan
Chief Financial Officer
Etisalat Group

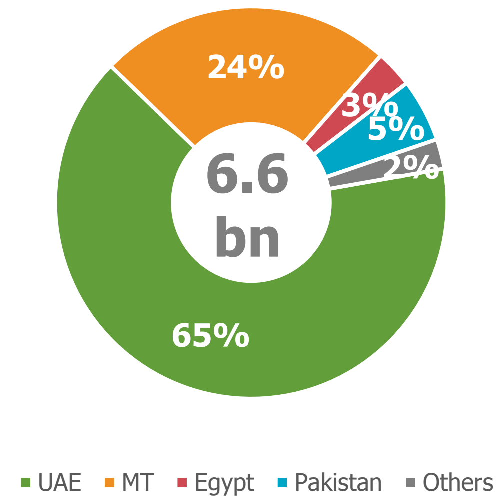
Etisalat Group Financial Highlights

Revenue Breakdown Q2 2017 (AED m)



		-4% YoY Growth
UAE		**+1%**
MT Group	***(LC -3%)***	**-5%**
Egypt	***(LC +10%)***	**-46%**
Pakistan	***(LC 0%)***	**0%**

EBITDA Breakdown Q2 2017 (AED m)



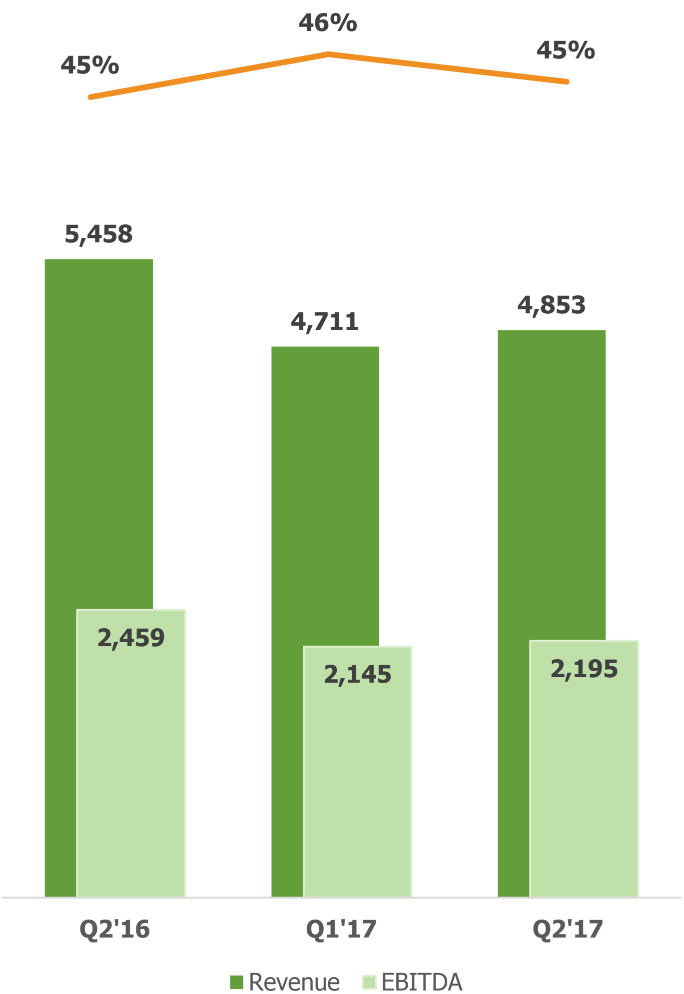
		-3% YoY Growth
UAE		**-1%**
MT Group	***(LC -1%)***	**-2%**
Egypt	***(LC -4%)***	**-52%**
Pakistan	***(LC -7%)***	**-8%**

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

Represents others

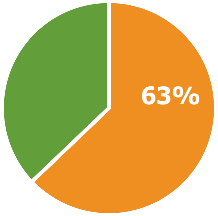
Int’l Operations Financial Highlights Q2 2017

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



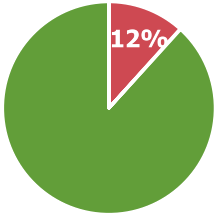
Revenue & EBITDA (AED m) / EBITDA Margin (%) / YoY Growth %

Maroc Telecom Group



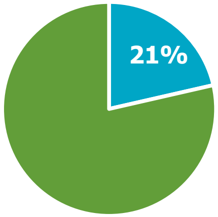
	2Q 2017	YoY Growth in AED	Growth in MAD
Revenue	**3,051**	**-5%**	**-3%**
EBITDA	**1,598**	**-2%**	**-1%**
EBITDA Margin	***52%***	***+1pp***	***+1pp***

Etisalat Misr



	2Q 2017	YoY Growth in AED	YoY growth in EGP
Revenue	**568**	**-46%**	**+10%**
EBITDA	**203**	**-52%**	**-4%**
EBITDA Margin	***36%***	***-4pp***	***-4pp***

