



Etisalat Group 4Q 2017 Results Presentation

22 February 2018
Abu Dhabi, UAE

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Etisalat Group Financial Highlights



<i>AED Million</i>	Q4 2017	Growth YoY%	Growth QoQ%	FY2017	Growth YoY%
Revenue	13,481	+4%	+5%	51,666	-1%
EBITDA	6,438	+3%	-2%	25,977	-1%
<i>EBITDA Margin</i>	48%	-1pp	-3pp	50%	0pp
Net profit	1,969	-12%	-35%	8,444	0%
<i>Net profit Margin</i>	15%	-3pp	-18pp	16%	0pp
Capex	2,645	-50%	+68%	8,040	-24%
<i>Capex/Revenue</i>	20%	-21pp	+7pp	16%	-4pp

4Q2017 Highlights

- Revenue growth is attributed to both domestic and int'l operations
- Lower EBITDA margin due to change in revenue mix
- Net profit impacted by higher royalty, taxation and minority interest
- Lower capital expenditure attributed to domestic and international operations

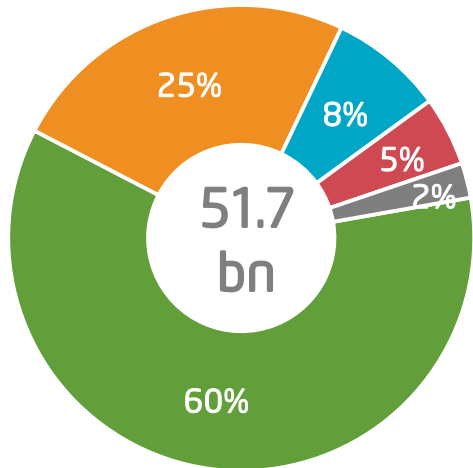
FY2017 Highlights

- Revenue and EBITDA impacted by unfavourable exchange rate movement in Egyptian Pound
- Maintained strong EBITDA margin at 50% level
- Net profit slightly higher impacted by higher share of losses from associate and royalty charges
- Lower capital expenditure attributed to 4G license acquisition in Egypt prior year

Etisalat Group Financial Highlights



Revenue Breakdown FY 2017 (AED m)



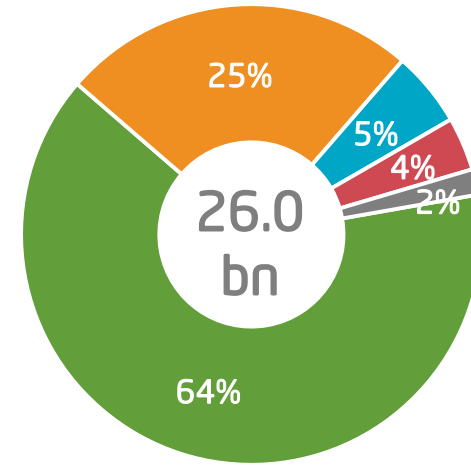
■ UAE ■ MT ■ Pakistan ■ Egypt ■ Others

-1%

YoY Growth

UAE		+3%
MT Group	(LC -1%)	0%
Egypt	(LC +17%)	-38%
Pakistan	(LC 0%)	-1%

EBITDA Breakdown FY 2017 (AED m)



■ UAE ■ MT ■ Pakistan ■ Egypt ■ Others

-1%

YoY Growth

UAE		+2%
MT Group	(LC +1%)	+3%
Egypt	(LC +20%)	-38%
Pakistan	(LC -1%)	-1%

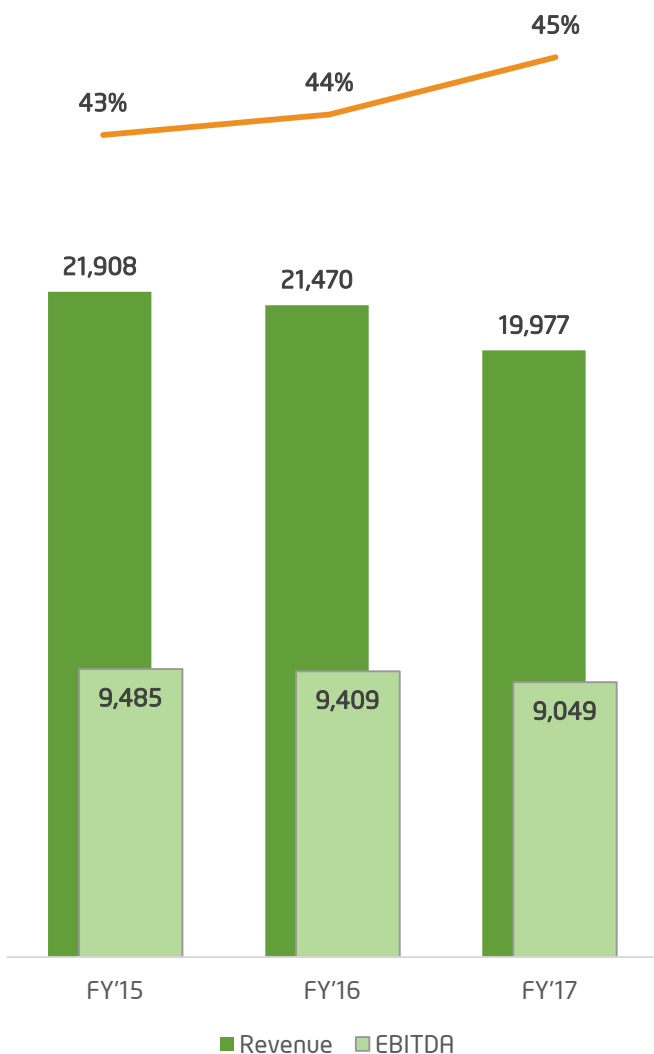
■ Represents others

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

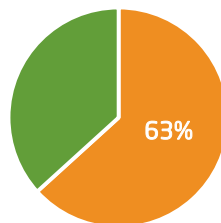
Int'l Operations Financial Highlights FY 2017



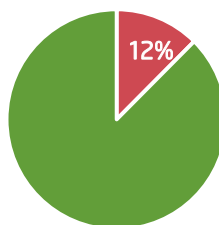
Revenue (AED m)/EBITDA (AED m) / EBITDA Margin (%)



