

ETISALAT GROUP

Q3 2018 RESULTS PRESENTATION - ABU DHABI, UAE

25TH OCTOBER 2018

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1. Business Overview

Saleh Al Abdooli
Chief Executive Officer
Etisalat Group

ETISALAT GROUP FINANCIAL HIGHLIGHTS

AED Million	Q3 2018	Growth YoY% ⁽¹⁾	Growth QoQ%	9M 2018	Growth YoY% ⁽¹⁾
Revenue	13,150	+2%	0%	39,354	+3%
EBITDA	6,579	+1%	0%	19,658	+1%
<i>EBITDA Margin</i>	<i>50%</i>	<i>-1pp</i>	<i>0pp</i>	<i>50%</i>	<i>-1pp</i>
Net profit	2,282	-4%	+4%	6,594	+2%
<i>Net profit Margin</i>	<i>17%</i>	<i>-1pp</i>	<i>+1pp</i>	<i>17%</i>	<i>0pp</i>
Capex	1,601	+2%	-25%	5,016	-7%
<i>Capex/Revenue</i>	<i>12%</i>	<i>0pp</i>	<i>-4pp</i>	<i>13%</i>	<i>-1pp</i>

Q3 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 Y/Y negatively impacted by forex losses
- Higher capital expenditure Y/Y attributed mainly to domestic operations.

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

ETISALAT GROUP Q3'18 FINANCIAL HIGHLIGHTS



- Expanding the Group customer base by +3%
- Maintaining revenue and EBITDA growth momentum
- Profitable growth masked by forex losses
- Performing against our revised guidance
- Revising full year capex guidance, improving FCF



- Subscriber growth despite highly commercial and competitive quarter
- Revenue growth benefitted from the company's strategic focus on new revenue streams
- Unfavorable revenue mix effect EBITDA margin
- Continued to transform the Company through simplification and digitalization



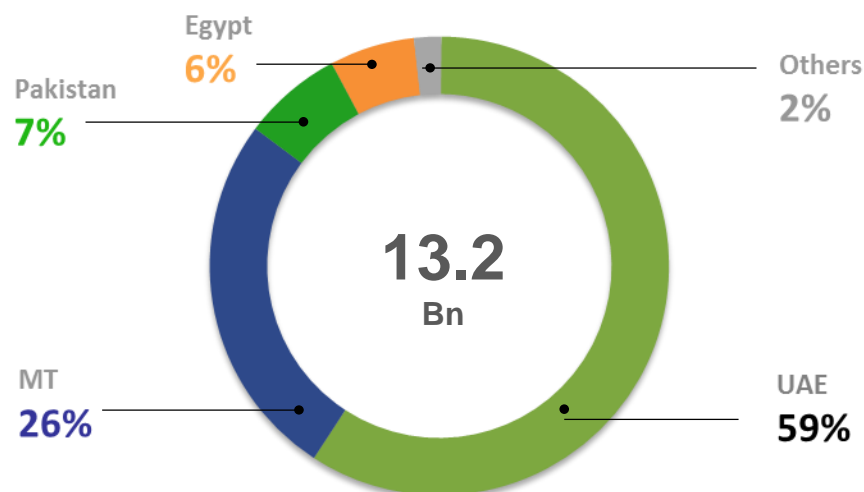
- Revenue growth and margin expansion of Int'l portfolio
- Maroc Telecom Group revenue growth attributed to domestic operation with growth in both mobile and fixed segments
- Etisalat Misr maintained robust revenue growth
- Pakistan operations grew revenue in local currency and delivered the 6th consecutive mobile revenue growth; however facing currency challenges

2. Financial Overview

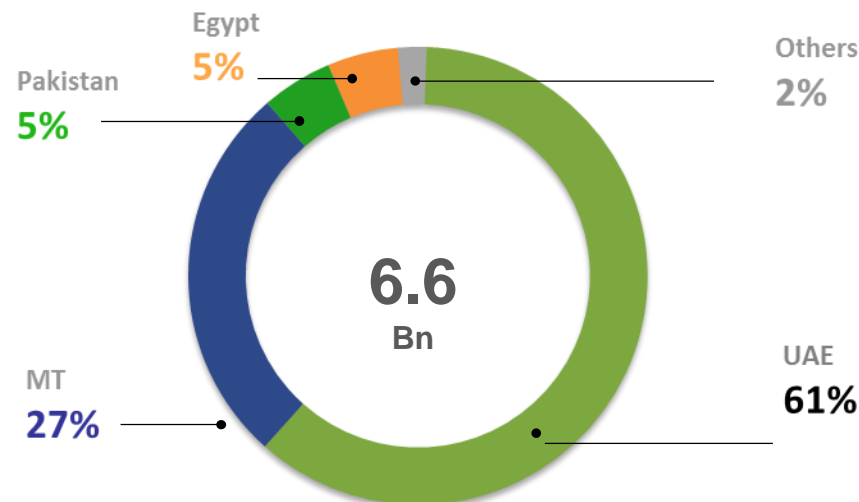
Serkan Okandan
Chief Financial Officer
Etisalat Group