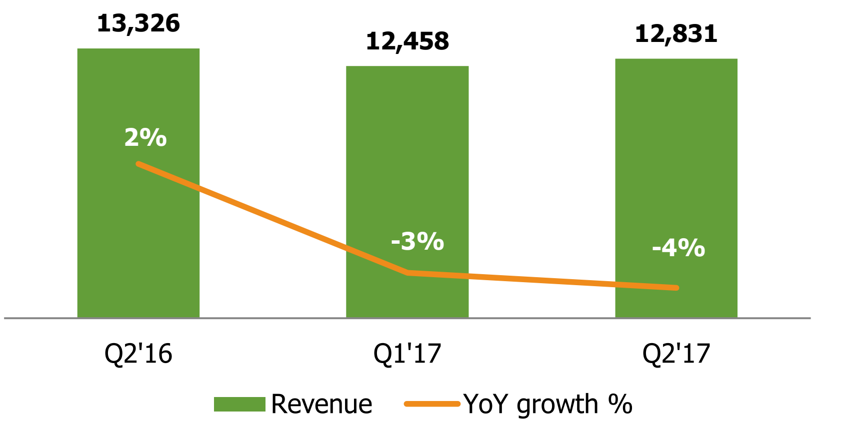
Pakistan



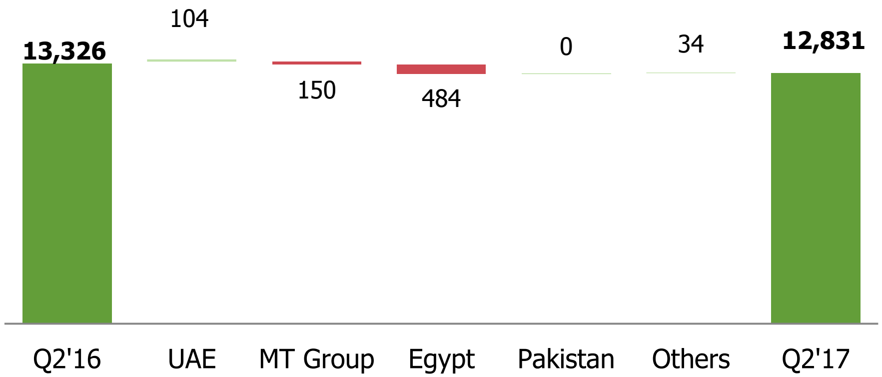
	2Q 2017	YoY Growth in AED	YoY growth in PKR
Revenue	**1,040**	**0%**	**0%**
EBITDA	**344**	**-8%**	**-7%**
EBITDA Margin	***33%***	***-3pp***	***-3pp***

Group Revenue

Revenue (AED m) and YoY growth (%)

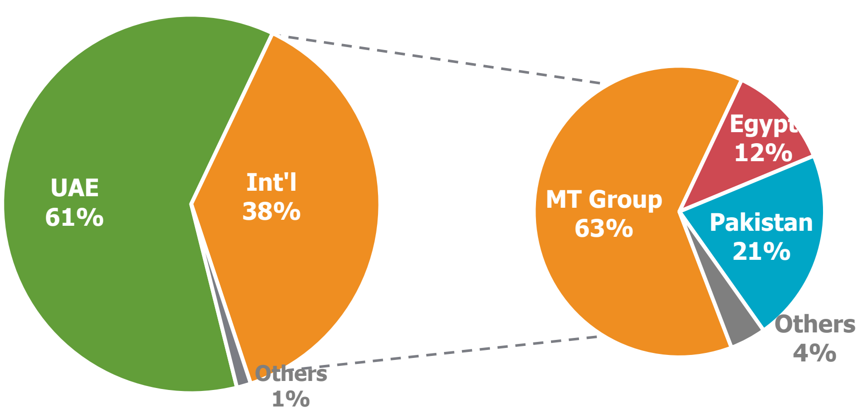


Sources of Revenue growth – Q2’17 vs Q2’16 (AED m)



Revenue by Cluster (Q2’17)

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

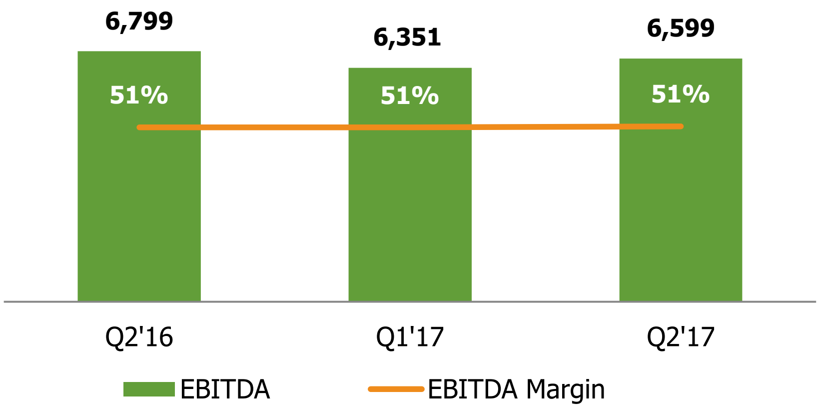


Highlights

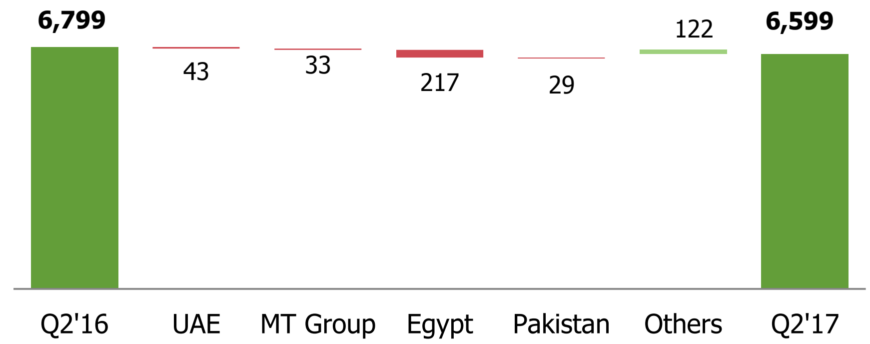
- In Q2’17 consolidated revenue decreased Y/Y by 4% attributed to International operations that was impacted by currency depreciation
- Growth in the UAE is attributed to higher fixed and mobile broadband and wholesale revenues
- Revenues from international consolidated operations declined by 11%, resulting in 38% contribution to Group revenues, 3 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 and usage

Group EBITDA

EBITDA (AED m) & EBITDA Margin

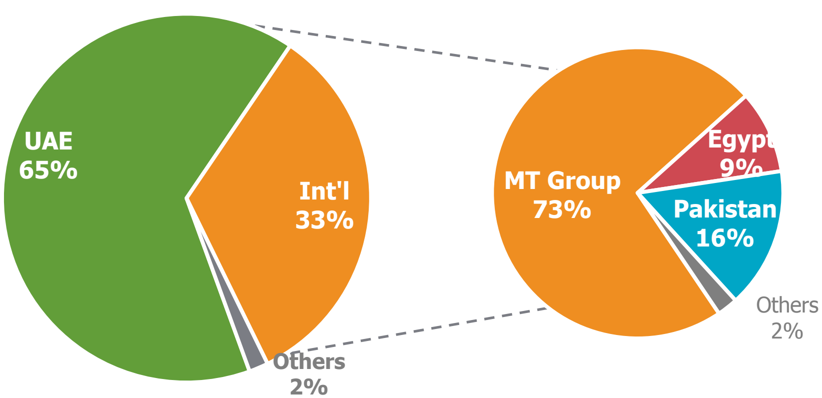


Sources of EBITDA growth – Q2’17 vs Q2’16 (AED m)



EBITDA by Cluster (Q2’17)

