

ETISALAT GROUP

Q2 2018 RESULTS PRESENTATION - ABU DHABI, UAE

25TH JULY 2018

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1. Business Overview

Saleh Al Abdooli
Chief Executive Officer
Etisalat Group

ETISALAT GROUP FINANCIAL HIGHLIGHTS

AED Million	Q2 2018	Growth YoY% ⁽¹⁾	Growth QoQ%	H1 2018	Growth YoY% ⁽¹⁾
Revenue	13,099	+2%	0%	26,203	+4%
EBITDA	6,600	0%	+2%	13,079	+1%
<i>EBITDA Margin</i>	<i>50%</i>	<i>-1pp</i>	<i>+1pp</i>	<i>50%</i>	<i>-1pp</i>
Net profit	2,199	+12%	+4%	4,311	+6%
<i>Net profit Margin</i>	<i>17%</i>	<i>+2pp</i>	<i>+1pp</i>	<i>16%</i>	<i>0pp</i>
Capex	2,112	-6%	+64%	3,416	-10%
<i>Capex/Revenue</i>	<i>16%</i>	<i>-1pp</i>	<i>+6pp</i>	<i>13%</i>	<i>-2pp</i>

Q2 2018 Highlights

- Revenue growth Y/Y is attributed to both domestic and int'l operations
- EBITDA slightly higher Y/Y driven by performance of Int'l operations
- Lower EBITDA margin due to change in revenue mix
- Net profit positively impacted by higher finance and other income and lower impairments and royalty
- Lower capital expenditure attributed mainly to domestic operations.

(1) Prior period financial figures are restated to reflect IFRS15 adjustments

ETISALAT GROUP FINANCIAL HIGHLIGHTS



- Healthy revenue with +2% growth in the quarter and +4% H1'18
- Improved EBITDA margin with cash flow generation
- Interim dividends of 40 fils per share
- Affirmation of high credit ratings at AA- and Aa3 with stable outlook
- Improving full year revenue guidance
- Progressing with portfolio optimization



- Maintained subscribers growth momentum
- Stable revenue growth (+1%) supported by growth in fixed and new revenue streams
- Sustained Y/Y profitable growth
- 5G commercial launch



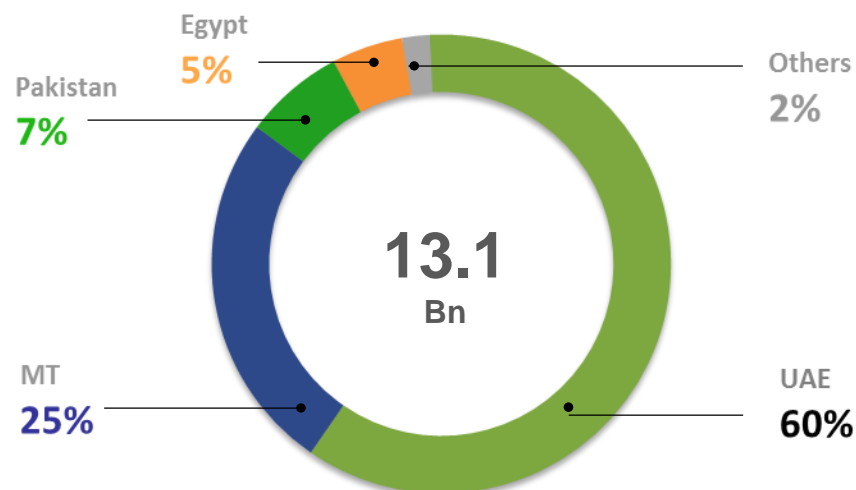
- Maroc Telecom Group increased focus on data monetization with improved performance of domestic and int'l operations
- Etisalat Misr maintained double digit revenue growth (+20% in EGP)
- Pakistan progressed with the network transformation program and improved growth in mobile segment

2. Financial Overview

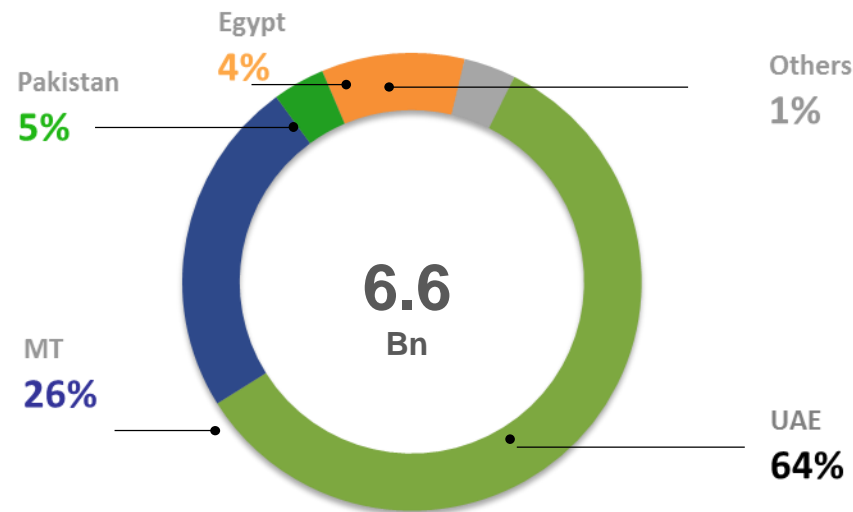
Serkan Okandan
Chief Financial Officer
Etisalat Group

ETISALAT GROUP FINANCIAL HIGHLIGHTS

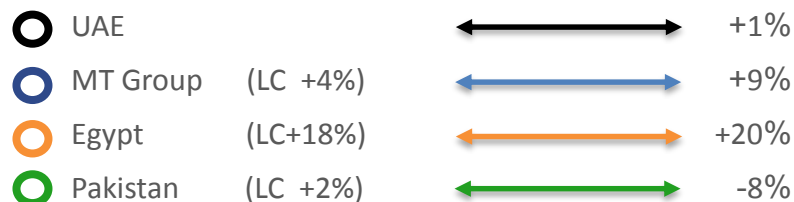
Revenue Breakdown Q2 2018 (AED m)



