EMIRATES TELECOMMUNICATIONS
GROUP COMPANY PJSC
'ETISALAT GROUP'

EARNINGS RELEASE
2ND QUARTER 2019

23 JULY 2019

INVESTOR RELATIONS
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FINANCIAL HIGHLIGHTS FOR Q2 2019

- Aggregate subscriber base stood at 143 million, representing a year over year increase of 2%;
- Consolidated revenue amounted to AED 12.9 billion, representing a decrease of 2% year over year; At constant exchange rates, revenue increased year over year by 1%;
- Consolidated EBITDA totaled AED 6.7 billion, representing an increase of 2% year over year and resulting in EBITDA margin of 52%, 2 percentage points higher than the prior year. At constant exchange rates, EBITDA increased year over year by 4%;
- Consolidated net profit after Federal Royalty amounted to AED 2.2 billion, representing an increase of 1% year over year and resulting in a net profit margin of 17%, 1 percentage point higher than the prior year;
- Consolidated capital spending decreased by 32% to AED 1.4 billion, representing 11% of the consolidated revenues; and
- Etisalat Group's Board of Directors proposed interim dividends payout of 40 fils per share for the first half of 2019.

KEY DEVELOPMENTS IN Q2 2019

- Etisalat and Noor Bank jointly launched eWallet, a new mobile digital payment service;
- Etisalat enabled 5G network inside Abu Dhabi's new international airport to become the first airport in the region with 5G coverage allowing speeds of up to 1Gbps;
- Etisalat launched first smartphones supporting 5G network in the MENA region;
- Etisalat launched UAE's first cloud gaming service to deliver high-quality cloud-based games on its eLife TV;
- Etisalat collaborated with Microsoft as its strategic partner, to provide government entities, large enterprises, and small and medium enterprises with state of the art digital transformative solutions;
- Maroc Telecom completed the acquisition of 100% ownership of Tigo Chad; and
- Onatel launched 4G services in Burkina Faso.

STATEMENT FROM EISSA MOHAMED AL SUWAIDI, CHAIRMAN OF ETISALAT GROUP

"Etisalat's performance in the first half of the year is a testimony of its regional leadership in the telecom sector. We have remained focused on our core business while demonstrating agility to transform and lead in the digital space driven by our bold vision 'To Drive the Digital Future to empower societies'.

The launch of the first 5G network in the region is a major achievement as it opens up massive opportunities and adds value to both our customers and shareholders, it will help fast-track new innovative digital services. We have recently launched our mobile digital payment banking service e-Wallet, which is a solid step towards achieving the smart vision of UAE and is in line with country's overall objectives to achieve digital transformation.

Etisalat is thankful to the visionary leaders of United Arab Emirates for their continuous support of the telecom sector and the management team for staying committed and focused to achieve our digital ambitions. We thank all our customers and shareholders for the continuous motivation that helped spark growth, contribute to our success, transformation and innovate boldly to make an impact in the near future."

STATEMENT FROM SALEH AL ABDOOLI, CEO OF ETISALAT GROUP

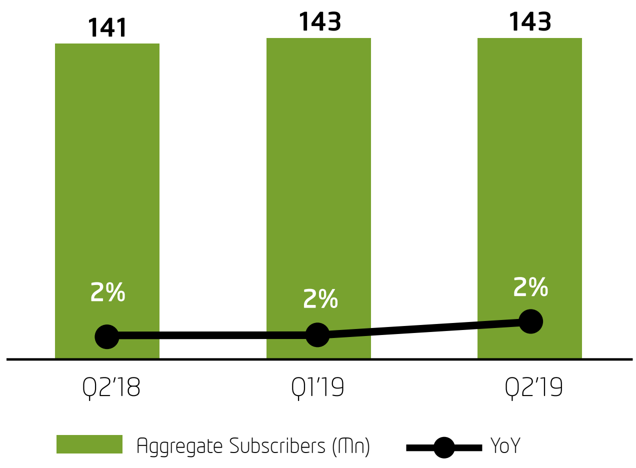
"Etisalat Group's solid financial performance in the first half of 2019 is a result of our sincere efforts in building and investing in future networks while focusing on enabling innovation, and accelerating digital transformation across our operations.

While Expo 2020 was the first major commercial customer in MEASA to partner with Etisalat on 5G, Etisalat remains proud of its accomplishments as the first telecom operator to launch the first commercial 5G network in MENA. Through our network rollout and the pioneering launch of the first 5G handset in the MENA, we managed to provide our UAE customers with an opportunity to experience the power of 5G technology before many others. We have also empowered visitors at Abu Dhabi international airport with indoor ultra-high speed 5G connectivity, making it the first airport in the region with 5G coverage.