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

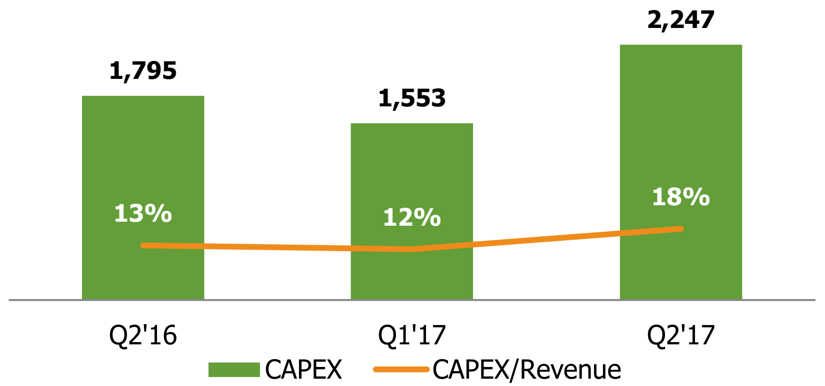


Highlights

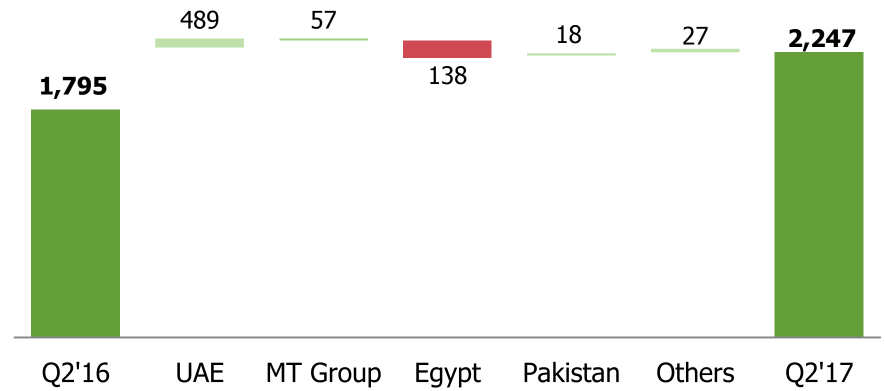
- In Q2’17 consolidated EBITDA decreased Y/Y by 1% to AED 6.6 billion mainly due to currency devaluation
- EBITDA in the UAE negatively impacted by higher cost of sales.
- EBITDA of consolidated international operations decreased Y/Y by 11% due to currency devaluation, resulting in 33% contribution to Group EBITDA
  - Negative contribution from Maroc Telecom Group due to competitive environment in Morocco
  - Egypt impacted by currency devaluation and inflationary pressure
  - Pakistan impacted by higher costs of sales

Group CAPEX

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

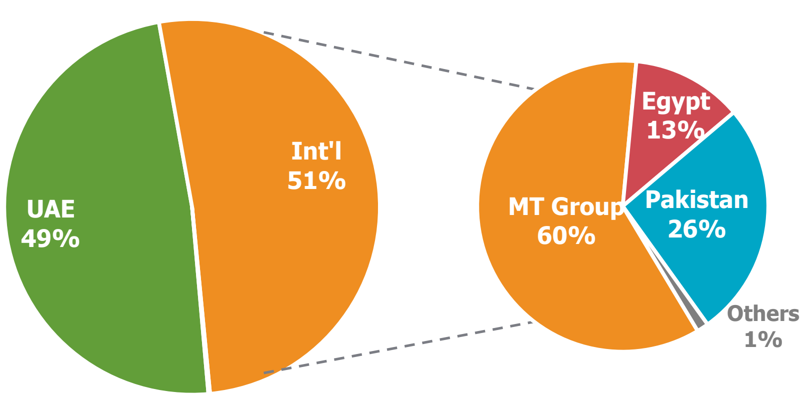


Sources of Capex growth – Q2’17 vs Q2’16 (AED m)



CAPEX by Cluster (Q2’17)

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



Highlights

- In Q2’17 consolidated capex increased Y/Y by 25% resulting in Capex / Revenue ratio of 18%.
- Higher capital spend in the UAE with focus on digital capabilities
- Capital expenditure in international operations decreased by 5% and contributed 51% of consolidated Group Capex
  - Higher capex in MT Group attributed to 4G deployment in Morocco
  - Lower capex in Egypt impacted by currency devaluation with focus on 4G network deployment
  - Higher capex in Pakistan focused on fixed network modernization

Group Balance Sheet & Cash Flows

Balance Sheet (AED m)	Dec-16	Jun-17
Cash & bank Balances	23,676	23,048
Total Assets	122,546	124,532
Total Debt	22,279	25,844
Net Cash / (Debt)	1,398	(2,796)
Total Equity	55,915	56,481

Net cash position (AED m)	Jun-16	Jun-17
Operating	4,967	6,407
Investing	(3,484)	(3,877)
Financing	(3,593)	(3,117)
Net change in cash	(2,109)	(587)
Effect of FX rate changes	*35*	*(48)*
Reclassified as held for sales	(17)	7
Ending cash balance	19,332	23,048

Investment Grade Credit Ratings

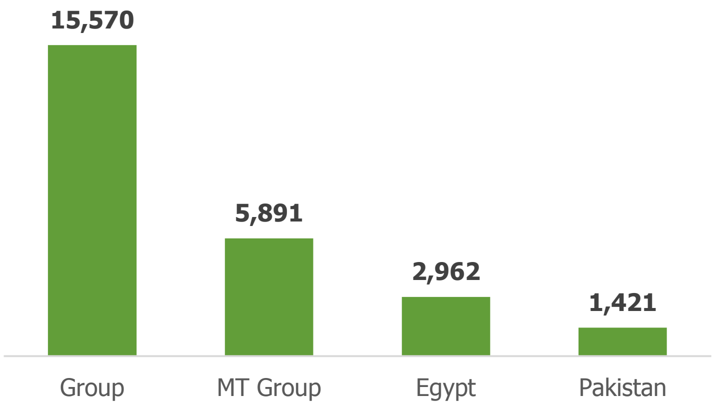
S&P Global	AA-/Stable
Moody's	Aa3/Stable

Highlights

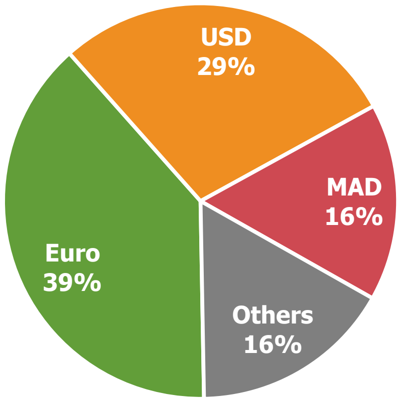
- Strong financial position with relatively stable liquidity level
- Insignificant net debt position
- Increase in positive operating cashflow
- Higher investing cash flow due to higher cash capex spend
- Lower financing cash flow due to higher net proceeds from borrowings
- Maintained high credit ratings; Outlook change is triggered by Moody's revised outlook of the UAE sovereign rating.