ETISALAT GROUP FINANCIAL HIGHLIGHTS

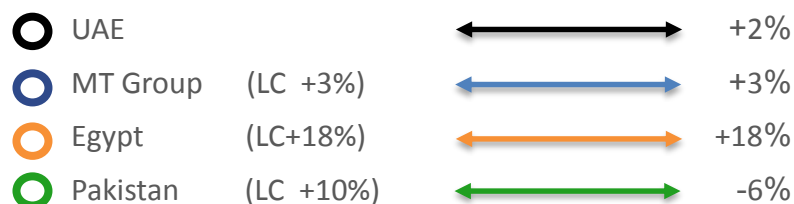
Revenue Breakdown Q3 2018 (AED m)



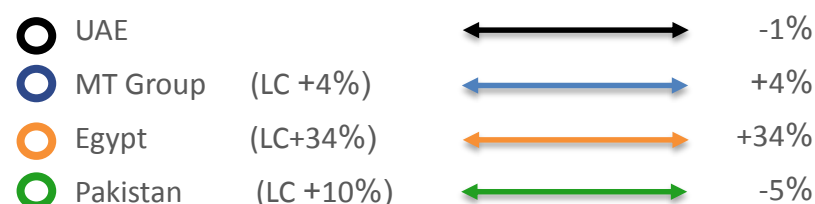
EBITDA Breakdown Q3 2018 (AED m)



YOY Growth +2%



YOY Growth +1%

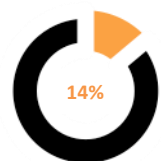
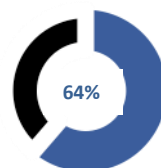
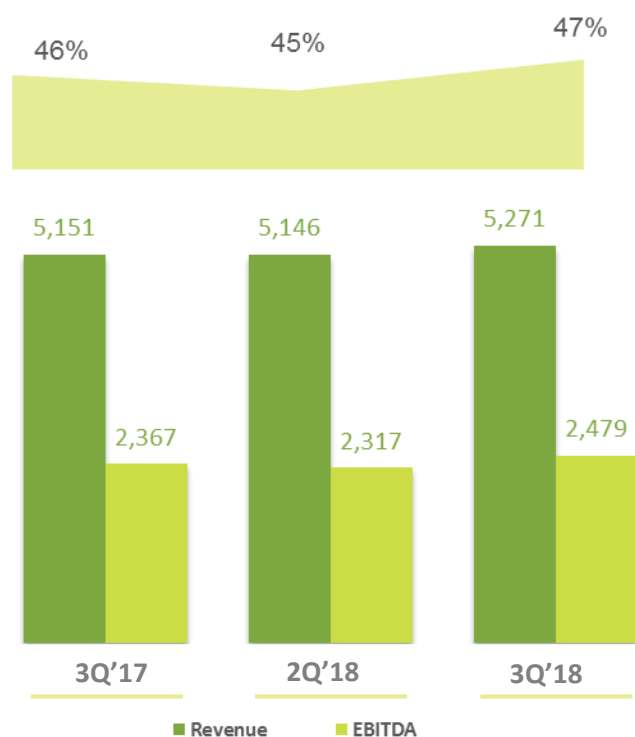


Represents others

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

INT'L OPERATIONS FINANCIAL HIGHLIGHTS Q3 2018

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



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

Maroc Telecom	Q3 2018	Growth in AED	Growth in MAD
Revenue	3,398	+3%	+3%
EBITDA	1,794	+4%	+4%
EBITDA Margin	53%	+1pp	+1pp

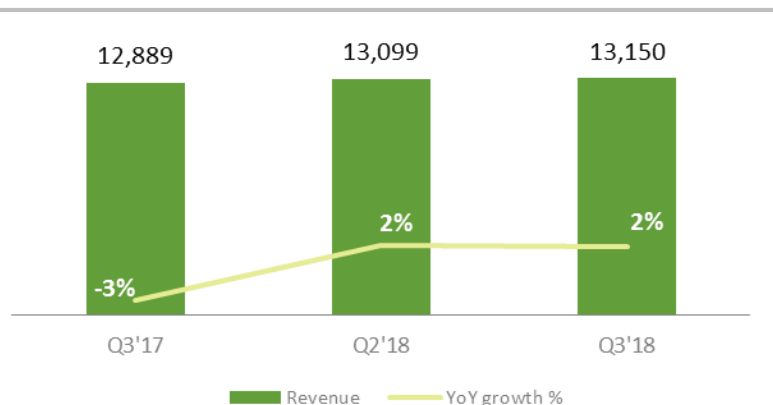
Etisalat Misr	Q3 2018	Growth in AED	Growth in EGP
Revenue	729	+18%	+18%
EBITDA	325	+34%	+34%
EBITDA Margin	45%	+5pp	+5pp

Pakistan	Q3 2018	Growth in AED	Growth in PKR
Revenue	978	-6%	+10%
EBITDA	328	-5%	+10%
EBITDA Margin	33%	0pp	0pp

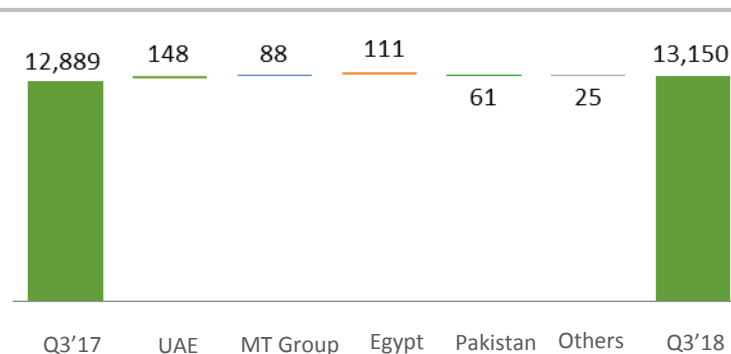
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GROUP REVENUE