These breakthrough achievements were only possible due to sincere commitment and focused efforts on key strategic priorities that would enable a smarter digital future, transform the ecosystem and open up opportunities to engage with business and customers in new ways. 5G will forever change the way we work and live by bringing positive impact on societies, industries and economies.

Etisalat remains grateful to the country's leadership for their continuous support, thankful to our customers who are at the heart of everything we do and our shareholders for their constant encouragement, our focus will be to continue investments in futuristic solutions and next generation technologies to deliver the best-in-class services and solutions."

SUBSCRIBERS



Etisalat Group aggregate subscribers as at 30 June 2019 was 143 million reflecting a net addition of 2.5 million during the last 12 month period, due to strong subscriber growth in Morocco, Pakistan, Saudi Arabia, Mauritania, Burkina Faso, Ivory Coast, Togo and Niger. Quarter over quarter subscriber base increased by 1%.

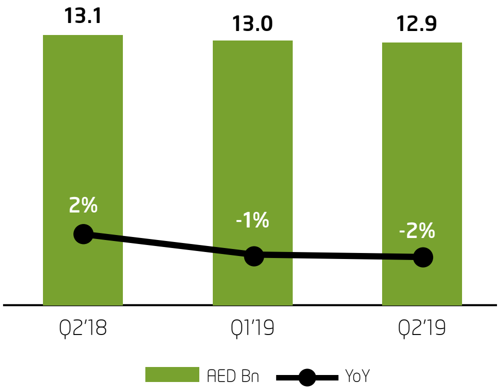
In the UAE, the subscriber base dropped to 12.4 million subscribers in the second quarter of 2019 representing a year on year decline of 3% while quarter over quarter declined by 1%. The mobile subscriber base declined year on year by 3% to 10.6 million subscribers representing a net reduction of 0.3 million subscribers, of which 0.4 million was prepaid while the postpaid segment increased by 0.1 million subscribers. eLife segment continued to drive consistent growth with 3% year on year increase to over 1 million subscribers. Total broadband segment grew by 2% year on year to 1.2 million subscribers.

For Maroc Telecom, the subscriber base reached 62.7 million subscribers as at 30 June 2019, representing a year over year growth of 4%. This growth is mainly attributable to the operations in Morocco, Mauritania, Burkina Faso, Ivory Coast, Togo and Niger.

In Egypt, subscriber base decreased by 7% year over year and by 2% quarter over quarter to 26.6 million mainly due to the regulatory restrictions on subscriber acquisitions through indirect channels.

In Pakistan, subscriber base increased by 9% year over year and 1% quarter over quarter to 25.2 million. This increase is attributed to the mobile segment.

REVENUE



Etisalat Group's consolidated revenue for the second quarter of 2019 amounted to AED 12.9 billion, representing a decrease of 2% in comparison to the same period last year and a decrease of 1% quarter over quarter. The year over year performance was impacted by UAE operation and unfavourable exchange rate movements in the Pakistani Rupee and Moroccan Dirham against the AED. At constant exchange rates, revenue increased year over year by 2%.

In the UAE, revenue in the second quarter decreased year on year by 1% to AED 7.8 billion mostly attributed to decline in mobile prepaid segment and handset sales impacted by increase in competition in the market and weaker macro environment. Quarter over quarter revenue also decreased by 1% mostly attributed to increased promotional activities, Ramadan impact and lower terminal sales.

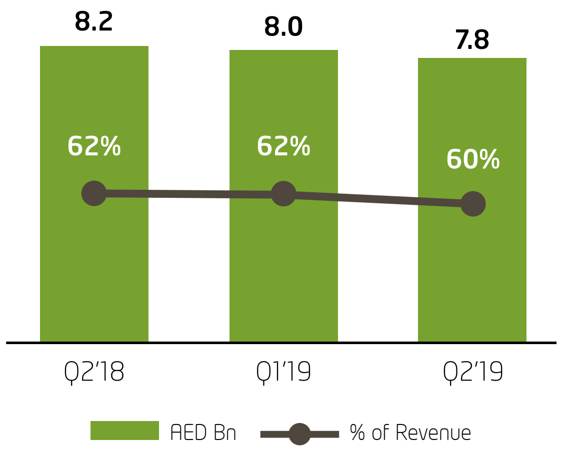
Revenues of International consolidated operations for the second quarter of 2019 decreased year over year by 3% to AED 5.0 billion. This is mainly due to unfavourable exchange rate movements in Pakistani Rupees and Moroccan Dirham as well as a more competitive environment in the international operations of Maroc Telecom Group. At constant exchange rates, revenues from International operations grew year over year by 3%. Revenues from International operations represented 39% of Group consolidated revenue.