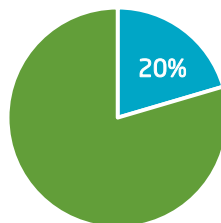
Maroc Telecom Group



Etisalat Misr



Pakistan



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

	FY 2017	YoY Growth in AED	Growth in MAD
Revenue	12,638	0%	-1%
EBITDA	6,506	+3	+1%
EBITDA Margin	51%	+2pp	+2pp

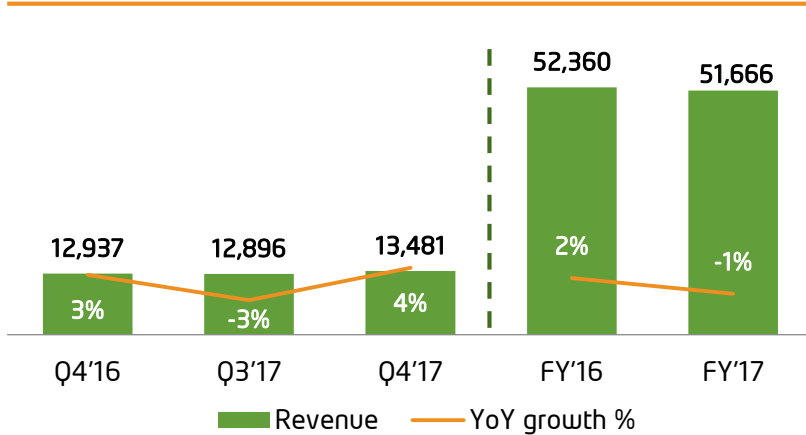
	FY 2017	YoY Growth in AED	YoY growth in EGP
Revenue	2,486	-38%	+17%
EBITDA	979	-38%	+20%
EBITDA Margin	39%	Opp	Opp

	FY 2017	YoY Growth in AED	YoY growth in PKR
Revenue	4,084	-1%	0%
EBITDA	1,373	-1%	-1%
EBITDA Margin	34%	Opp	Opp

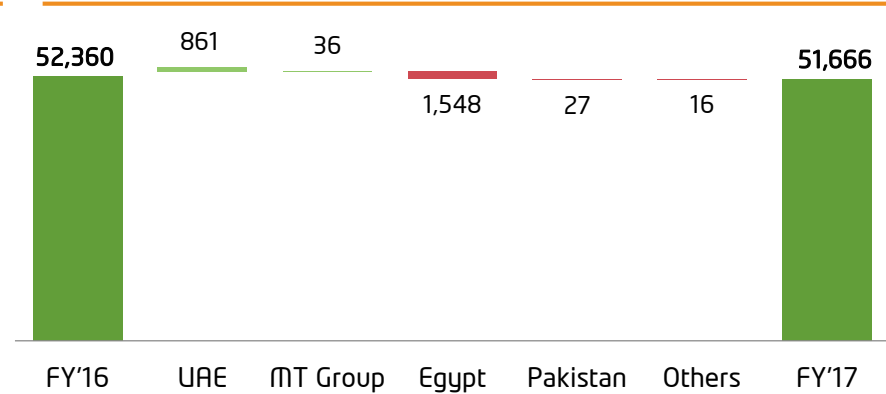
Group Revenue



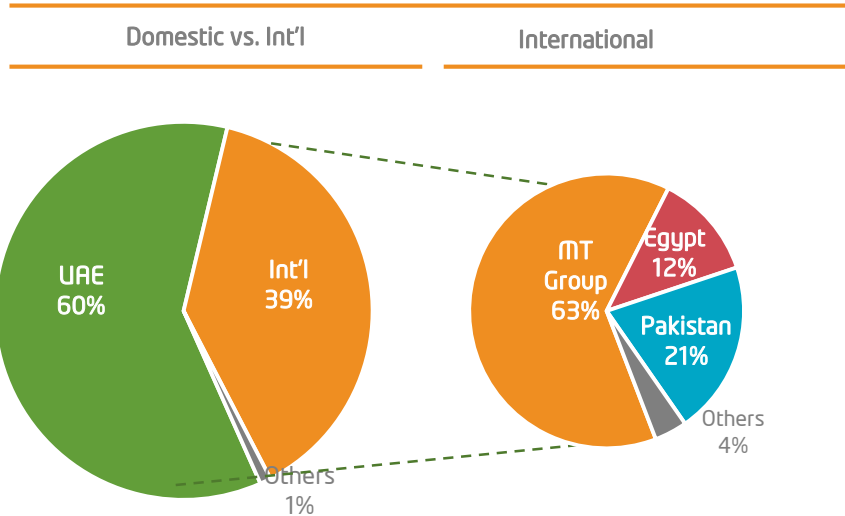
Revenue (AED m) and YoY growth (%)



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



Revenue by Cluster (FY'17)



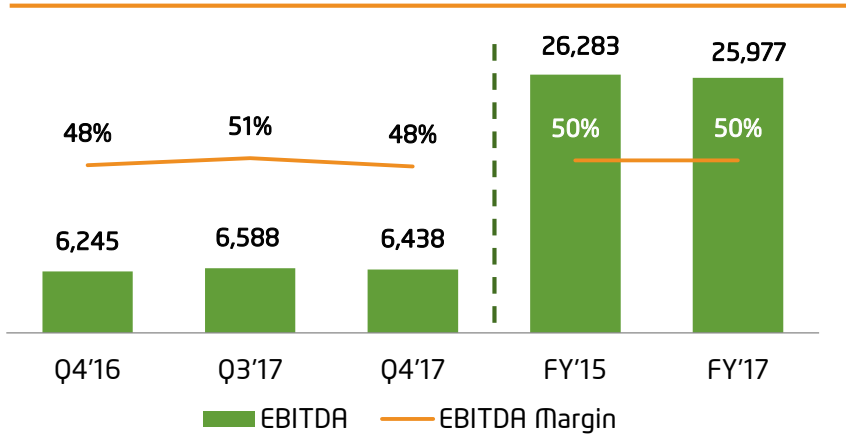
Highlights

- In FY'17 consolidated revenue decreased Y/Y by 1% attributed to Int'l operations that was impacted by currency depreciation in Egypt
- Growth in the UAE mainly due to higher broadband, digital services, handsets and wholesale revenues
- Revenues from international consolidated operations declined by 7%, resulting in 39% contribution to Group revenues, 2pp lower than prior year mainly attributed to currency devaluation in Egypt
 - Revenue growth in MT Group mainly from international operations and domestic fixed segment
 - Revenue growth in Egypt impacted by currency devaluation
 - Revenue growth in Pakistan impacted by lower subscriber base, usage and mobile broadband competition faced by EVO product