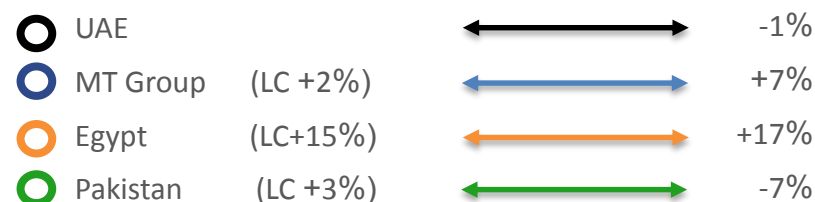
EBITDA Breakdown Q2 2018 (AED m)



YOY Growth +2%



YOY Growth 0%

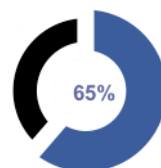
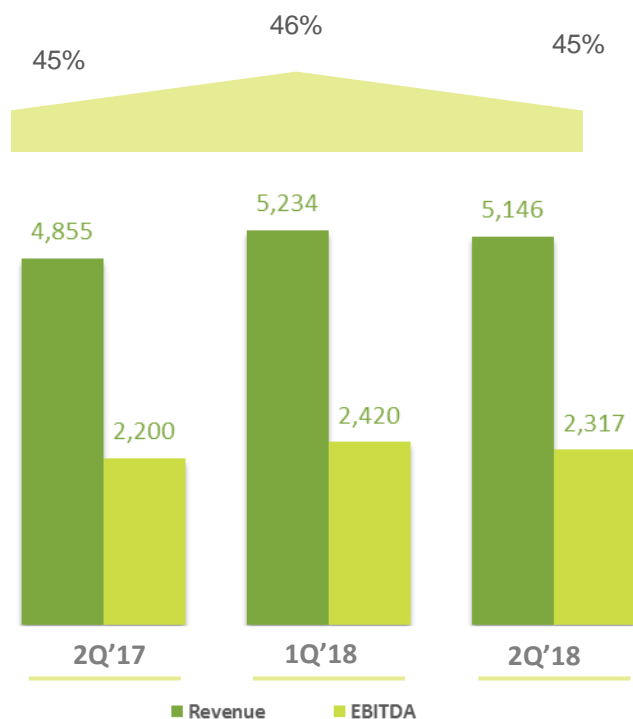


Represents others

(1) Prior period financial figures are restated to reflect IFRS15 adjustments

INT'L OPERATIONS FINANCIAL HIGHLIGHTS Q2 2018

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



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

Maroc Telecom	Q2 2018	Growth in AED	Growth in MAD
Revenue	3,327	+9%	+4%
EBITDA	1,713	+7%	+2%
EBITDA Margin	52%	-1pp	-1pp

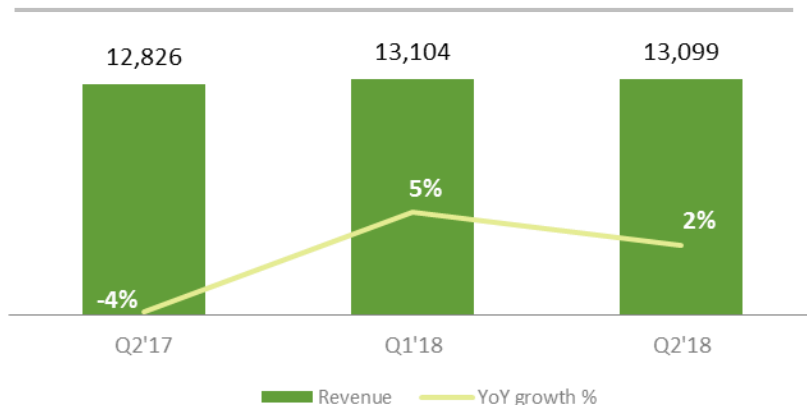
Etisalat Misr	Q2 2018	Growth in AED	Growth in EGP
Revenue	683	+20%	+18%
EBITDA	244	+17%	+15%
EBITDA Margin	36%	-1pp	-1pp

Pakistan	Q2 2018	Growth in AED	Growth in PKR
Revenue	970	-8%	+2%
EBITDA	318	-7%	+3%
EBITDA Margin	33%	0pp	0pp

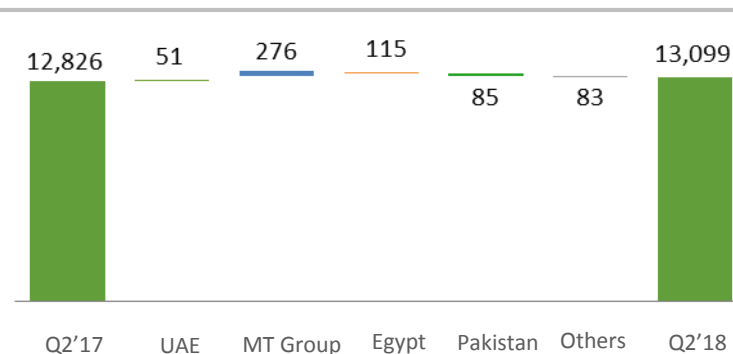
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GROUP REVENUE