Maroc Telecom consolidated revenue for the second quarter of 2019 amounted to AED 3.2 billion representing a year over year decrease of 4% mostly attributed to currency devaluation. In Moroccan Dirham revenue decreased year over year by 0.6%. In Morocco, revenue increased year over year in local currency by 0.4% attributed to 2% growth in mobile segment due to increase in mobile subscriber base by 3% and mobile data revenue by 21%. However, this was partially diluted by 1.8% decline in the fixed segment attributed to decline in revenues from international transit. Revenue from international operations decreased year over year by 4% in Moroccan Dirham, resulting in 42% contribution to Maroc Telecom Group's consolidated revenue. This decline is attributed to increase in competition, lower mobile termination rates and lower incoming international traffic in few countries.

In Egypt, revenue for the second quarter of 2019 was AED 0.8 billion, an increase of 21% year on year and 9% quarter over quarter. Second quarter year on year growth is mostly attributed to mobile data and increased penetration in the postpaid segment as well as increased international incoming call rates.

In Pakistan, revenue for the second quarter decreased by 16% to AED 0.8 billion as compared to the same period in 2018 and decreased by 7% as compared to the previous quarter. Revenue growth is impacted by unfavourable exchange rate movements of Pakistani Rupee against AED. In local currency, revenue growth for the quarter is 6% mainly attributed to mobile segment that grew by 12% driven by an increase in subscriber base and data usage in addition to revenue growth in fixed broadband, corporate segment and Ubank revenues.

OPERATING EXPENSES



Etisalat Group has adopted "IFRS 16 Leases" using the modified retrospective approach effective from 1 January 2019 and accordingly the comparative figures have not been restated. Further details about Etisalat's accounting treatment under IFRS 16 is included in the significant Accounting Policy section of the financial report.

Consolidated operating expenses for the second quarter of 2019 was AED 7.8 billion, a decrease of 5% from the same quarter of the previous year and a decrease of 3% as compared to the first quarter of 2019. The year over year decrease is attributed to lower cost of sales, lower depreciation expenses, lower operating lease rentals and lower foreign exchange loss. Key components of operating expenses are:

- Direct cost of Sales decreased year over year by 7% to AED 3.0 billion in the second quarter of 2019, while decreased by 4% quarter over quarter. As a percentage of revenue, direct cost of sales declined by 1 percentage point in the second quarter to 23%.

- Staff expenses decreased by 1% to AED 1.2 billion for the second quarter of 2019 as compared to the same period of last year and by 2% quarter over quarter. As a percentage of revenue, staff costs remained flat at 9% in the second quarter.

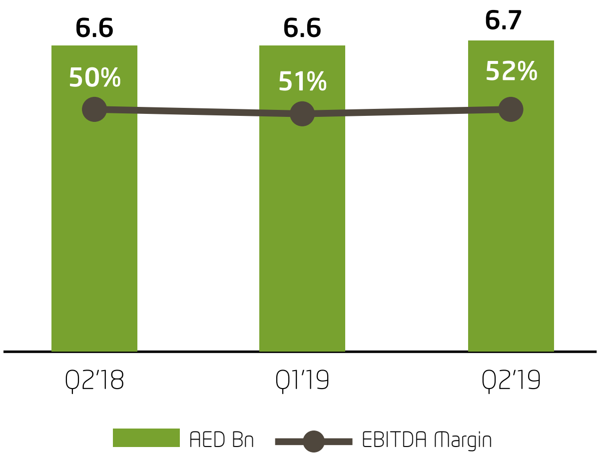
- Depreciation and Amortization expenses increased year over year by 3% to AED 1.8 billion in the second quarter of 2019 as compared to the same period in 2018, and decreased quarter over quarter by 1%. As a percentage of revenue, depreciation and amortization expenses increased by 1 percentage point to 14% in the second quarter and remained flat compared to the first quarter of 2019.