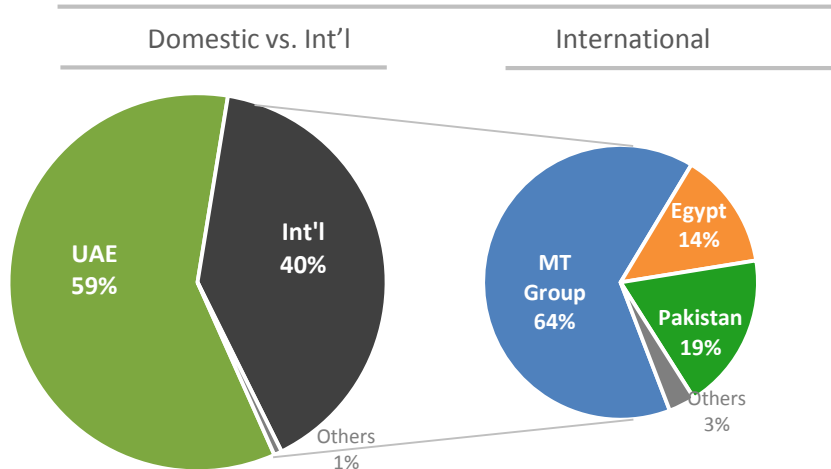
Revenue (AED m) and YoY growth (%)



Sources of Revenue growth Q3 2018 Vs. Q3 2017 (AEDm)



Revenue by Cluster (Q3 2018)



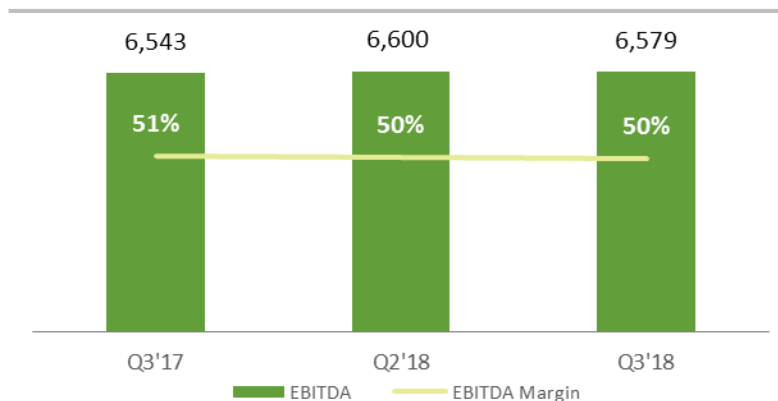
Highlights

- In Q3'18 consolidated revenue increased Y/Y by 2% attributed to domestic and Int'l operations
- Growth in the UAE mainly due to higher TV services, handsets and wholesale revenues
- Revenues from international consolidated operations increased by 2%, resulting in 40% contribution to Group revenues:
 - Revenue growth in MT Group attributed to strong data growth in Moroccan operations
 - Revenue growth in Egypt attributed to voice, mobile broadband and national roaming
 - Revenue growth in Pakistan negatively impacted by currency devaluation while grew in local currency

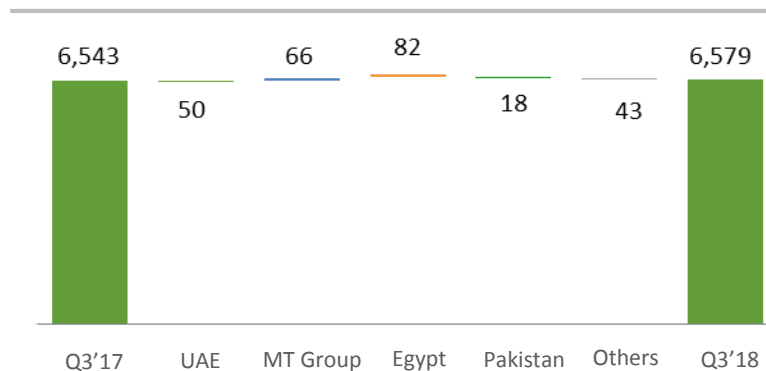
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GROUP EBITDA

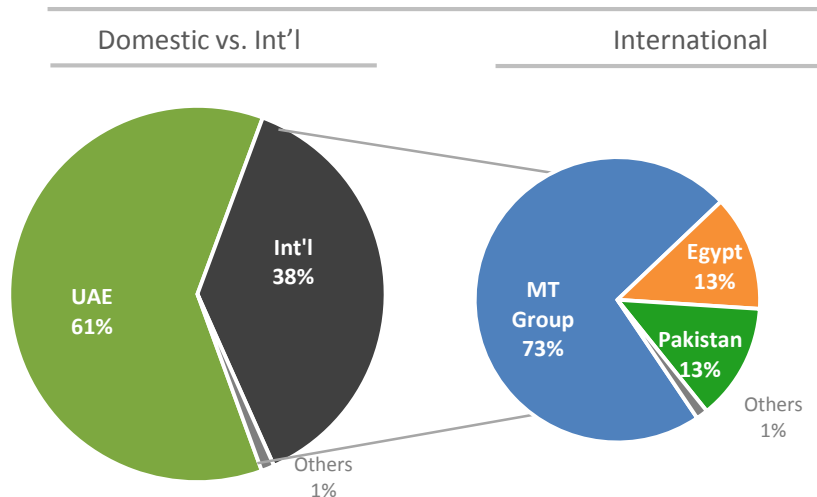
EBITDA (AED m) & EBITDA Margin



Sources of EBITDA growth – Q3 2018 vs Q3 2017 (AED m)