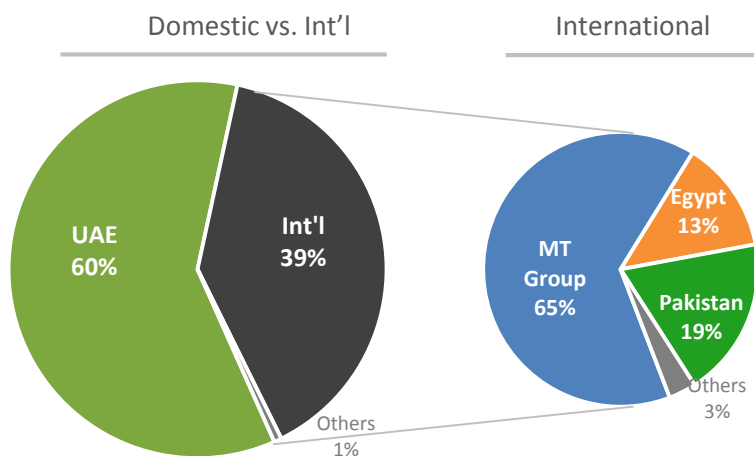
Revenue (AED m) and YoY growth (%)



Sources of Revenue growth Q2 2018 Vs. Q2 2017 (AEDm)



Revenue by Cluster (Q2 2018)



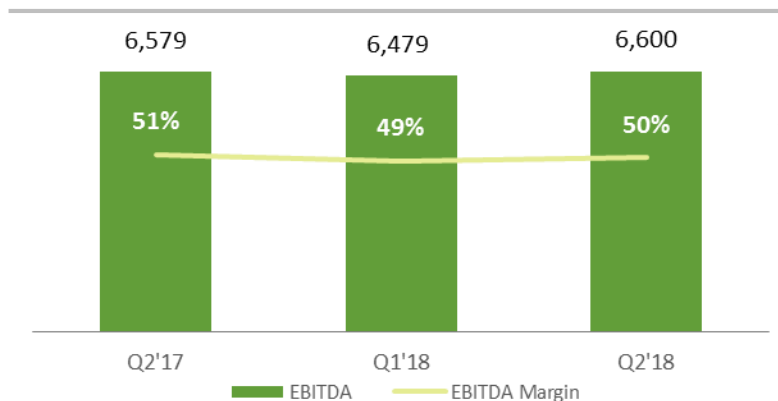
Highlights

- In Q2'18 consolidated revenue increased Y/Y by 2% attributed to domestic and Int'l operations
- Growth in the UAE mainly due to higher Data, TV services, handsets and wholesale revenues
- Revenues from international consolidated operations increased by 6%, resulting in 39% contribution to Group revenues, 1pp higher than prior year
 - Revenue growth in MT Group attributed to strong data growth in Morocco and growth in international operations
 - Revenue growth in Egypt attributed to mobile broadband and national roaming
 - Revenue growth in Pakistan negatively impacted by currency devaluation

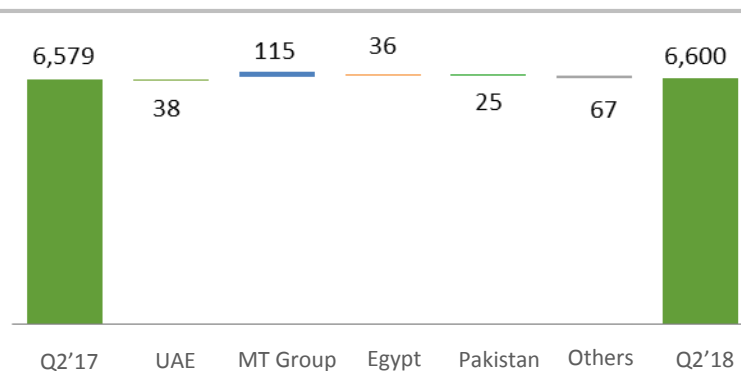
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GROUP EBITDA

EBITDA (AED m) & EBITDA Margin



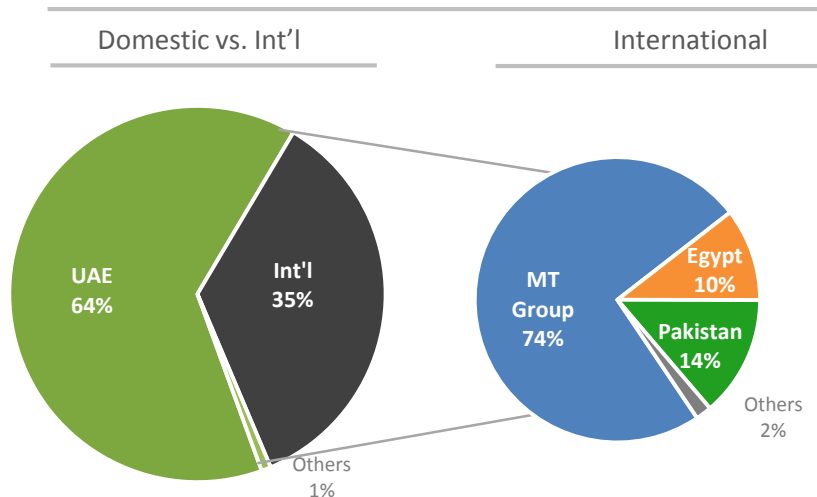
Sources of EBITDA growth – Q2 2018 vs Q2 2017 (AED m)



Highlights

- In Q2'18 consolidated EBITDA was stable at AED 6.6 billion.
- EBITDA in the UAE negatively impacted by higher interconnection and roaming cost, higher network costs and handsets cost.
- EBITDA of consolidated international operations increased Y/Y by 5%, resulting in 35% contribution to Group EBITDA, 1pp higher than prior year:
 - Positive contribution from Maroc Telecom Group attributed to Morocco and international operations
 - Positive contribution from Egypt due to higher revenues
 - Pakistan negatively impacted by currency depreciation