- Network costs decreased by 3% to AED 0.6 billion in the second quarter of 2019 as compared to the same period in 2018 and increased by 1% as compared to the first quarter of 2019. As a percentage of revenue, network costs represented 5% of revenue, similar to the second quarter of the prior year and first quarter of this year.

- Marketing expenses increased by 8% to AED 0.2 billion in the second quarter of 2019 as compared to the same period in 2018 and increased by 14% in comparison to the first quarter of 2019. Marketing expenses represented 2% of the second quarter revenue, similar to second quarter of the prior year and the first quarter of this year.

- Other operating expenses decreased by 21% year over year to AED 0.8 billion in the second quarter and declined by 11% quarter over quarter. This decline is mainly attributed to the adoption of IFRS 16, lower foreign exchange loss and lower consultancy cost during the period. Other operating expenses represented 6% of the quarter's revenue, 2 percentage points lower than the prior year and 1 percentage point lower than the prior quarter.

EBITDA



Group Consolidated EBITDA for the second quarter of 2019 increased by 2% year on year and quarter on quarter to AED 6.7 billion, resulting in EBITDA margin of 52%, 2 percentage points higher than the prior year and the prior quarter. At constant exchange rates, EBITDA increased year over year by 4%. Excluding the impact of IFRS 16, EBITDA decreased year over year by 0.1% and EBITDA margin increased by 0.8 percentage point.

In the UAE, EBITDA in the second quarter of 2019 was AED 4.2 billion decreasing year-over-year by 1% leading to an EBITDA margin of 54%, which remained stable compared to the previous year. EBITDA increased by 1% with EBITDA margin also up by 1 percentage point in comparison to the first quarter of 2019. The year over year decrease is mainly attributed to lower revenue and higher operating costs.

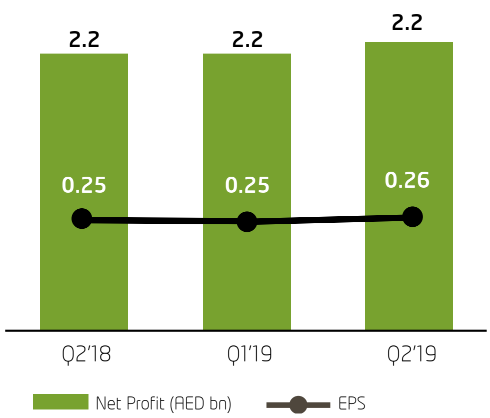
EBITDA of International consolidated operations increased by 7% year over year to AED 2.5 billion in the second quarter, resulting in a 37% contribution to Group consolidated EBITDA. At constant exchange rates, EBITDA from International operations grew year over year by 12%. EBITDA margin of international operations reached 49%, the highest quarter ever, representing an increase of 4 percentage points year on year and an increase of 2 percentage points as compared to the first quarter of 2019.

Maroc Telecom's consolidated EBITDA for the second quarter of 2019 amounted to AED 1.8 billion increasing year on year by 7%, resulting in EBITDA margin of 57%, 5 percentage points higher than the prior year. In Moroccan Dirham, EBITDA in absolute terms increased by 10% due to strong growth in Morocco and growth in international operations that grew by 14% and 3% respectively. Growth in EBITDA is mainly attributed to cost control measures, lower mobile termination rates in international subsidiaries and positive impact of IFRS 16.

In Egypt, EBITDA in the second quarter increased year on year by 32% to AED 0.3 billion and EBITDA margin increased by 3% to reach 39%. Quarter over quarter, EBITDA increased by 8% and EBITDA margin remained stable. The second quarter EBITDA continued to improve driven by an enhanced revenue trend.

In Pakistan EBITDA in the second quarter of 2019 decreased year on year by 11% to AED 0.3 billion with EBITDA margin increasing by 2 percentage points to 34%. Quarter over quarter EBITDA declined by 9% and EBITDA margin by 1 percentage point. During the quarter, EBITDA was impacted by unfavourable exchange rate movements of Pakistani Rupee against AED. In local currency, EBITDA increased by 12% year on year attributed to mobile operation.