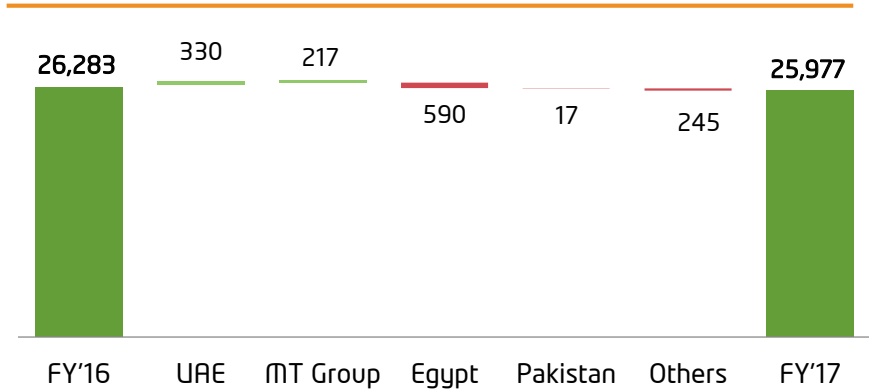
Group EBITDA



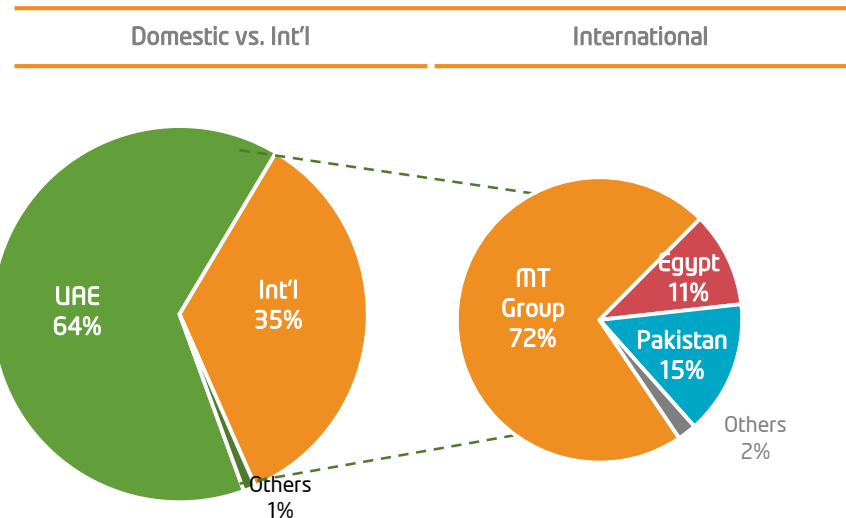
EBITDA (AED m) & EBITDA Margin



Sources of EBITDA growth - FY'17 vs FY'16 (AED m)



EBITDA by Cluster (FY'17)



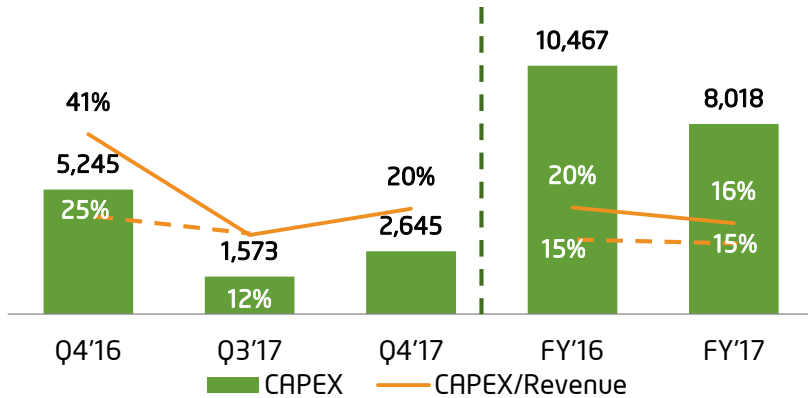
Highlights

- FY'17 consolidated EBITDA decreased Y/Y by 1% mainly due to currency devaluation in Egypt
- EBITDA in the UAE positively impacted by higher revenue and lower operating costs
- EBITDA of consolidated international operations decreased Y/Y by 4% mainly due to currency devaluation, resulting in 35% contribution to Group EBITDA
 - Positive contribution from Maroc Telecom Group attributed to international operations
 - Egypt impacted by currency devaluation and inflationary pressure
 - Pakistan impacted by higher interconnection and termination costs

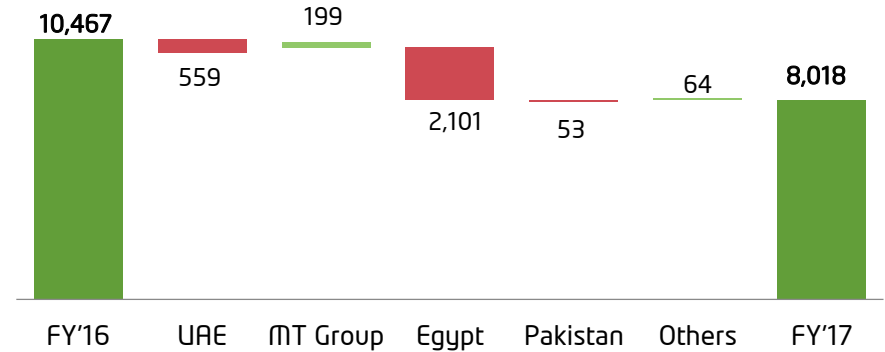
Group CAPEX



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



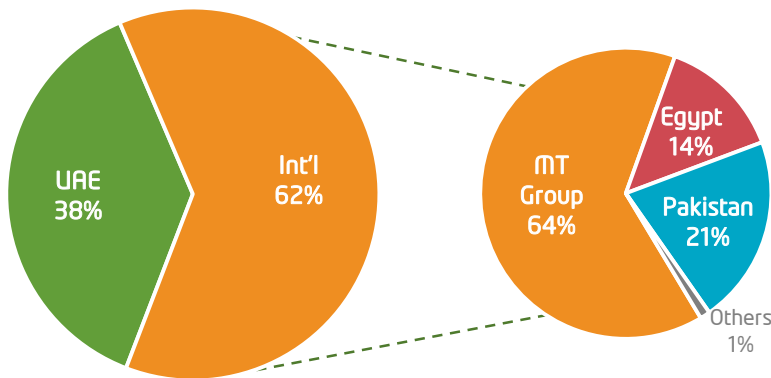
Sources of Capex growth - FY'17 vs FY'16 (AED m)