Debt Profile: Diversified debt portfolio

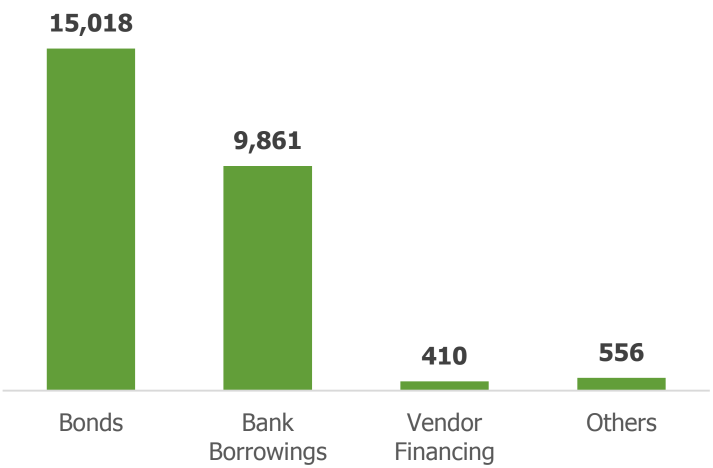
Borrowings by Operation Q2 2017 (AED m)



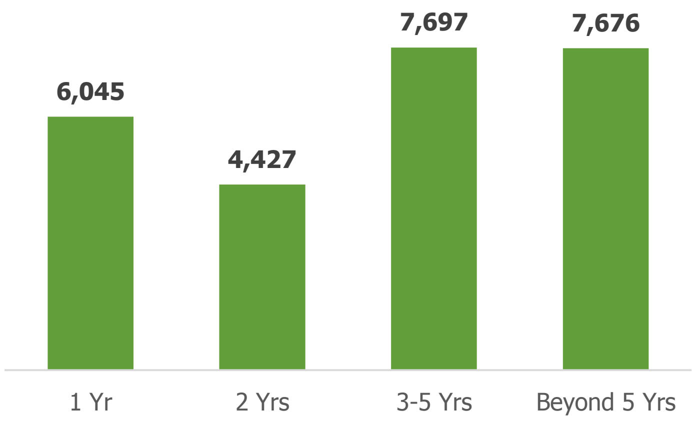
Borrowings by Currency Q2 2017



Debt by Source Q2 2017 (AED m)

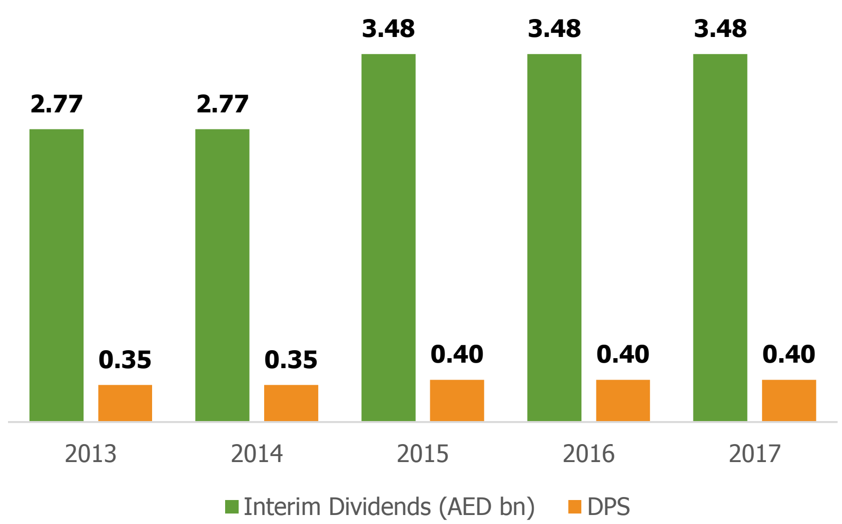


Repayment Schedule Q2 2017 (AED m)

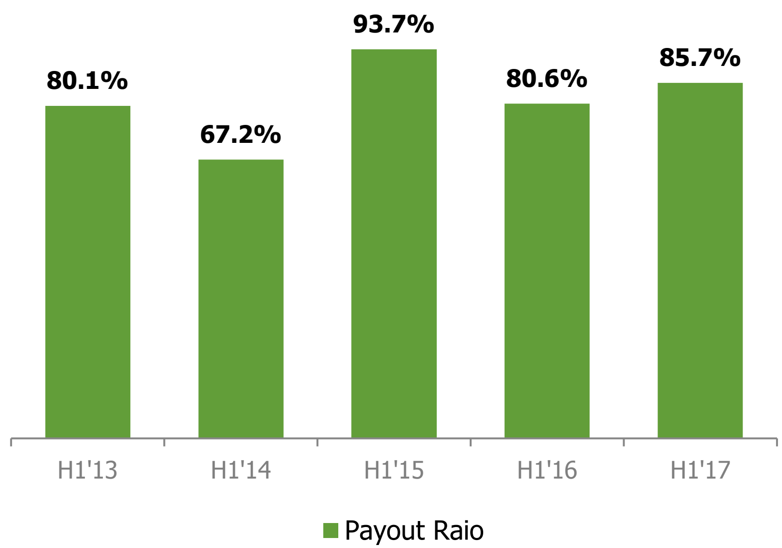


Group Dividends: Proposed dividend for H1 2017 of AED 40 fils per share

Interim Dividends and Dividends Per Share



Interim Dividend Payout Ratio



Interim Dividend & Earnings Per Share (AED)