EBITDA by Cluster (Q3 2018)



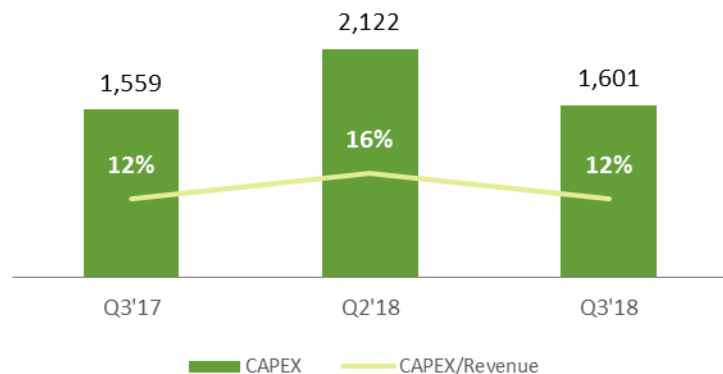
Highlights

- In Q3'18 consolidated EBITDA increased Y/Y by 1% to 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 38% contribution to Group EBITDA, 2pp higher than prior year:
 - Positive contribution from Maroc Telecom Group attributed to Moroccan operations
 - Positive contribution from Egypt due to higher revenues
 - Negative contribution from Pakistan impacted by currency devaluation while grew in local currency

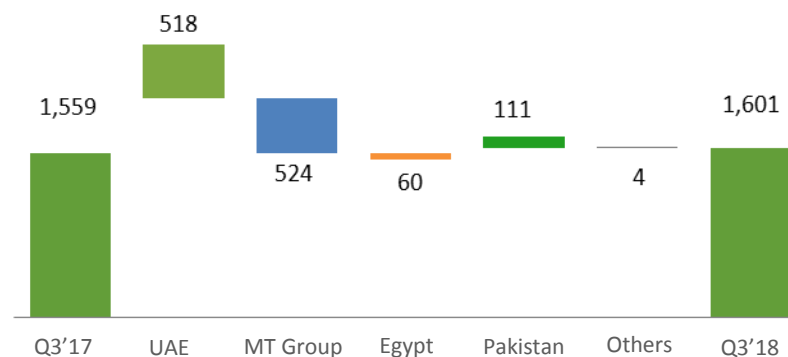
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GROUP CAPEX

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



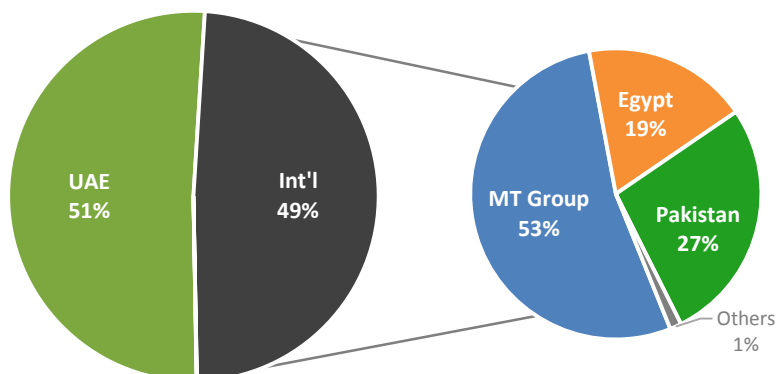
Sources of Capex growth – Q3 2018 vs Q3 2017 (AED m)



CAPEX by Cluster (Q3 2018)

Domestic vs. Int'l

International



Highlights

- In Q3'18 consolidated capex increased Y/Y by 2% resulting in Capex / Revenue ratio of 12%
- Higher capital spend in the UAE focused on building network capabilities and maintenance
- Capital expenditure in international operations decreased by 38% and contributed 49% of consolidated Group Capex
 - Lower capex in MT Group attributed to both domestic and int'l operations
 - Lower capex in Egypt with focus on network capacity
 - Higher capex spend in Pakistan focused on fixed network modernization

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

GROUP BALANCE SHEET & CASH FLOWS

Balance Sheet (AED m)	Dec-17	Sep-18
Cash & bank Balances	27,125	24,254
Total Assets	128,894	124,212
Total Debt	24,705	24,348
Net Cash / (Debt)	2,420	(95)
Total Equity	58,206	56,423

Cash flow (AED m)	Sep-17	Sep-18
Operating	13,152	10,743
Investing	(5,136)	(4,603)
Financing	(8,233)	(9,096)
Net change in cash	(217)	(2,956)
Effect of FX rate changes	(188)	118
Reclassified as held for sales	8	(33)
Ending cash balance	23,280	24,254