CAPEX by Cluster (FY'17)

Domestic vs. Int'l

International



Highlights

- In FY'17 consolidated capex decreased Y/Y by 23% resulting in Capex / Revenue ratio of 16%
- Lower capital spend in the UAE focused on network maintenance and modernization
- Capital expenditure in international operations decreased by 28% and contributed 62% of consolidated Group Capex
 - Higher capex in MT Group attributed to 4G+ deployment in Morocco and network expansion in Int'l markets
 - Lower capex in Egypt attributed to acquisition of 4G license in prior year
 - Lower capex spend in Pakistan with focus on fixed network modernization

Group Balance Sheet & Cash Flows

Balance Sheet (AED m)	Dec-16	Dec-17
Cash & bank Balances	23,676	27,125
Total Assets	122,521	128,284
Total Debt	22,279	24,705
Net Cash / (Debt)	1,398	2,420
Total Equity	55,915	57,704

Net cash position (AED m)	FY-16	FY-17
Operating	18,926	20,306
Investing	(9,361)	(7,567)
Financing	(7,726)	(9,027)
Net change in cash	1,839	3,712
<i>Effect of FX rate changes</i>	<i>355</i>	<i>(288)</i>
Reclassified as held for sales	60	25
Ending cash balance	23,676	27,125

Investment Grade Credit Ratings

S&P Global

AA-/Stable



Moody's

Aa3/Stable

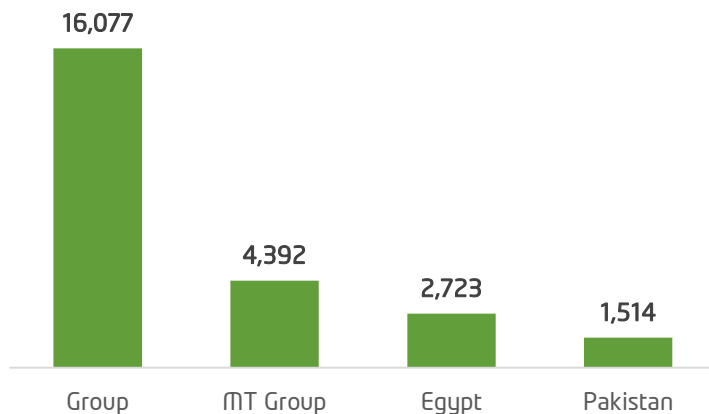
Highlights

- Strong liquidity position with record cash balance
- Continued net cash position
- Higher operating cash flow due to improvements in working capital
- Lower investing cash flow due to lower capex
- Higher financing cash flow due to lower net proceeds from borrowings

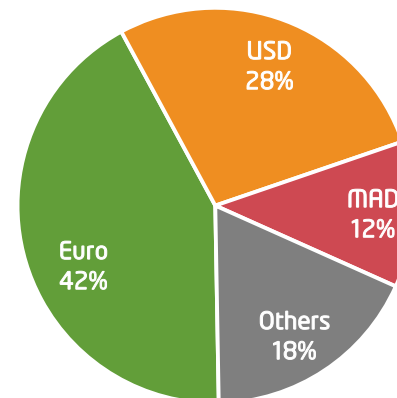
Debt Profile: Diversified debt portfolio



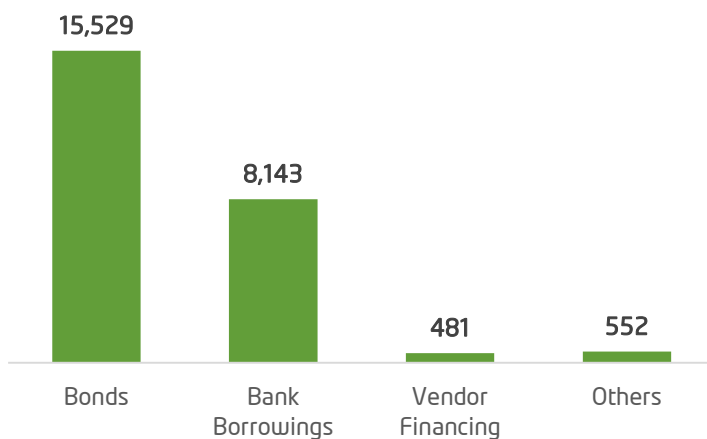
Borrowings by Operation Q4 2017 (AED m)



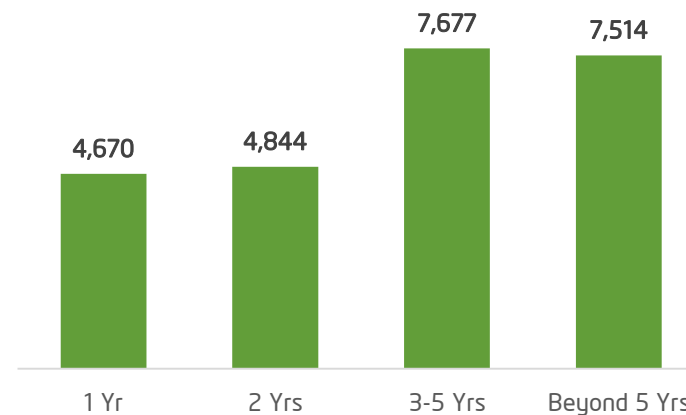
Borrowings by Currency Q4 2017



Debt by Source Q4 2017 (AED m)

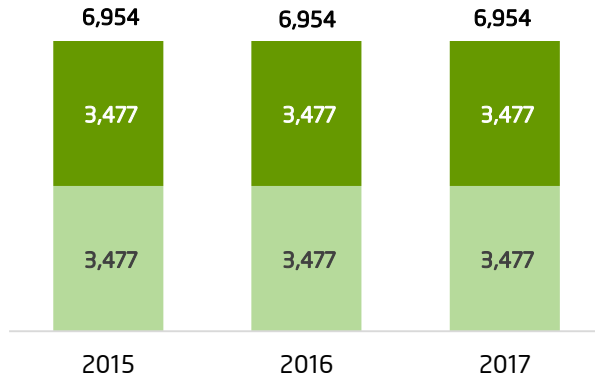


Repayment Schedule Q4 2017 (AED m)