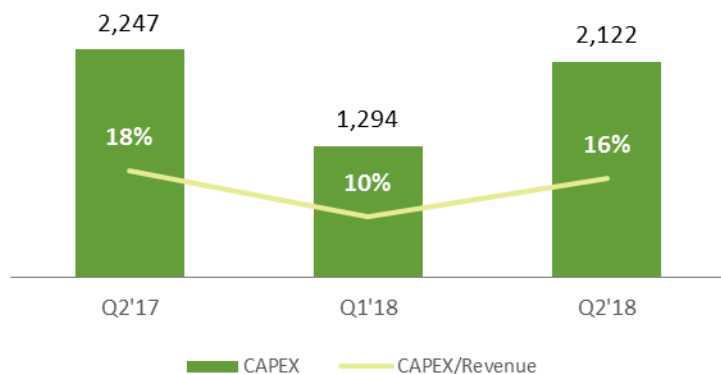
EBITDA by Cluster (Q2 2018)



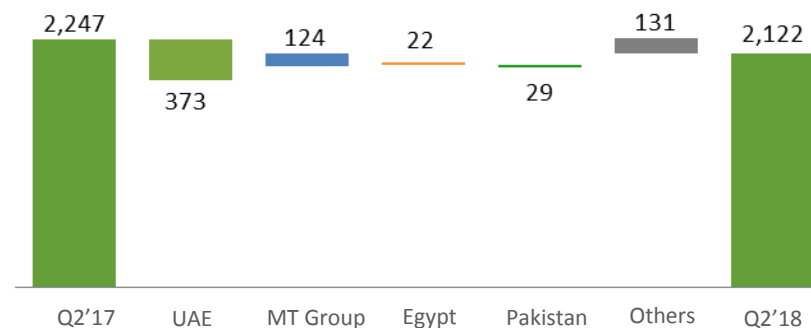
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GROUP CAPEX

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



Sources of Capex growth – Q2 2018 vs Q2 2017 (AED m)



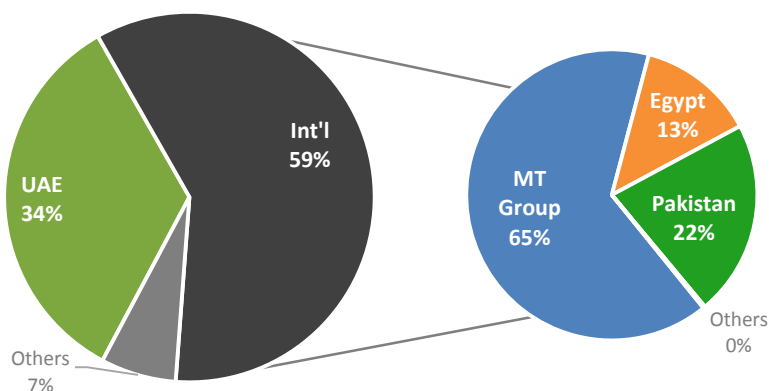
Highlights

- In Q2'18 consolidated capex decreased Y/Y by 6% resulting in Capex / Revenue ratio of 16%
- Lower capital spend in the UAE focused on network maintenance
- Capital expenditure in international operations increased by 9% and contributed 59% of consolidated Group Capex
 - Higher capex in MT Group attributed to network expansion in Int'l markets and 4G license acquisition in Togo
 - Higher capex in Egypt with focus on 4G deployment
 - Capex spend in Pakistan focused on fixed network modernization

CAPEX by Cluster (Q2 2018)

Domestic vs. Int'l

International



(1) Prior period financial figures are restated to reflect IFRS15 adjustments

GROUP BALANCE SHEET & CASH FLOWS

Balance Sheet (AED m)	Dec-17	Jun-18
Cash & bank Balances	27,125	24,167
Total Assets	128,894	124,018
Total Debt	24,705	25,335
Net Cash / (Debt)	2,420	(1,168)
Total Equity	58,206	57,237

Cash flow (AED m)	Jun-17	Jun-18
Operating	6,394	4,412
Investing	(3,842)	(3,109)
Financing	(3,138)	(4,223)
Net change in cash	(586)	(2,921)
<i>Effect of FX rate changes</i>	(49)	(29)
Reclassified as held for sales	8	(9)
Ending cash balance	23,048	24,175

Investment Grade Credit Ratings



AA-/Stable



Moody's

Aa3/Stable

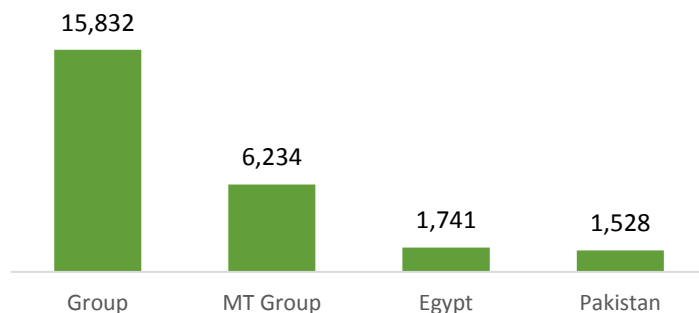
Highlights

- Strong financial position with stable liquidity position
- Insignificant net debt position
- Lower operating cash flow due to changes in working capital
- Higher financing cash flow due to lower net proceeds from borrowings
- High credit ratings affirmed by S&P and Moody's

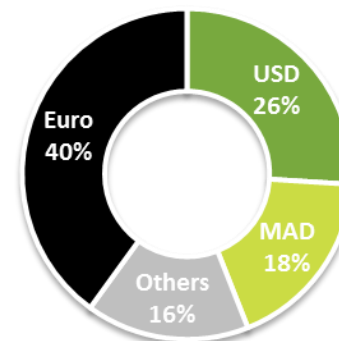
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DEBT PROFILE: DIVERSIFIED DEBT PORTFOLIO