Investment Grade Credit Ratings



AA-/Stable



Moody's

Aa3/Stable

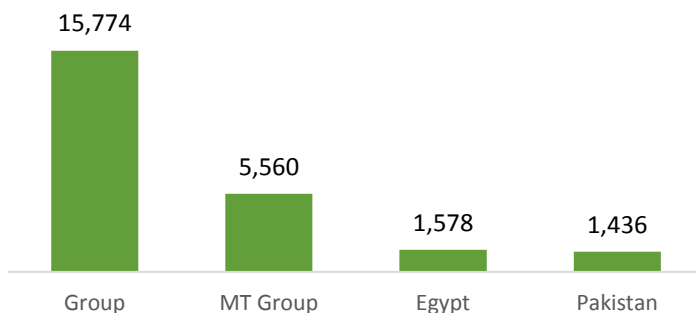
Highlights

- Strong liquidity position with minor net debt position
- Lower operating cash flow due to changes in working capital
- Higher financing cash flow due to repayments of borrowings

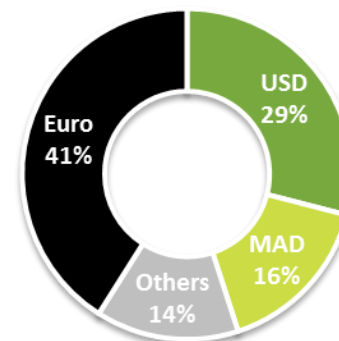
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DEBT PROFILE: DIVERSIFIED DEBT PORTFOLIO

Borrowings by Operation Q3 2018 (AED m)



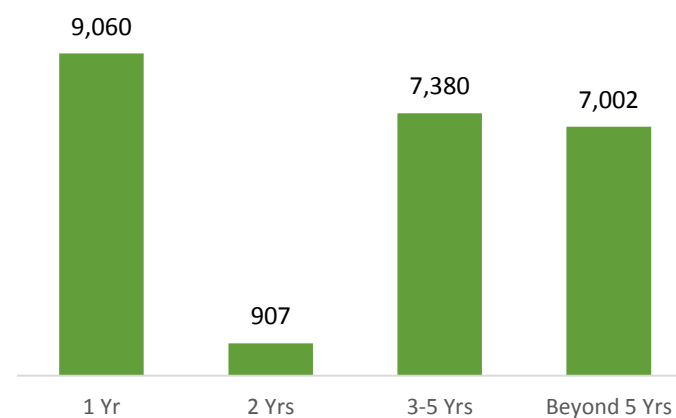
Borrowings by Currency Q3 2018 (%)



Debt by Source Q3 2018 (AED m)



Repayment Schedule Q3 2018 (AED m)

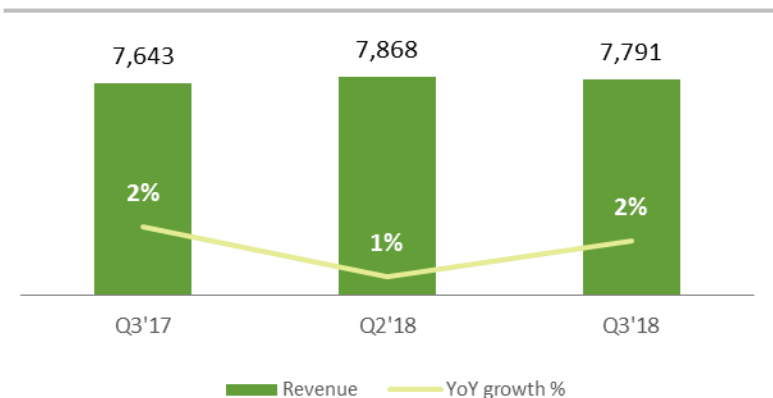


COUNTRY BY COUNTRY FINANCIAL REVIEW

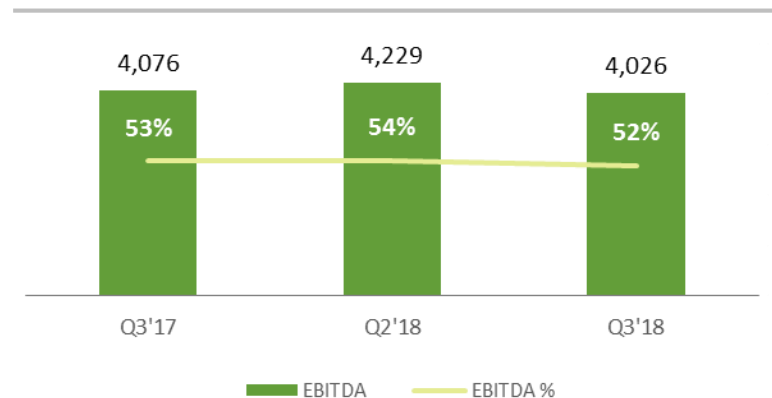


UAE: RESILIENT FINANCIAL PERFORMANCE WHILE SUMMER SEASONALITY IMPACTING SEQUENTIAL RESULTS

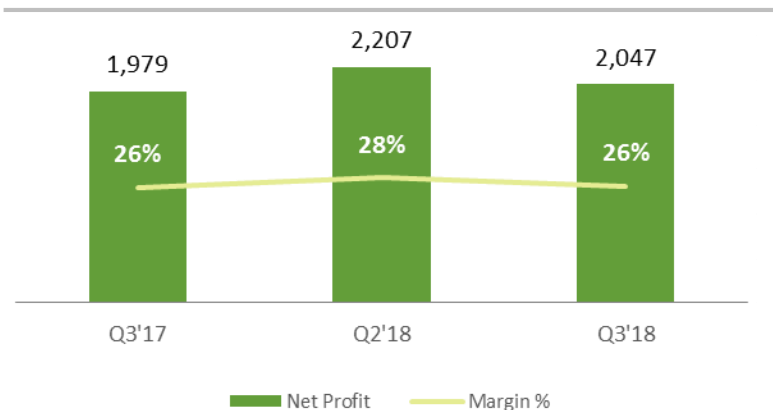
Revenue (AED m) / YoY Growth (%)