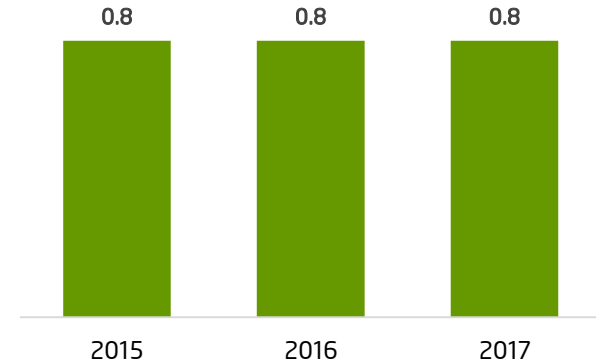


Group Dividends: Proposed dividend for 2017 of 80 fils per share

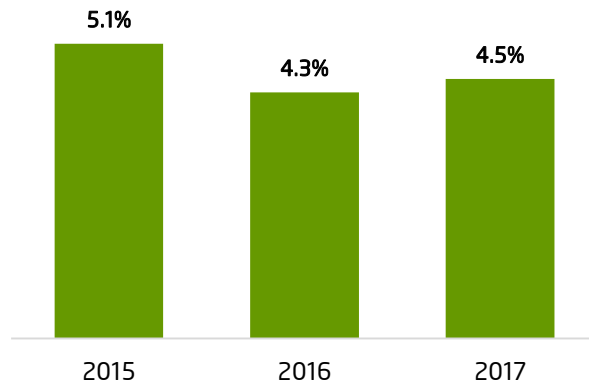
Cash Dividends (AED m)



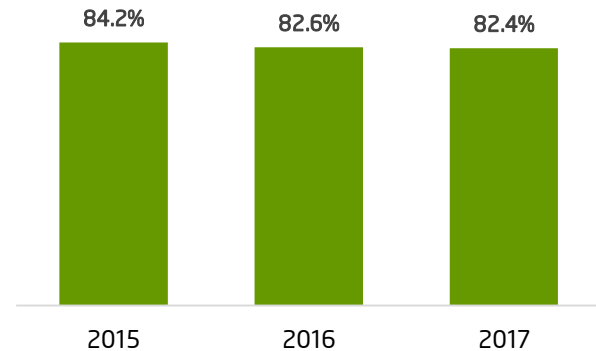
Dividends Per Share (AED)



Dividend Yield ⁽¹⁾ (%)



Dividend Payout Ratio (%)



Proposed final dividend of 40 fils per share, bringing the full year dividend to 80 fils per share is subject to the shareholders approval on the AGM scheduled on March 21th, 2018

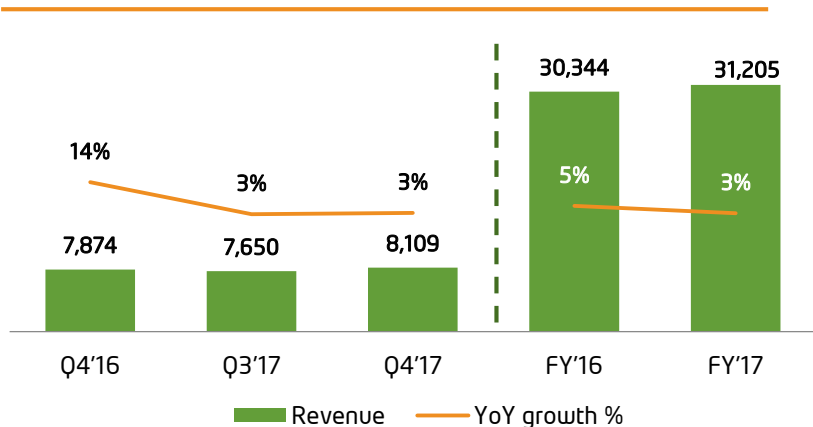
(1) Dividend yield is based on share price as of 14 August 2016 and 07 March 2017

Country by Country Financial Review

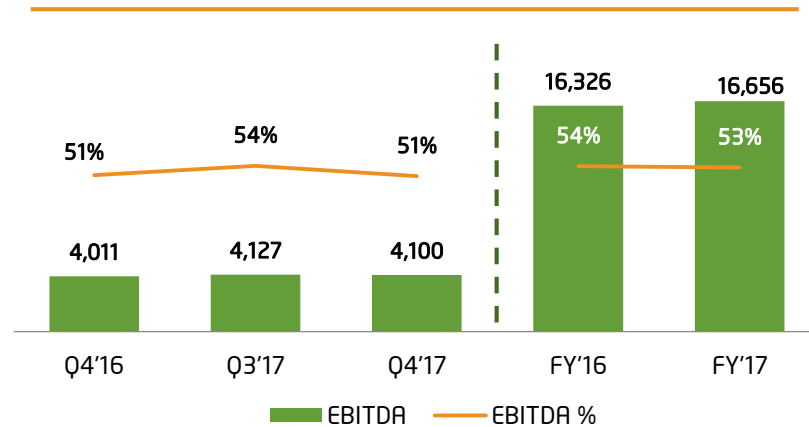
UAE: Maintained revenue growth with improved profitability



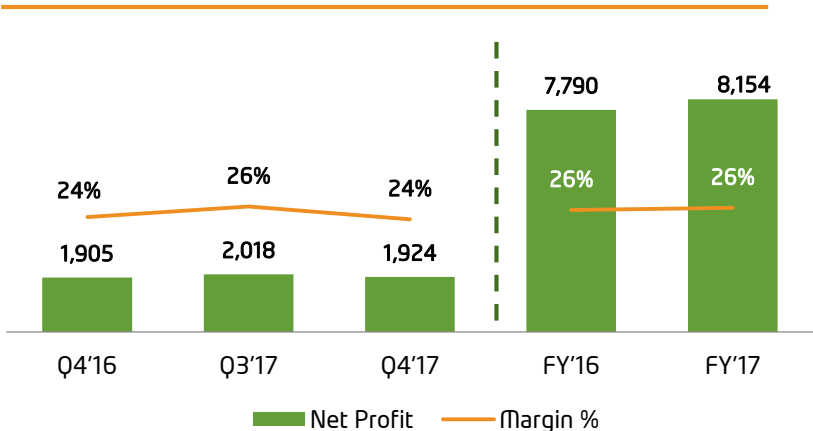
Revenue (AED m) / YoY Growth (%)