NET PROFIT & EPS

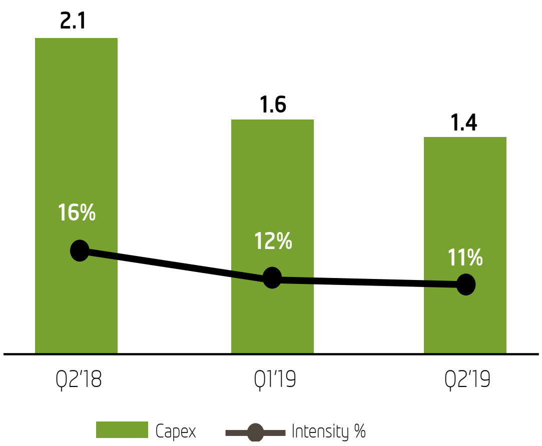


Consolidated net profit after Federal Royalty increased by 1% year on year and quarter on quarter to AED 2.2 billion in the second quarter of 2019 resulting in a profit margin of 17%, 1 percentage point higher than the prior year. The second quarter net profit was positively impacted by higher EBITDA, lower forex losses, lower loss from discontinued operations, and lower minority interest.

Earnings per share (EPS) amounted to AED 0.26 in the second quarter of 2019, an increase of 1% as compared to EPS of the same period of last year.

The Board of Directors has approved an interim dividend distribution for the six months period ended 30 June 2019 at the rate of 40 fils per share. Shareholders registered in the Shareholders' Register at the close of the business day on 4 August 2019, will be eligible for dividend distribution.

CAPEX



Consolidated capital expenditure decreased year over year by 32% to AED 1.4 billion in the second quarter of 2019 resulting in a capital intensity ratio of 11%. This decrease is attributed to domestic and international operations. Our capital investment continued to focus on networks modernization and capacity upgrade to cater for higher data demand and better customer experience.

In the UAE, capital expenditure in the second quarter was mainly focused on deployment of 5G sites, network maintenance as well as building capabilities to support new revenue streams and increasing capacity. Capital expenditure during the quarter amounted to AED 0.7 billion, a 9% decrease in comparison to the same period last year. Capital intensity ratio was 8%, representing 1 percentage point lower than the same quarter of the prior year and 3 percentage points higher as compared to the first quarter of 2019.

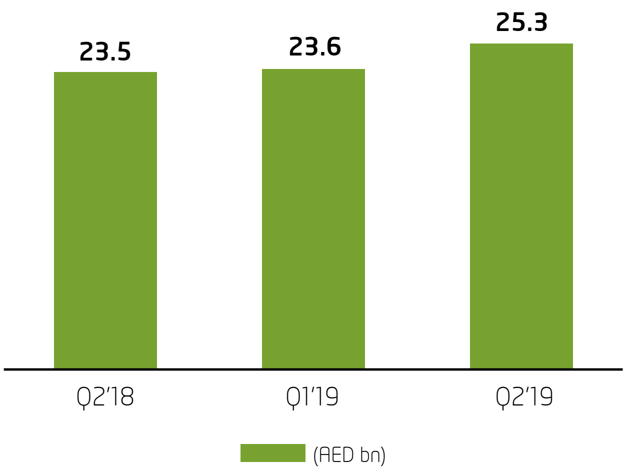
Capital expenditures in consolidated international operations in the second quarter of 2019 decreased by 38% to AED 0.8 billion compared to the same period last year and represented 54% of total Group capital expenditure.

In Maroc Telecom, capital expenditure for the second quarter decreased by 52% year over year to AED 0.4 billion resulting in a capital intensity ratio of 12% 12 percentage points lower than the same period of the prior year. Excluding the cost of 4G license acquisition and 3G/2G licenses renewal in Togo in prior period, capex decreased year over year by 38% and capital intensity ratio by 7 percentage points to 12%.

In Egypt capital expenditure for the second quarter increased by 12% year over year to AED 0.2 billion resulting in a capital intensity ratio of 22%, 2 percentage points lower than the same period of the prior year. Capital spending was mainly focused on 4G network deployment and capacity upgrade.

In Pakistan, capital expenditure for the second quarter decreased by 34% year over year to AED 0.2 billion resulting in a capital intensity ratio of 22%, 6 percentage points lower than the prior year. Capital spending mainly focused on network transformation of fixed network and enhancement of mobile network's capacity.

DEBT



Total consolidated debt amounted AED 25.3 billion as of 30 June 2019, as compared to AED 23.5 billion as at 31 December 2018; an increase of AED 1.8 billion.

Consolidated debt breakdown by operations as of 30 June 2019 is as following:

- Etisalat Group (AED 15.0 billion)
- Maroc Telecom (AED 7.4 billion)
- Etisalat Misr (AED 1.7 billion)
- PTCL Group (AED 1.3 billion)

Around 70% of the debt balance is of long-term maturity that is due beyond the second quarter of 2020.