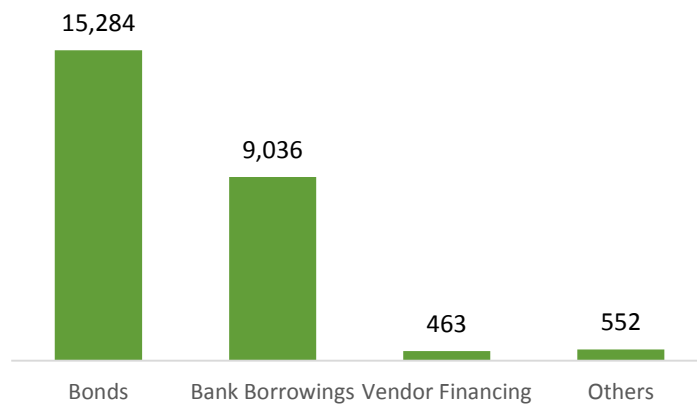
Borrowings by Operation Q2 2018 (AED m)



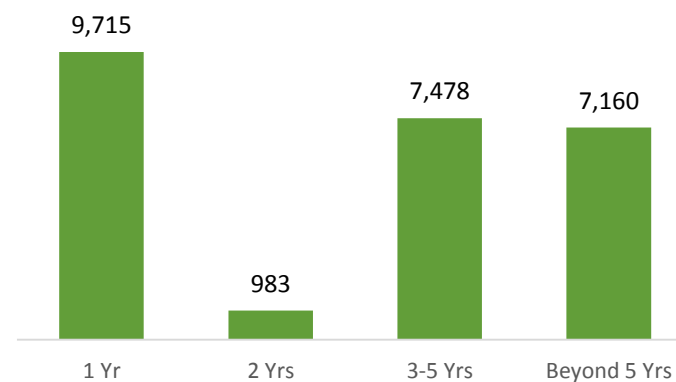
Borrowings by Currency Q2 2018 (%)



Debt by Source Q2 2018 (AED m)

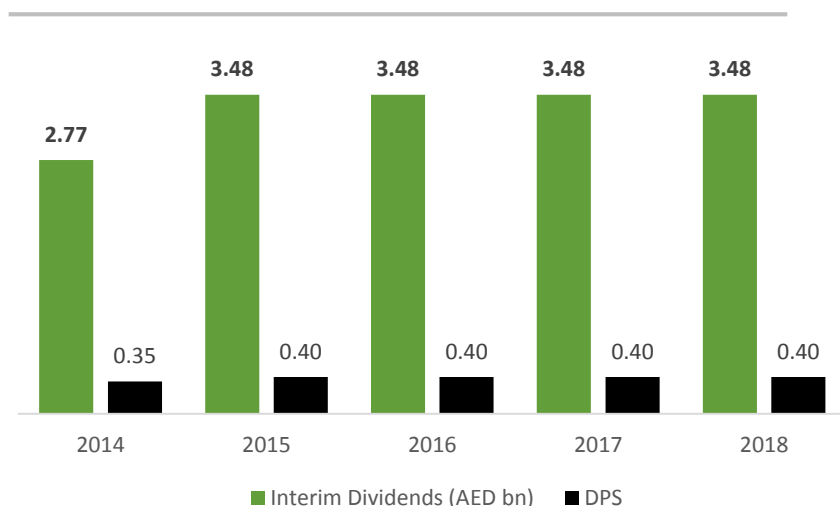


Repayment Schedule Q2 2018 (AED m)

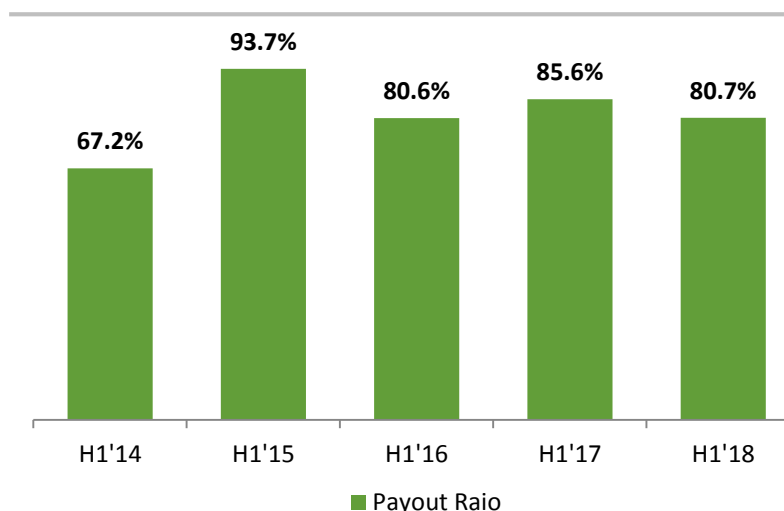


GROUP DIVIDENDS: PROPOSED DPS OF AED 40 FILS FOR H1 2018

Interim Dividends and Dividends Per Share



Interim Dividend Payout Ratio



Interim Dividend & Earnings Per Share (AED)

	H1'14	H1'15	H1'16	H1'17	H1'18
DPS	0.35	0.40	0.40	0.40	0.40
EPS ⁽¹⁾	0.52	0.43	0.50	0.47	0.50

Highlights

Etisalat's Board approved interim dividends of 40 fils per share to be distributed to the shareholders registered in the shareholders' register on 5 August 2018

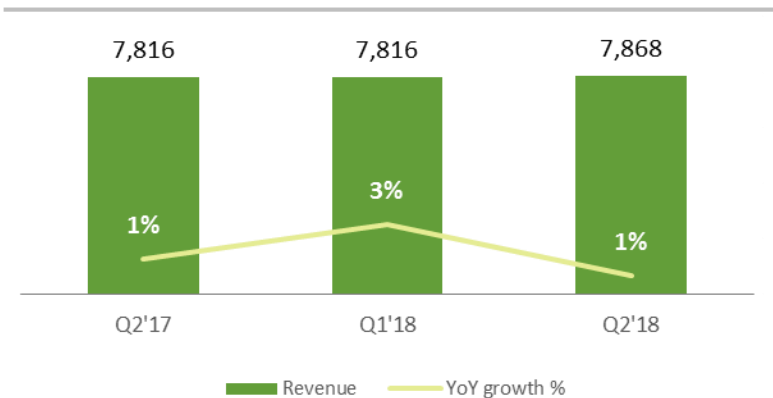
(1) Represents diluted earnings per share