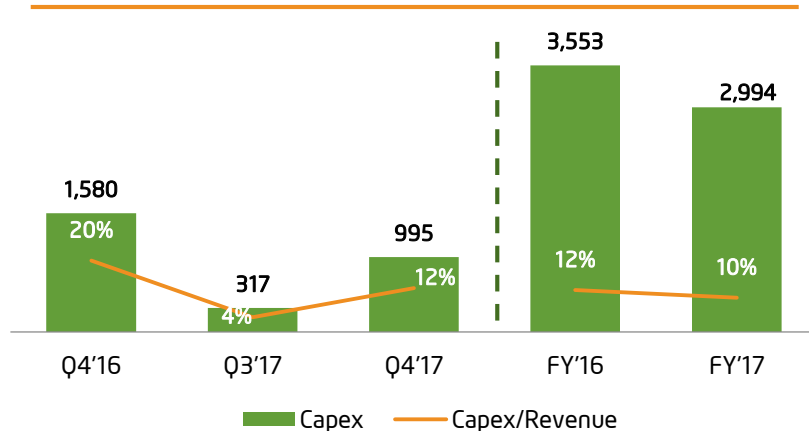
EBITDA (AED m) / EBITDA %



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



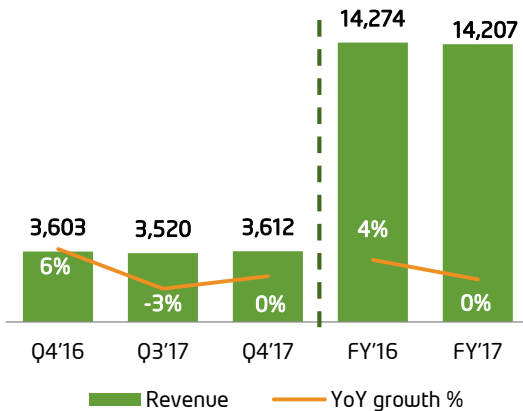
CAPEX (AED m) & CAPEX/Revenue Ratio (%)



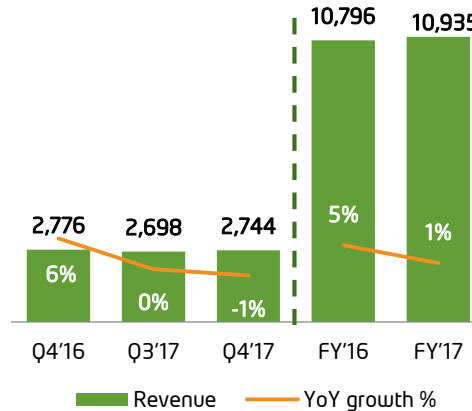
UAE: Revenue Breakdown and Key KPIs



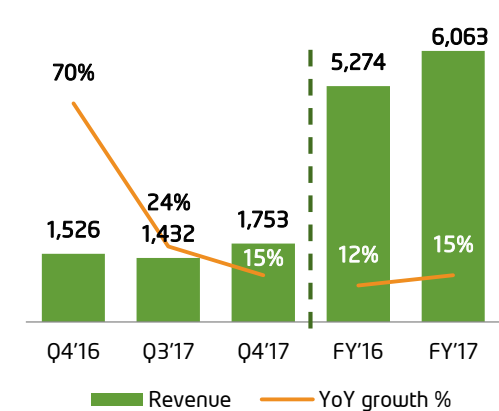
Mobile Revenues ⁽¹⁾ (AED m)



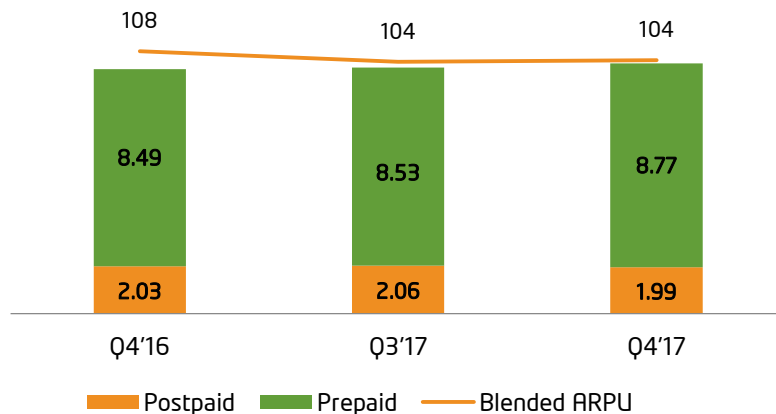
Fixed Revenues ⁽²⁾ (AED m)



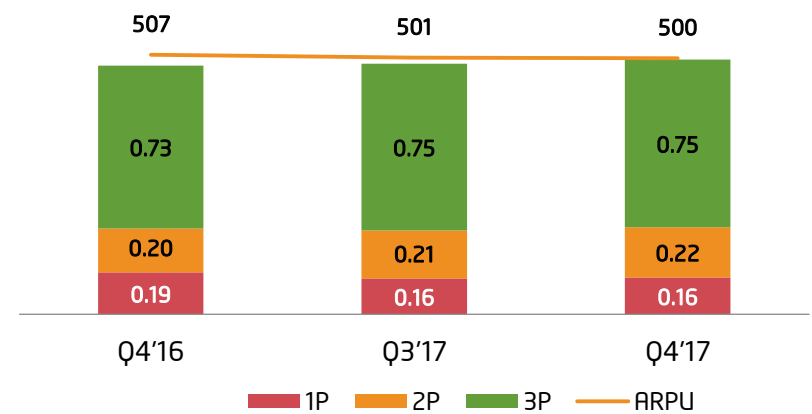
Other Revenues ⁽³⁾ (AED m)



Mobile Subs⁽⁴⁾ (m) & ARPU⁽⁵⁾ (AED)