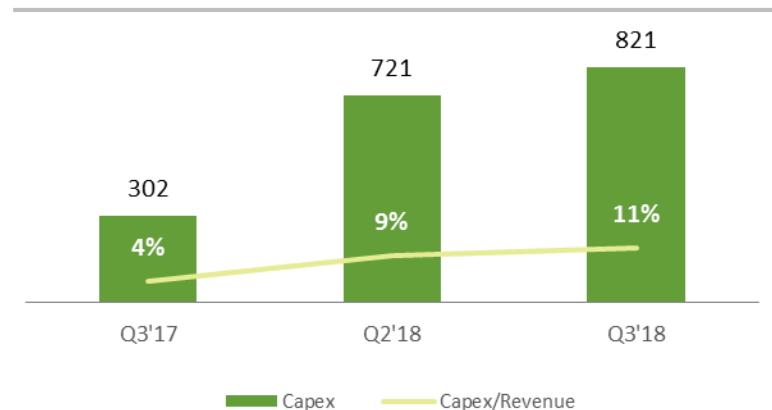
EBITDA (AED m) / EBITDA %



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



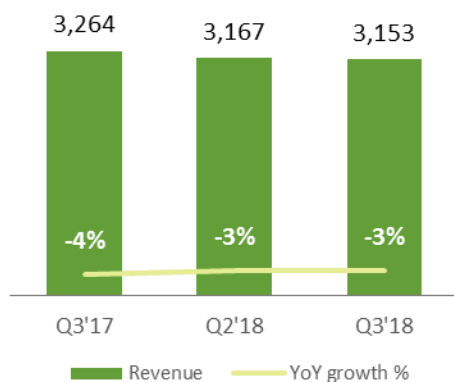
CAPEX (AED m) & CAPEX / Revenue Ratio (%)



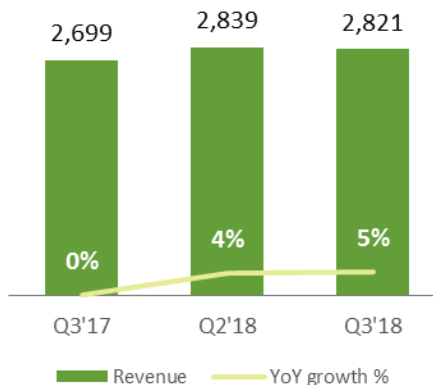
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UAE: REVENUE BREAKDOWN AND KEY KPI'S

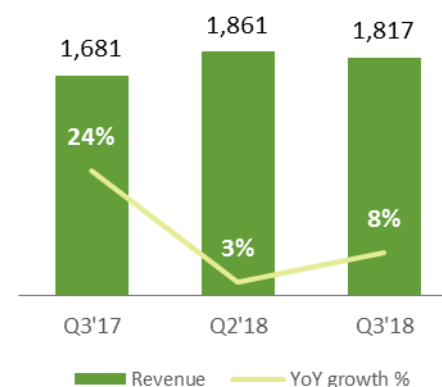
Mobile Revenues⁽¹⁾ (AED m)



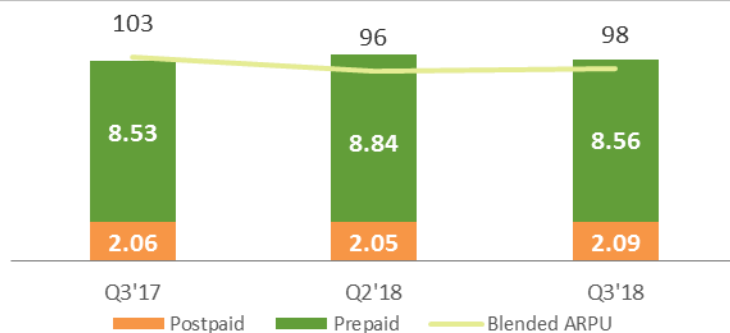
Fixed Revenues⁽²⁾ (AED m)



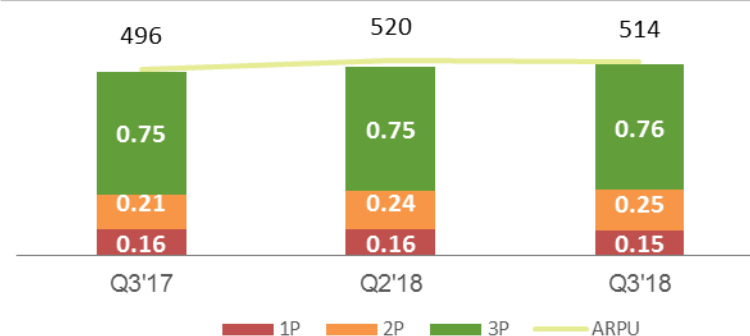
Other Revenues⁽³⁾ (AED m)



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 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.