COUNTRY BY COUNTRY FINANCIAL REVIEW

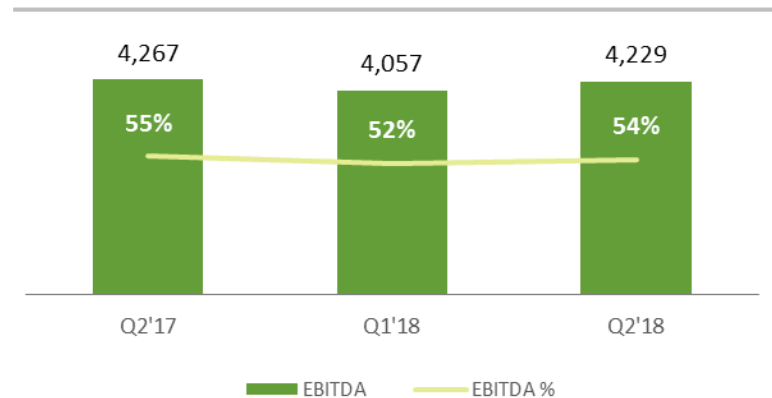


UAE: TOP-LINE AND BOTTOM-LINE GROWTH

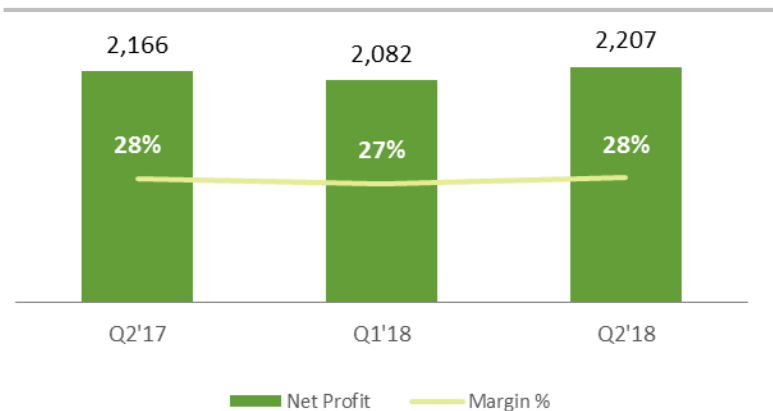
Revenue (AED m) / YoY Growth (%)



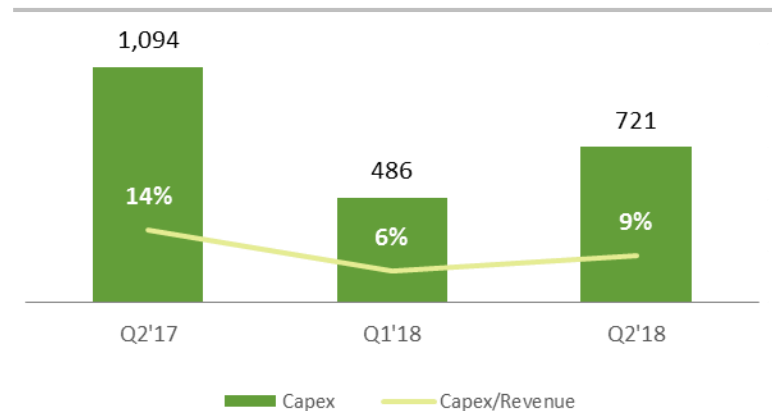
EBITDA (AED m) / EBITDA %



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



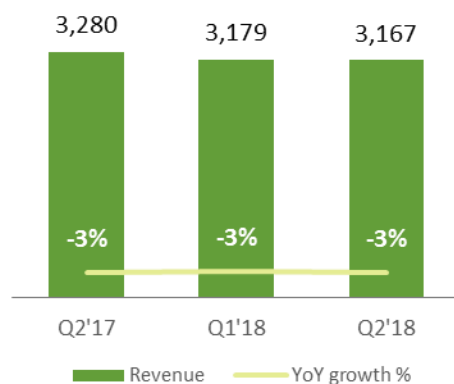
CAPEX (AED m) & CAPEX / Revenue Ratio (%)



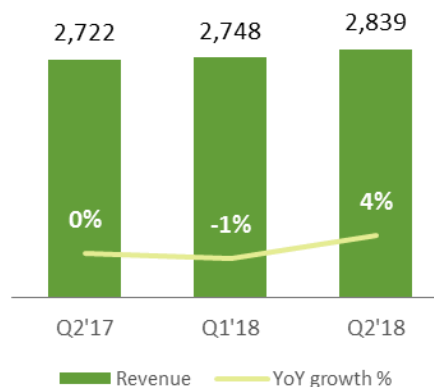
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UAE: REVENUE BREAKDOWN AND KEY KPI'S

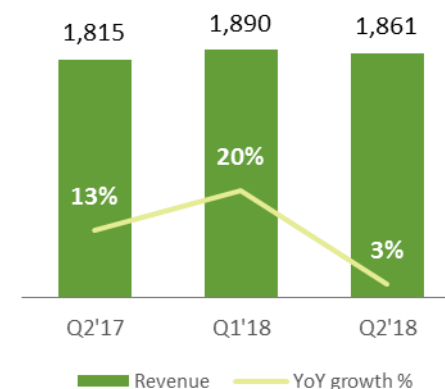
Mobile Revenues⁽¹⁾ (AED m)