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



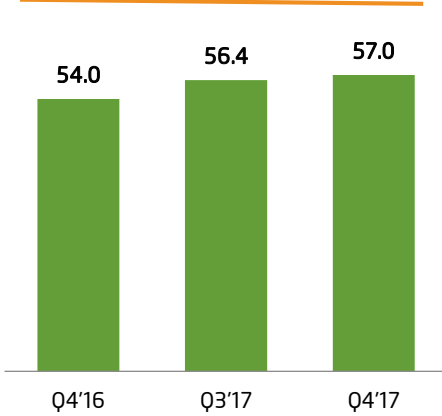
- (1) Mobile revenues includes mobile voice, data, rental, outbound roaming, visitor roaming, VAS, and Digital services
- (2) Fixed revenues includes fixed voice, data, rental, VAS, internet and TV services
- (3) Others Revenues includes ICT, Managed Services, Wholesale (local and int'l interconnection, 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: Improvement in operating margins and profitability

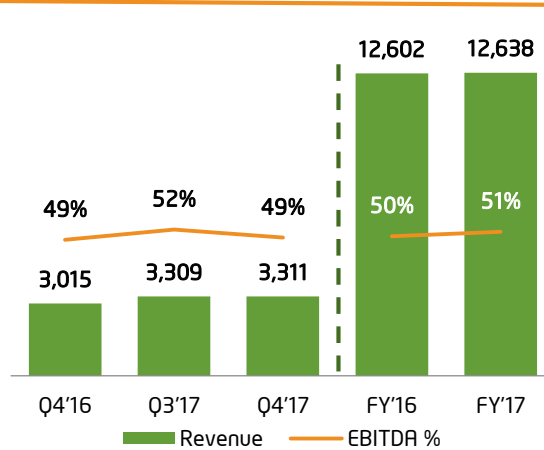
Morocco, Benin, Burkina Faso, CAR, CDI, Gabon, Mali, Mauritania, Niger and Togo



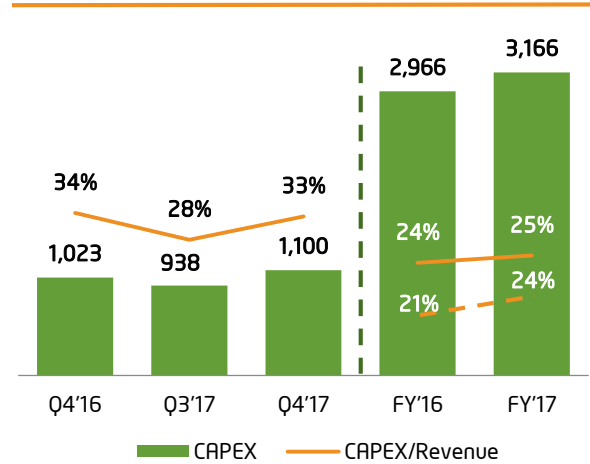
Subscribers (m)



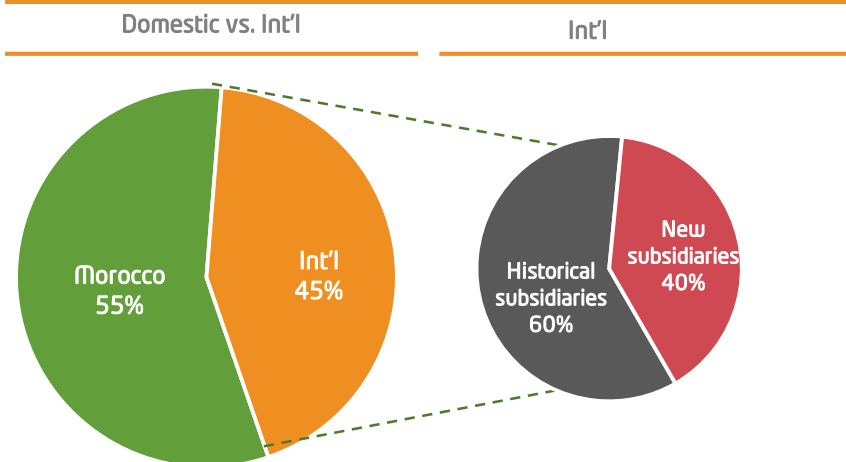
Revenue (AED m) / EBITDA Margin



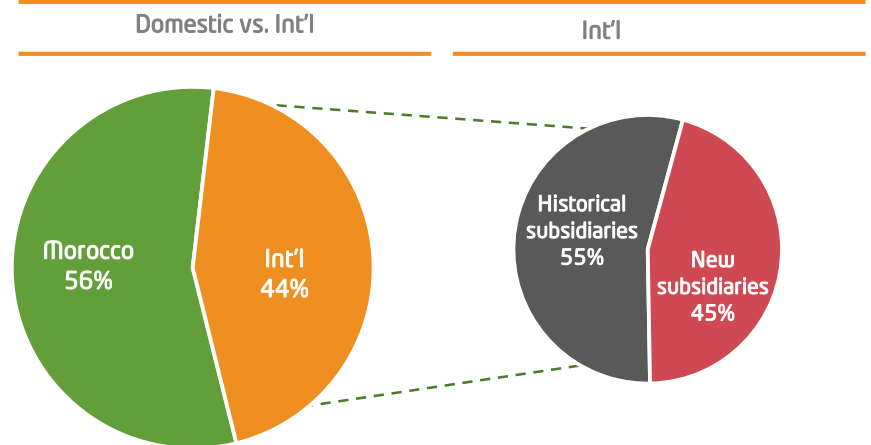
CAPEX (AED m) & CAPEX/Revenue Ratio (%)



Revenue Breakdown FY'17



Capex Breakdown FY'17



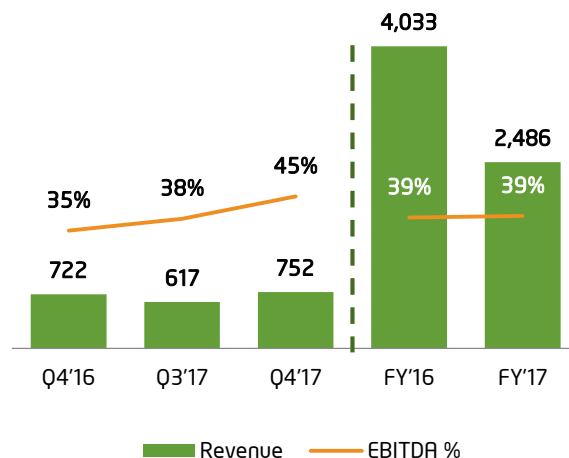
Egypt: Launch of 4G services and entrance of 4th mobile operator while Etisalat reinforcing its 2nd position in the market