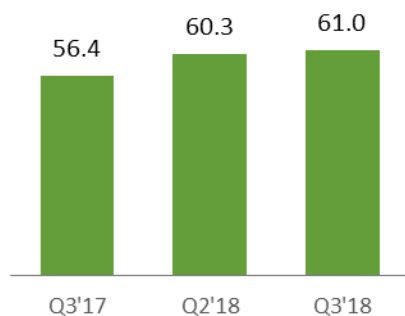
(6) Fixed broadband subscriber numbers calculated as total of residential DSL (Al-Shamil), corporate DSL (Business One) and E-Life subscribers.

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

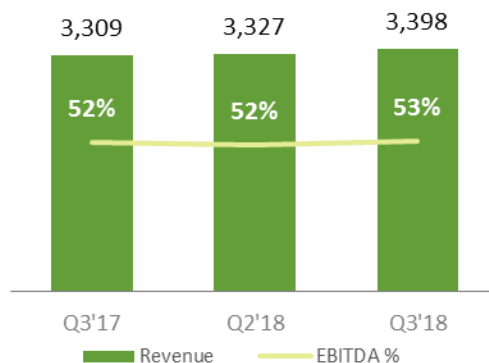
MAROC TELECOM: PROFITABLE GROWTH FUELED BY MONETIZATION OF DATA

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

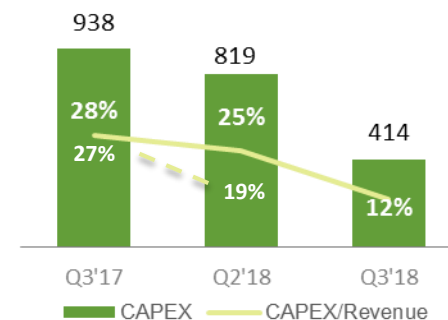
Subscribers (m)



Revenue (AED m) / EBITDA Margin

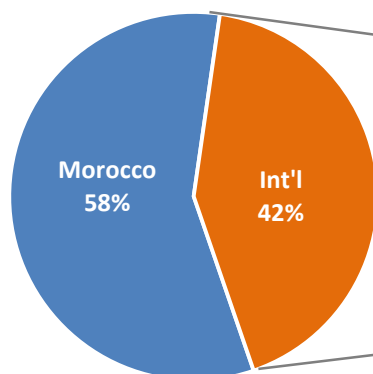


CAPEX (AED m) & CAPEX/Revenue Ratio (%)

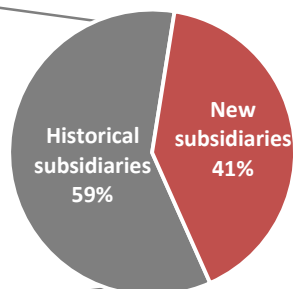


Revenue Breakdown Q3 2018

Domestic vs. Int'l

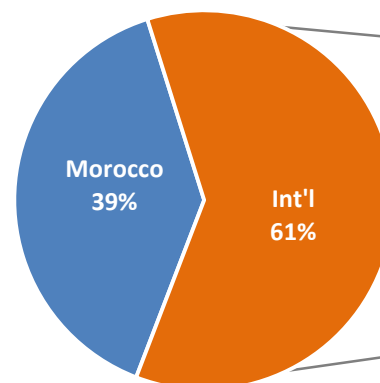


International

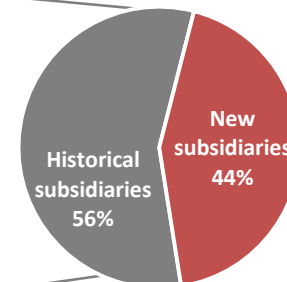


CAPEX Breakdown Q3 2018

Domestic vs. Int'l

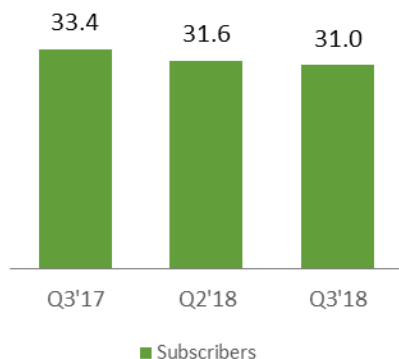


International

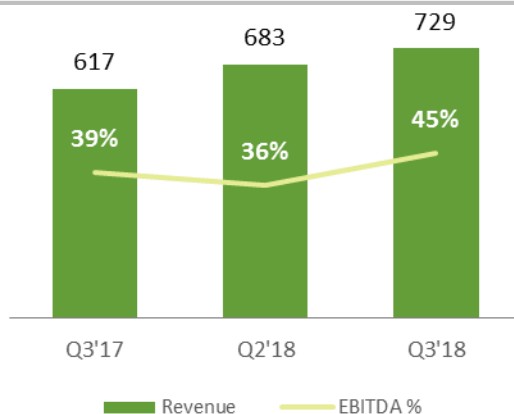


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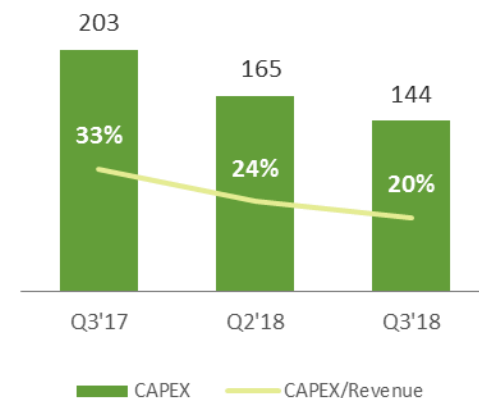
EGYPT: MAINTAINING GROWTH MOMENTUM WITH IMPROVED MARGINS