	H1'13	H1'14	H1'15	H1'16	H1'17
DPS	0.35	0.35	0.40	0.40	0.40
EPS (1)	0.44	0.52	0.43	0.50	0.47

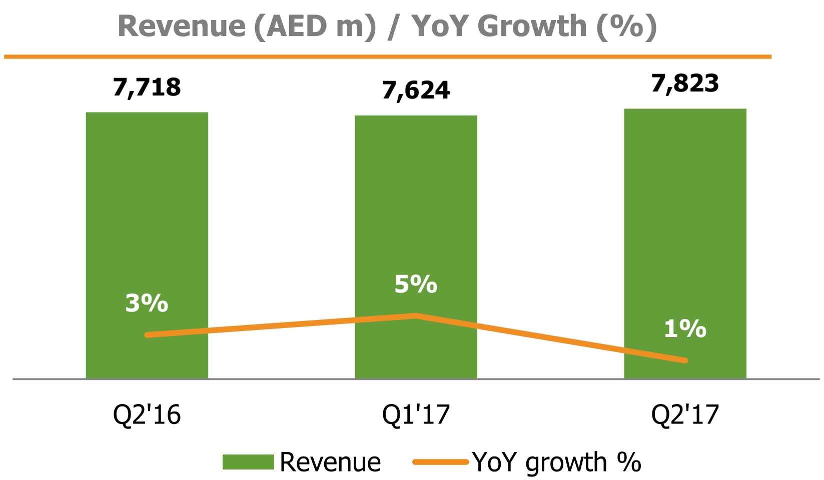
Highlights

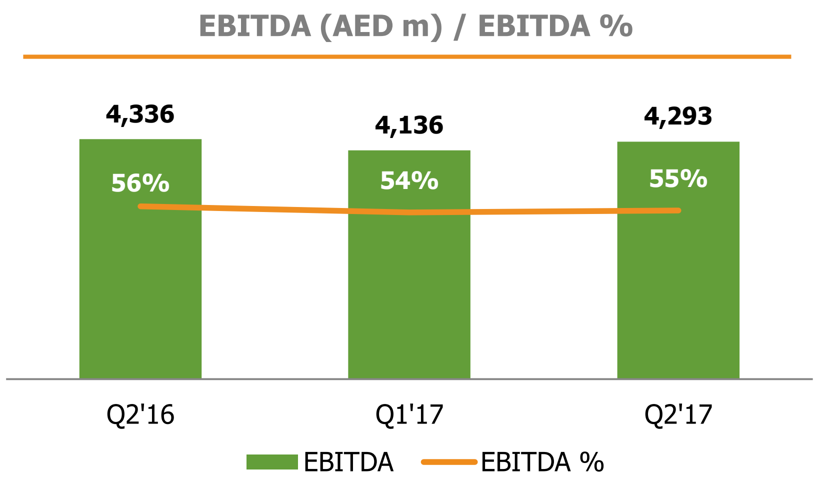
Etisalat's Board approved interim dividends of 40 fils per share to be distributed to the shareholders registered in the shareholders' register on 6 August 2017

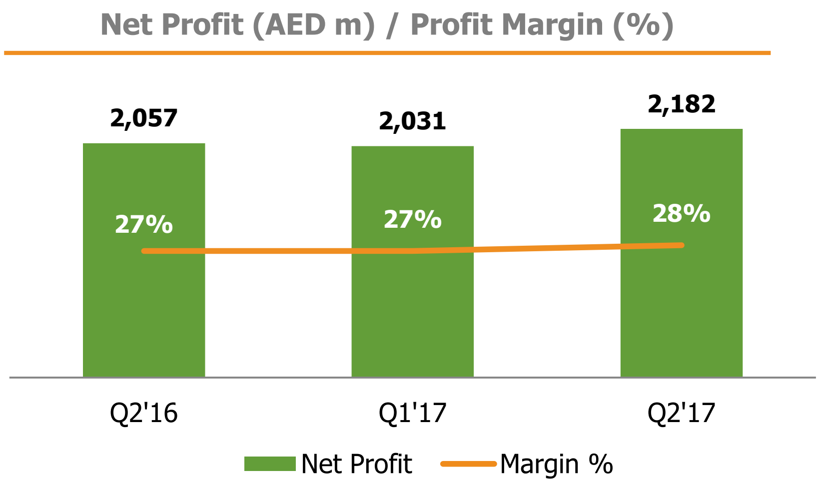
(1) Represents diluted earnings per share