Currency mix for external borrowings is 40% in Euros, 21% in US Dollars, 20% in MAD and 19% in various currencies.

Consolidated cash balance amounted to AED 26.0 billion as of 30 June 2019 leading to a net cash position of AED 0.7 billion.

PROFIT & LOSS SUMMARY

(AED m)	Q2'18	Q1'19	Q2'19	QoQ	YoY
Revenue	13,099	12,989	12,879	-1%	-2%
EBITDA	6,600	6,617	6,722	+2%	+2%
EBITDA Margin	50%	51%	52%	+1pp	+2pp
Federal Royalty	(1,491)	(1,587)	(1,584)	0%	+6%
Net Profit	2,199	2,212	2,232	+1%	+1%
Net Profit Margin	17%	17%	17%	0pp	+1pp

BALANCE SHEET SUMMARY

(AED m)	December 2018	June 2019
Cash & Bank Balances	28,361	26,014
Total Assets	125,243	124,103
Total Debt	23,526	25,319
Net Cash / (Debt)	4,835	695
Total Equity	57,245	56,627

CASH FLOW SUMMARY

(AED m)	6M' 2018	6M' 2019
Operating	4,404	4,277
Investing	(3,101)	(3,022)
Financing	(4,223)	(3,658)
Net change in cash	(2,921)	(2,402)
Effect of FX rate changes	(29)	85
Reclassified as held for sales	(9)	(30)
Ending cash balance	24,175	26,014

	Average Rates			Closing Rates		
Foreign Exchange Rates	Q2'18	Q2'19	YOY	Q2'18	Q2'19	YOY
EGP - Egyptian Pound	0.2065	0.2161	4.66%	0.2053	0.2199	7.12%
SAR - Saudi Riyal	0.9793	0.9793	0.00%	0.9792	0.9793	0.01%
CFA - Central African Franc	0.0067	0.0063	-5.93%	0.0065	0.0064	-2.23%
PKR - Pakistani Rupee	0.0315	0.0249	-20.79%	0.0302	0.0230	-23.88%
AFA - Afghanistan Afghani	0.0517	0.0475	-8.00%	0.0503	0.0457	-9.05%
MAD - Moroccan Dirham	0.3913	0.3795	-3.03%	0.3864	0.3836	-0.72%

RECONCILIATION OF NON-IFRS FINANCIAL MEASUREMENTS

We believe that EBITDA is a measurement commonly used by companies, analysts and investors in the telecommunications industry, which enhances the understanding of our cash generation ability and liquidity position, and assists in the evaluation of our capacity to meet our financial obligations. We also use EBITDA as an internal measurement tool and, accordingly, we believe that the presentation of EBITDA provides useful and relevant information to analysts and investors.

Our EBITDA definition includes revenue, staff costs, direct cost of sales, regulatory expenses, operating lease rentals, repairs and maintenance, general financial expenses, and other operating expenses.

EBITDA is not a measure of financial performance under IFRS, and should not be construed as a substitute for net earnings (loss) as a measure of performance or cash flow from operations as a measure of liquidity. The following table provides a reconciliation of EBITDA, which is a non-IFRS financial measurement, to Operating Profit before Federal Royalty, which we believe is the most directly comparable financial measurement calculated and presented in accordance with IFRS.

(AED m)	Q2'18	Q1'19	Q2'19
EBITDA	6,600	6,617	6,722
Depreciation & Amortization	(1,796)	(1,854)	(1,841)
Exchange Gain / (Loss)	(79)	16	(24)
Share of Associates and JV's results	(20)	(10)	(2)
Impairment and other losses	(55)	(1)	2
Operating Profit before Royalty	4,650	4,768	4,857

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Where this Presentation contains summaries of documents, those summaries should not be relied upon and the actual documentation must be referred to for its full effect.

This Presentation includes certain "forward-looking statements". Such forward looking statements are not guarantees of future performance and involve risks of uncertainties. Actual results may differ materially from these forward looking statements.

ABOUT ETISALAT GROUP

Etisalat Group is an international, blue-chip organisation with operations in 16 countries across the Middle East, Africa and Asia. It is one of the leading telecom operators with one of the largest market capitalization among Middle East, African and Asian telcos. It is a highly rated telecom company with ratings from Standard & Poor's and Moody's (AA-/Aa3).

Etisalat Group's shareholding structure consists of 60% held by the Emirates Investment Authority and 40% free float. Etisalat (Ticker: Etisalat) is quoted on the Abu Dhabi Stock Exchange (ADX).

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