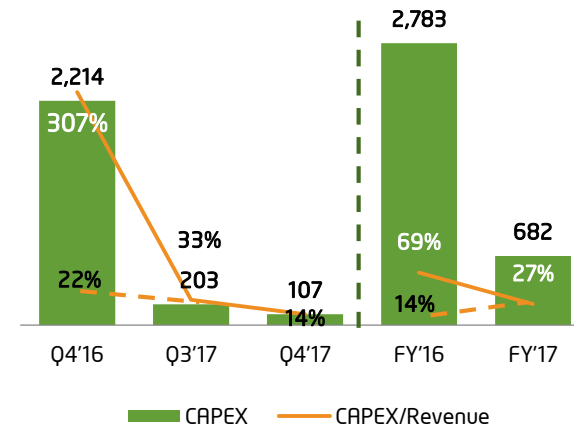
Total Subscribers ⁽¹⁾ (m)



Revenue (AED m) / EBITDA Margin



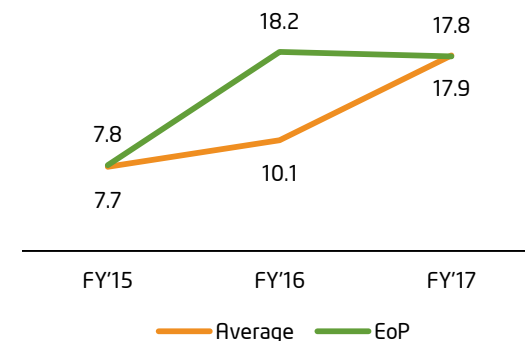
CAPEX (AED m) & CAPEX/Revenue (%)



Highlights

- 4G services launched in September 2018
- Incumbent fixed operator launched mobile services
- Y/Y revenue growth impacted by steep currency devaluation
 - Strong revenue growth Y/Y in local currency
 - Revenue growth across all segments
- Maintained EBITDA margin despite inflationary pressure on opex
- Excluding 4G license cost from prior year, higher capital spending focusing on 4G deployment

USD / EGP FX Rate (EGP)

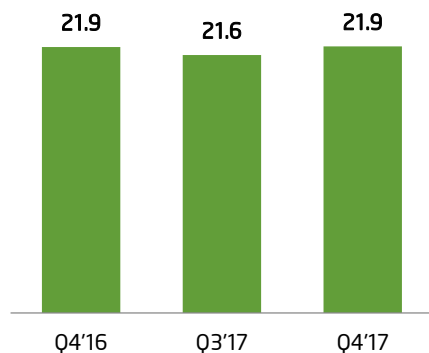


(1) Subscribers figures are based on Etisalat Group definition

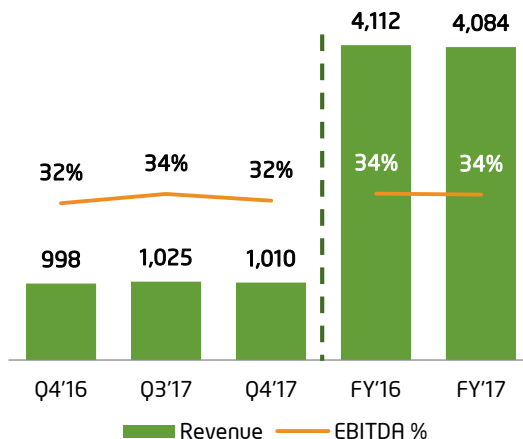
Pakistan: Stabilizing revenues with sustained profitability margins



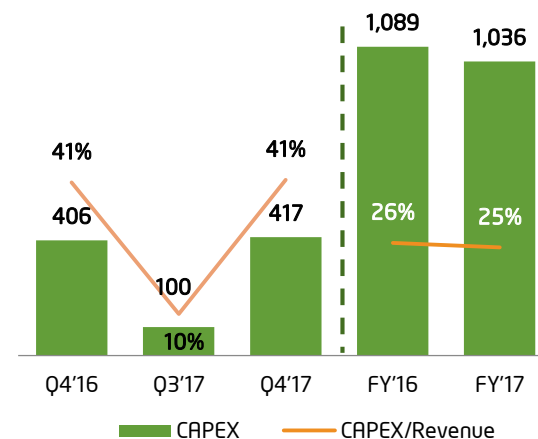
Subscribers (m)



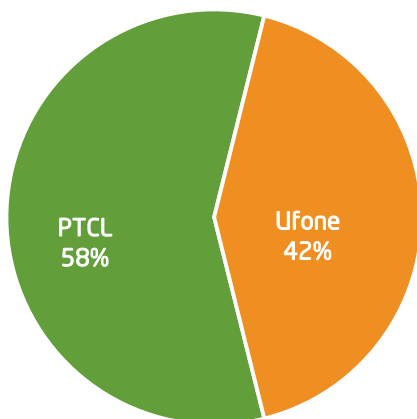
Revenue (AED m) / EBITDA Margin



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



Revenue Breakdown FY'17



Highlights

- Second consecutive quarter with positive mobile subscriber growth
- Slightly lower revenue Y/Y impacted by lower usage and increased mobile broadband competition facing EVO segment
- Stable EBITDA margin with focus on optimizing network costs
- Lower capex spend focused on fixed network modernization

2017 Actual Against Guidance: Met 2017 guidance while over-achieving the revenue guidance for the year

Financial KPI	Guidance 2017 In AED	Guidance 2017 Constant Currencies ⁽¹⁾	Revised Guidance 2017 In AED	Revised Guidance 2017 Constant Currencies ⁽¹⁾	Actual FY 2017 In AED	Actual FY 2017 Constant Currencies ⁽¹⁾
Revenue Growth %	Slightly Lower	1% - 2%	-2.5% to -3.0%	+1.5% to +2.0%	-1.3%	+2.4%
EBITDA Margin%	around 50%		50.0% to 51.0%		50.3%	
CAPEX / Revenue %	18% - 19%		15.5% - 16.5%		15.5%	

(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.

2018 Guidance: Continue to invest in technology while protecting operating margins and free cashflow

Financial KPI	Actual FY 2017		→	Guidance 2018 In AED
	In AED	Constant Currencies ⁽¹⁾		
Revenue Growth %	-1.3%	+2.4%	→	Slightly lower
EBITDA Margin%	50.3%		→	49% - 50%
CAPEX / Revenue %	15.5%		→	18% - 19%

(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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