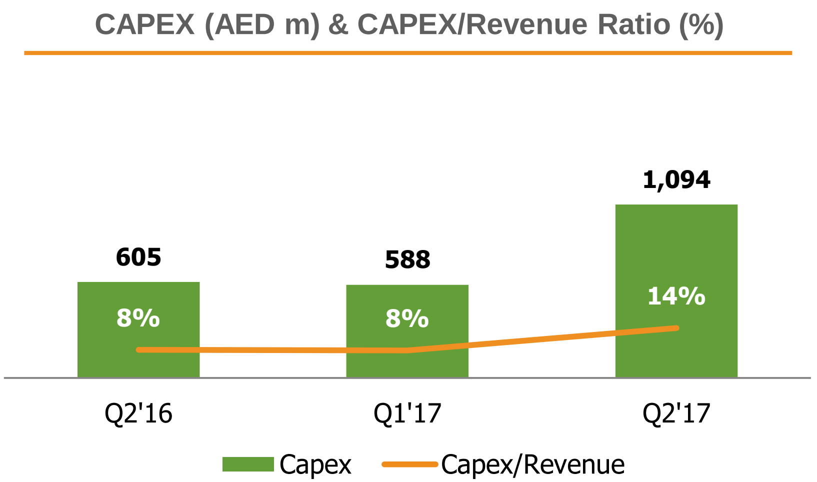
Country by Country Financial Review

UAE: Maintained growth momentum with improved profitability



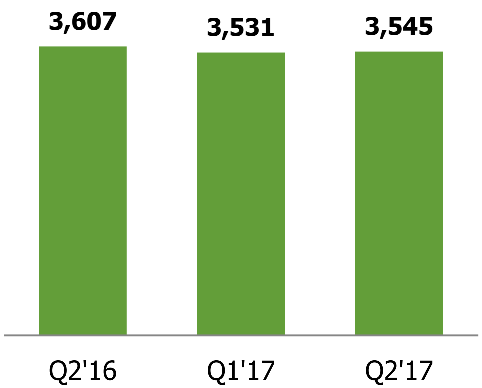




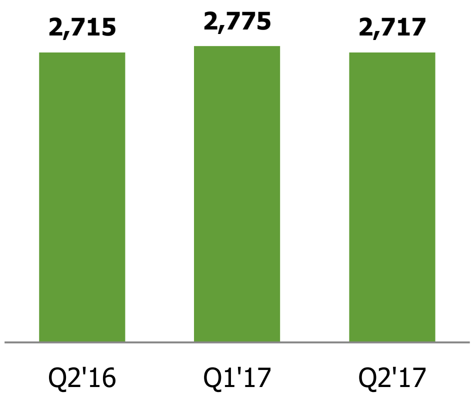


UAE: Revenue Breakdown and Key KPIs

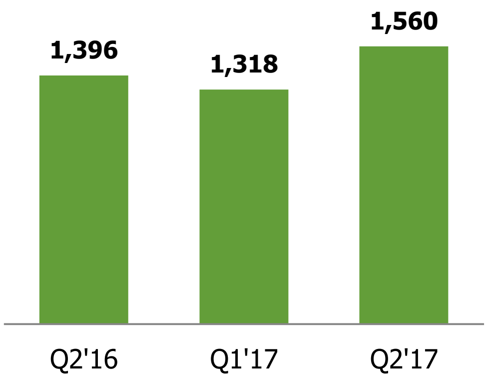
Mobile Revenues [1] (AED m)



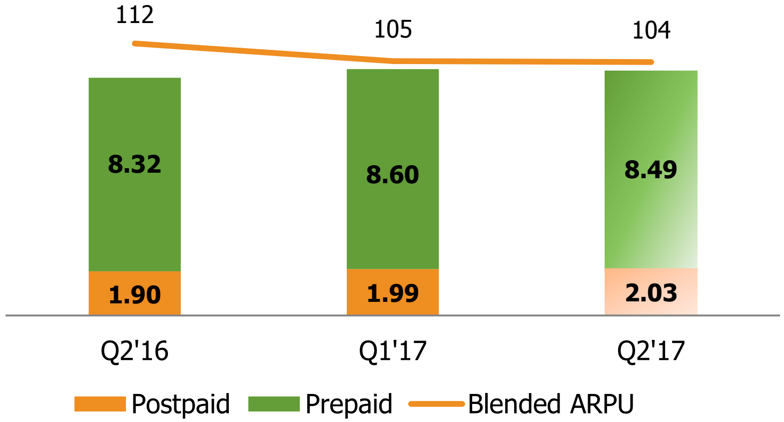
Fixed Revenues [2] (AED m)



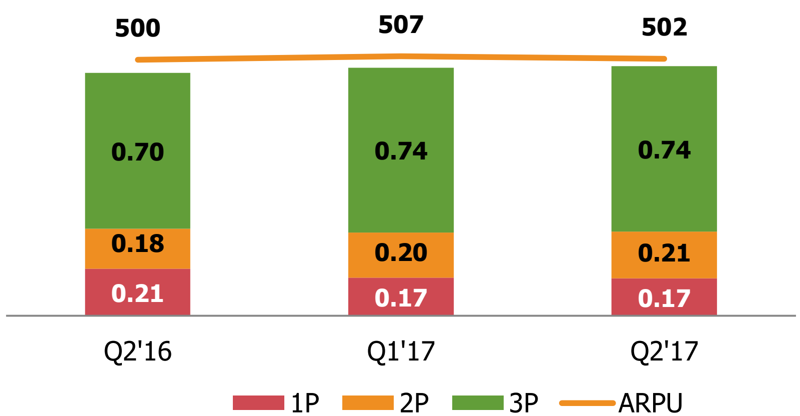
Other Revenues [3] (AED m)



Mobile Subs[4] (m) & ARPU[5] (AED)



Fixed Broadband [6] Subs (m) & ARPU [7] (AED)

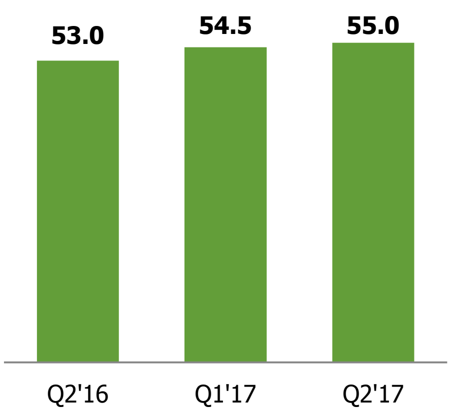


(1) Mobile revenues includes mobile voice, data, rental, outbound roaming, visitor roaming, VAS, and Digital services
(2) Fixed revenues includes fixed voice, data, rental, VAS, internet and TV services
(3) Others Revenues includes ICT, Managed Services, Wholesale (local and int'l interconnection, transit and others), 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 line revenues divided by the average fixed subscribers.

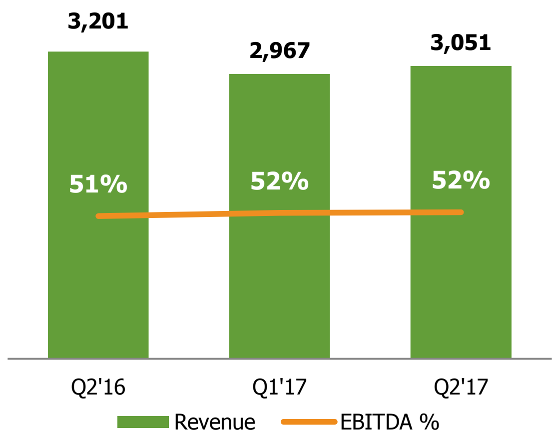
Maroc Telecom: Challenging regulatory and competitive environment

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

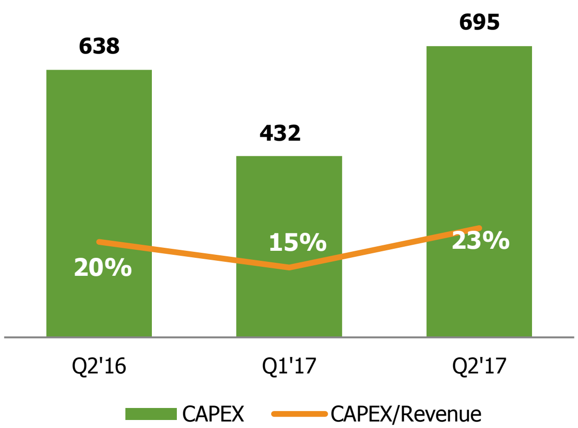
Subscribers (m)