Subscribers⁽¹⁾ (m)

Revenue (AED m) / EBITDA



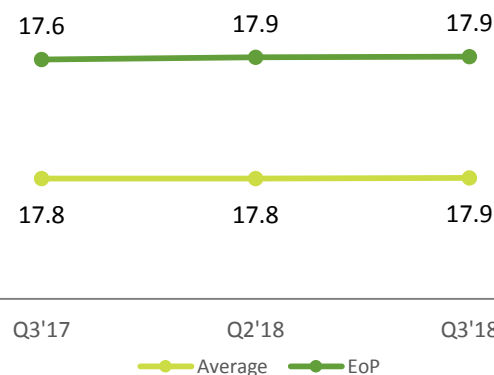
CAPEX (AED m) & CAPEX/Revenue Ratio (%)



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 higher margin
- Capital spending focused on network capacity and 4G deployment

USD / EGP FX Rate (EGP)

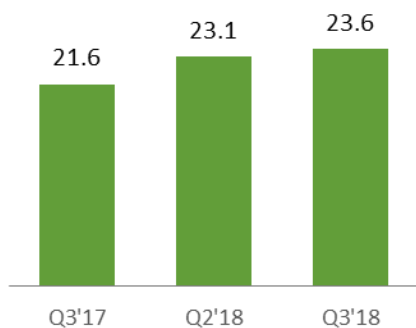


(1) Subscribers figures are based on Etisalat Group definition

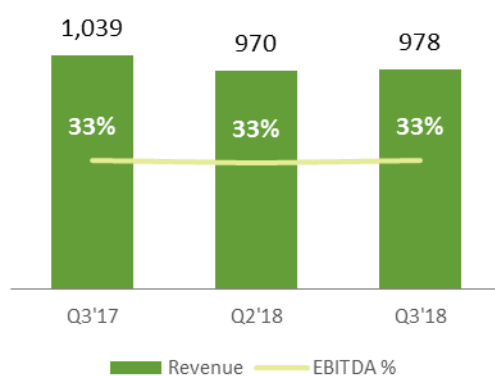
(2) Prior period financial figures are restated to reflect IFRS15 adjustments

PAKISTAN: GROWTH IN LOCAL CURRENCY WITH STABLE MARGINS

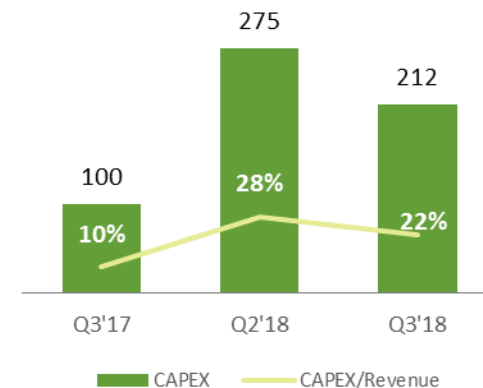
Subscribers (m)



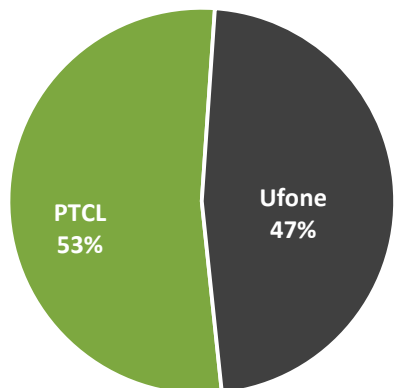
Revenue (AED m) / EBITDA Margin



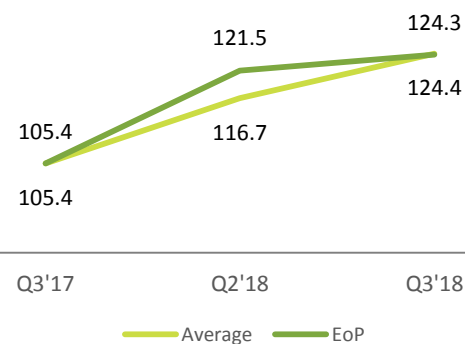
CAPEX (AED m) & CAPEX/Revenue Ratio (%)



REVENUE BREAKDOWN Q3'18



USD / PKR FX Rate (EGP)



2018 ACTUAL AGAINST GUIDANCE: IMPROVING THE FULL YEAR CAPEX GUIDANCE

Financial KPI	Original Guidance 2018 in AED	Revised Guidance 2018 in AED	Actual 9M 2018 in AED
Revenue Growth %	Slightly lower	Slightly higher	+3.1%
EBITDA Margin%	49% - 50%	49% - 50%	50.0%
CAPEX / Revenue %	18% - 19%	15.5% - 16.5%	12.7%

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

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

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