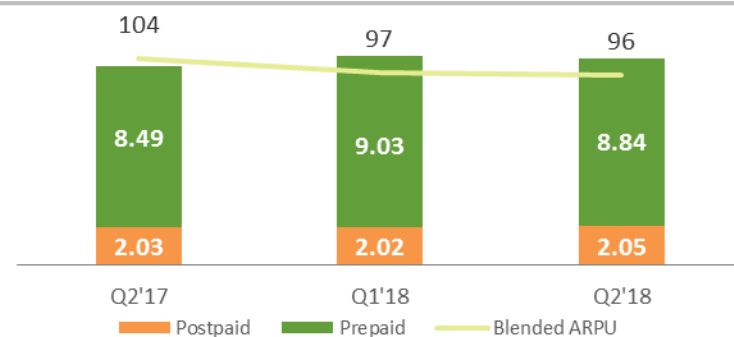
Fixed Revenues⁽²⁾ (AED m)



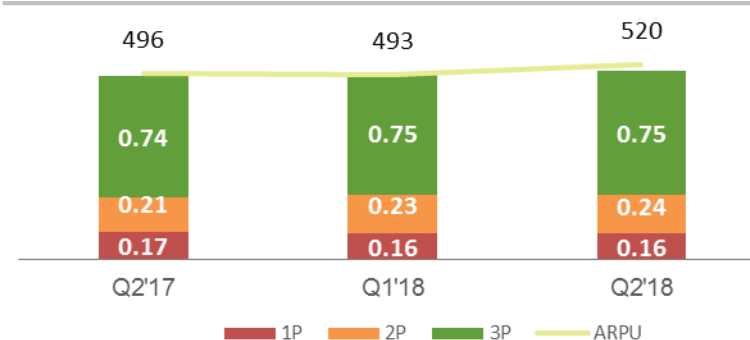
Other Revenues⁽³⁾ (AED m)



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, 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), 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.

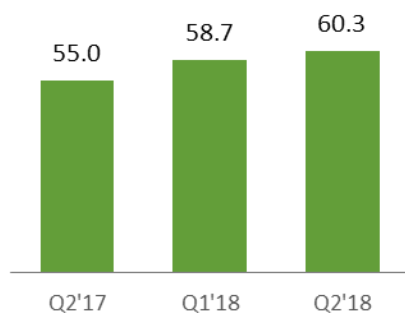
(6) Fixed broadband subscriber numbers calculated as total of residential DSL (Al-Shamil), corporate DSL (Business One) and E-Life subscribers.

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

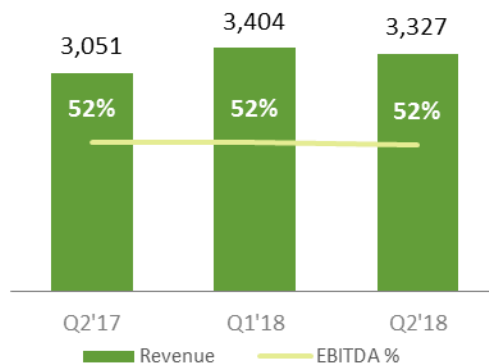
MAROC TELECOM: REVENUE GROWTH FUELED BY MONETIZATION OF DATA

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

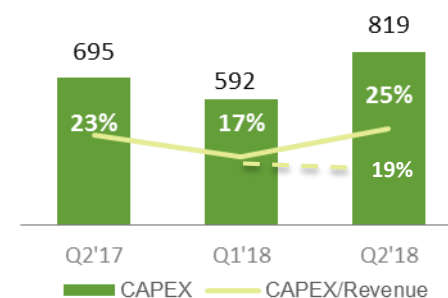
Subscribers (m)



Revenue (AED m) / EBITDA Margin

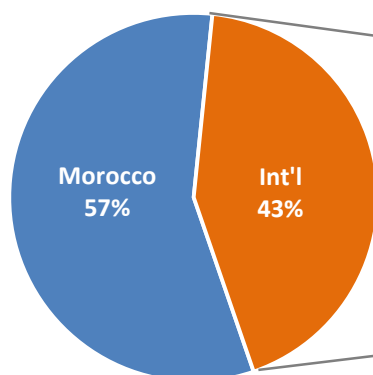


CAPEX (AED m) & CAPEX/Revenue Ratio (%)