Revenue (AED m) / EBITDA Margin

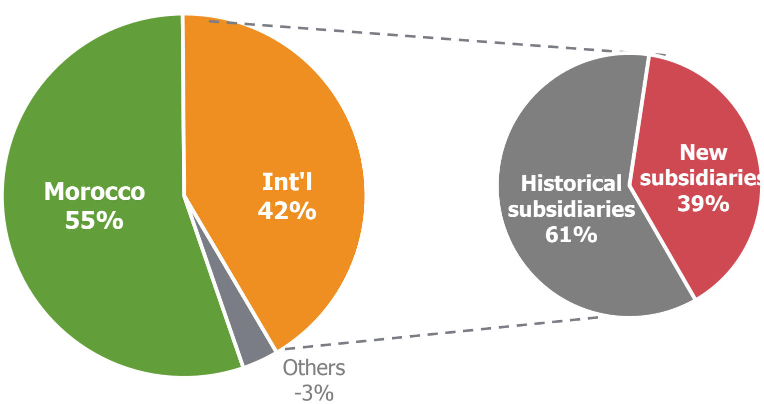


CAPEX (AED m) & CAPEX/Revenue Ratio (%)



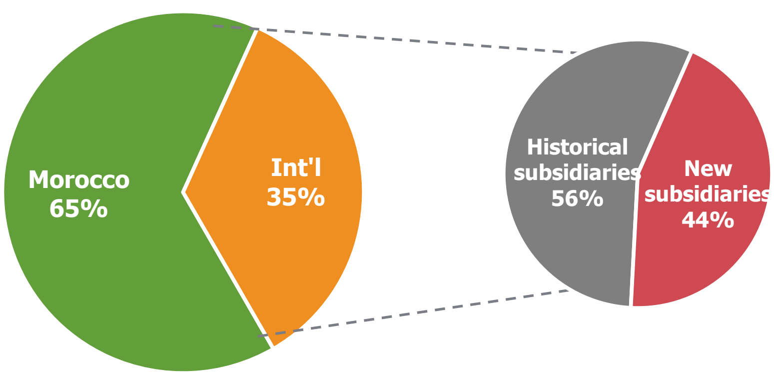
Revenue Breakdown Q2’17

Domestic vs. Int’l | **Int’l**



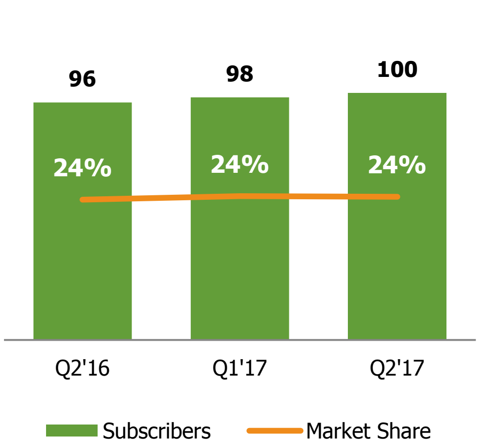
Capex Breakdown Q2’17

Domestic vs. Int’l | **Int’l**

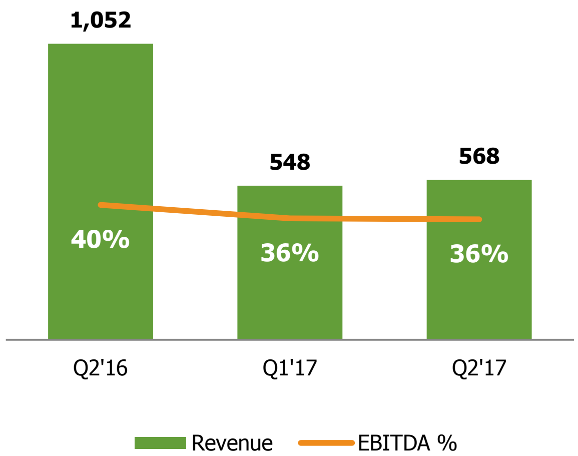


Egypt: Performance masked by currency devaluation

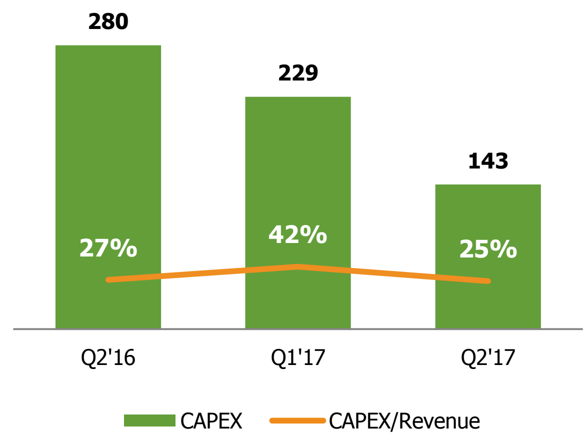
Total Subscribers [1] (m)



Revenue (AED m) / EBITDA Margin



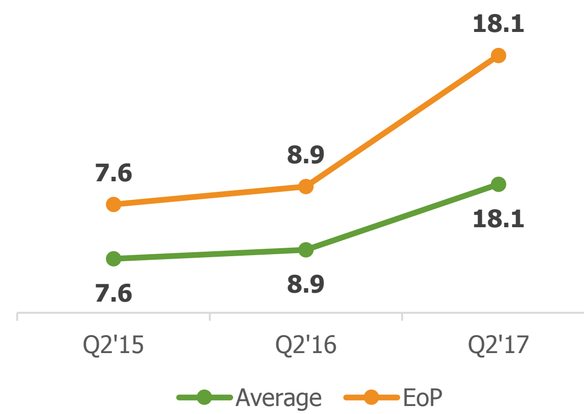
CAPEX (AED m) & CAPEX/Revenue Ratio (%)



Highlights

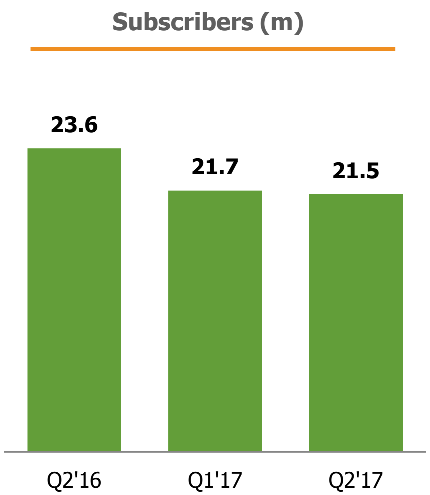
- Stable market share with better subscribers mix
- Revenue growth Y/Y impacted by steep currency devaluation
  - Maintained revenue growth Y/Y in local currency
  - Revenue growth across all segments with major contribution from data revenues
- EBITDA margin Y/Y is lower as cost structure impacted by inflationary pressure
- Capex/Revenue marginally down Y/Y with spend focusing on 4G deployment and network expansion

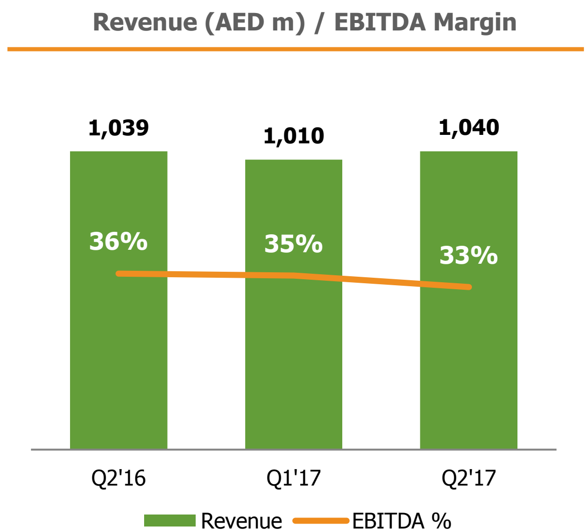
USD / EGP FX Rate (EGP)

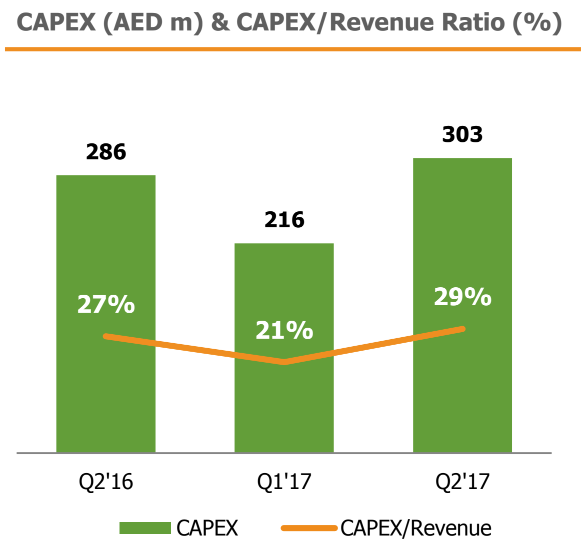


(1) Subscribers and market share data as per statistic published by the Ministry of Information and Technology

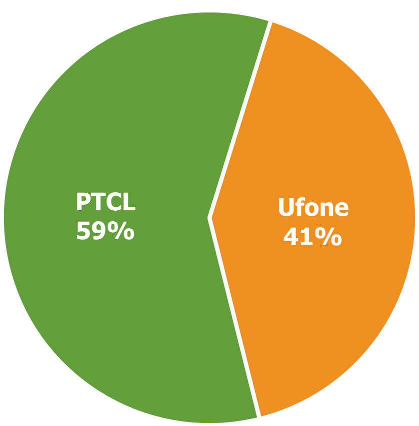
Pakistan: Fixed network modernisation to support data growth







Revenue Breakdown Q2'17



Highlights

- Subscriber loss attributed to focus shift to value share and fixed to mobile substitution.
- Revenue is flat Y/Y impacted by lower subscriber base and lower usage
  - 3% Q/Q revenue growth
- EBITDA margin impacted by higher regulatory and terminations charges in addition to network and marketing costs
- Capex spending focused on fixed network modernization

Nigeria: Etisalat exited from Nigeria market

- Subsequent to default by EMTS(1) under its existing Naira and USD facilities with a syndicate of Nigerian banks, EMTS and its Lenders engaged, for a number of months, in discussions on a debt restructuring plan. However, such restructuring plan was not agreed between EMTS and its Lenders.
- As a result, on June 9 2017, EMTS received a Default and Security Enforcement Notice from its Lenders triggering a requirement pursuant to the Share Charge under the facilities, for EMTS Holding BV(2) to transfer 100% of its shares in EMTS to United Capital Trustees Limited(3) by June 15 2017, such deadline was later extended to June 23, 2017.
- On June 22 2017, Board members representing Etisalat in EMTS' Board resigned.
- On June 30 2017, Etisalat Group terminated the management and technical support related agreements with EMTS, while the termination of the agreements governing the use of Etisalat's brand (including its trademarks) was deferred to July 21, 2017. In the interim period, Etisalat and EMTS engaged in negotiations to put in place new agreements for technical services, strategic procurement support and the ongoing use of Etisalat Group's brand (including related IP rights).
- On July 18 2017, EMTS and the EMTS Lenders decided not to proceed with negotiations for the above mentioned interim agreements and elected to use a new brand. Accordingly, the rights granted to EMTS to use Etisalat's brand (and related IP rights) terminated as of 21 July 2017, and from that date the use of the brand will be phased out.
- For the transfer of EMTS shares, United Capital Trustee Limited has yet to complete the legal process in Nigeria.
- In consequence, Etisalat's investment in EMTS Holding BV considered as discontinued operation as at June 30 2017.
- Etisalat has fully written-off the investment value of EMTS in its financial statements with no further exposure.

(1) EMTS is established in Nigeria and 100% owned by EMTS Holding BV
(2) EMTS BV is established in the Netherlands through which Etisalat Group holds its indirect interest in EMTS
(3) United Capital Trustees Limited is the "Security Trustee" of the EMTS Lenders

2017 Actual Against Guidance: On track for full year guidance

Financial KPI	Guidance 2017 In AED	Guidance 2017 Constant Currencies [1]	Actual H1 2017 In AED	Actual H1 2017 Constant Currencies [1]
Revenue Growth %	**Slightly Lower**	**1% – 2%**	**-3%**	**+2%**
EBITDA Margin%	**around 50%**		**51%**	
CAPEX / Revenue %	**18% - 19%**		**15%**	

(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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