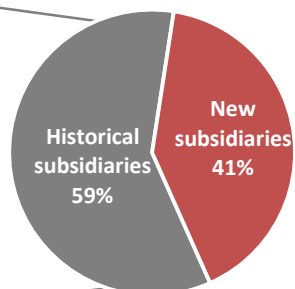


Revenue Breakdown Q2 2018

Domestic vs. Int'l

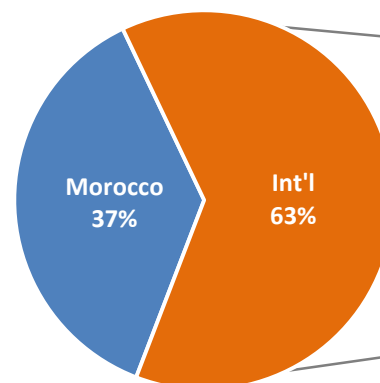


International

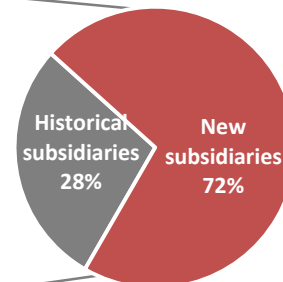


CAPEX Breakdown Q2 2018

Domestic vs. Int'l

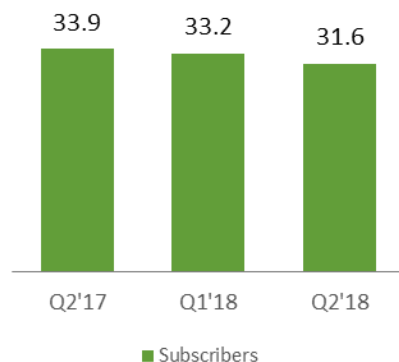


International

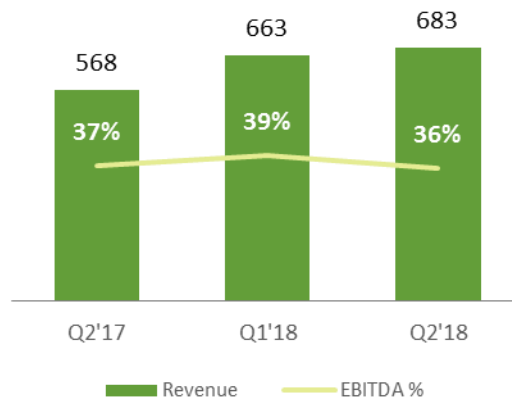


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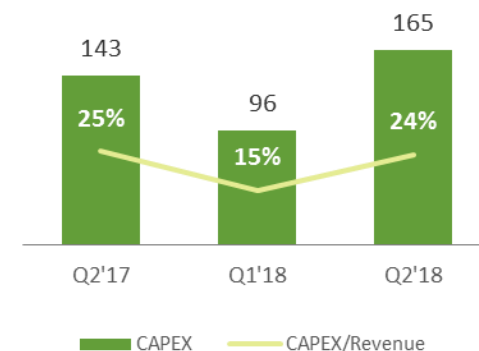
EGYPT: STRONG REVENUE GROWTH WITH HIGHER NETWORK INVESTMENT

Subscribers⁽¹⁾ (m)

Revenue (AED m) / EBITDA



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



HIGHLIGHTS

- Regulatory restriction negatively impacted customer acquisitions
- Y/Y revenue growth attributed to mobile data, voice and national roaming segments
- Y/Y EBITDA growth with relatively stable margin
- Increased capital spending focused on 4G deployment

USD / EGP FX Rate (EGP)

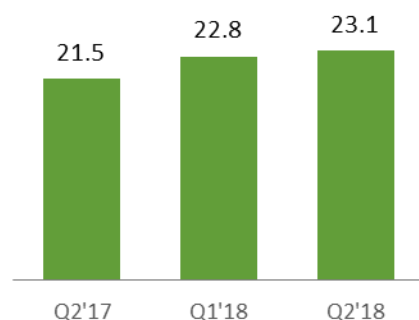


(1) Subscribers figures are based on Etisalat Group definition

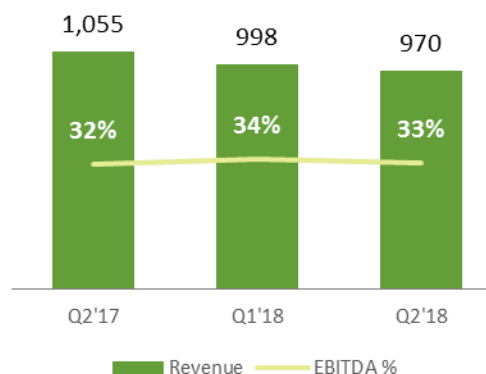
(2) Prior period financial figures are restated to reflect IFRS15 adjustments

PAKISTAN: RESULTS IMPACTED BY CURRENCY DEVALUATION

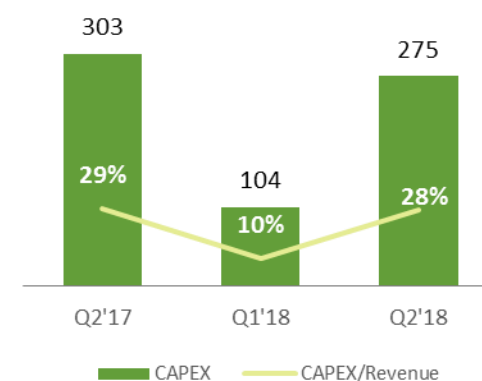
Subscribers (m)



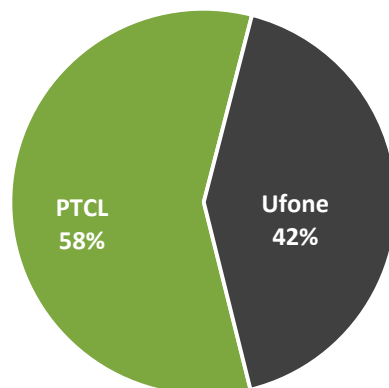
Revenue (AED m) / EBITDA Margin



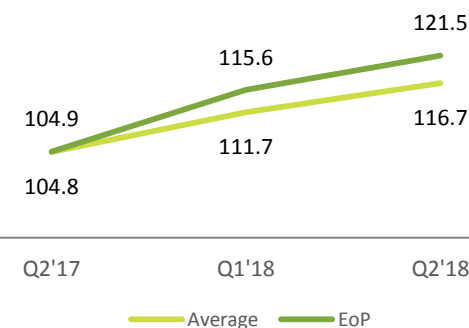
CAPEX (AED m) & CAPEX/Revenue Ratio (%)



REVENUE BREAKDOWN Q2'18



USD / PKR FX Rate (EGP)



2018 ACTUAL AGAINST GUIDANCE: IMPROVING THE FULL YEAR REVENUE GUIDANCE

Financial KPI	Original Guidance 2018 in AED	Revised Guidance 2018 in AED	Actual H1 2018 in AED
Revenue Growth %	Slightly lower	Slightly higher	+3.6%
EBITDA Margin%	49% - 50%	49% - 50%	49.9%
CAPEX / Revenue %	18% - 19%	18% - 19%	13.1%

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**Etisalat's financial and corporate
information in one click**

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