EMIRATES TELECOMMUNICATIONS GROUP COMPANY PJSC 'ETISALAT GROUP'

EARNINGS RELEASE FIRST QUARTER 2021

28 APRIL 2021

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INVESTOR RELATIONS
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Based on analysis by Ookla® of Speedtest Intelligence® data Q2-Q3 2020

FINANCIAL HIGHLIGHTS FOR Q1 2021

- Aggregate subscriber base reached 156 million, representing a year over year increase of 4%;
- Consolidated revenues for the first quarter amounted to AED 13.2 billion, representing an increase of 0.8% year over year and 1.2% quarter over quarter;
- Consolidated EBITDA for the first quarter amounted to AED 6.8 billion, representing an increase of 0.7% year over year and 7.4% quarter over quarter, resulting in EBITDA margin of 51%, stable compared to prior year;
- Consolidated net profit after Federal Royalty amounted to AED 2.3 billion, representing a 7.9% increase year over year and 14.7% quarter over quarter, resulting in a net profit margin of 18%;
- Consolidated capital spending remained flat at AED 1.1 billion, representing 8% of the consolidated revenues; and
- Consolidated free cash flow amounted to AED 5.7 billion, representing a 0.9% increase year over year.

KEY DEVELOPMENTS IN Q1 2021

- Etisalat Group shareholders approved to distribute a full year cash dividend of 80 fils per share for the fiscal year 2020 and additional one-time special dividends of 40 fils per share at the Company General Assembly Meeting held on 17 March 2021. In addition, shareholders approved raising foreign ownership limit from 20% to 49%;
- Reconstitution of Etisalat Group's Board of Directors for a tenor of 3 years;
- Etisalat was crowned the strongest brand in the MEA region across all categories;
- Etisalat launched the Smiles food order and delivery services in the UAE;
- Etisalat partnered with Rakuten to accelerate its adoption of OpenRAN technology;
- Etisalat and Cisco announced they are building the region's first open and autonomous and secured network;
- Etisalat Misr and Huawei completed the first VoLTE call using Huawei's Virtual IMS;
- Etisalat collaborated with Smart Dubai to provide cyber security services to Dubai government entities;
- Etisalat partnered with Etihad Airways' to provide mobile and digital solutions for the small and medium business (SMB) and startup community;
- Digital Financial Services partnered with Al-Futtaim to enable secure and contactless payment options for eWallet customers; and
- As part of its commitment to support and empower People of Determination Etisalat partnered with Ministry of Community Development to launch a web extension to make accessing the web autistic friendly.

STATEMENT FROM HATEM DOWIDAR, CEO OF ETISALAT GROUP

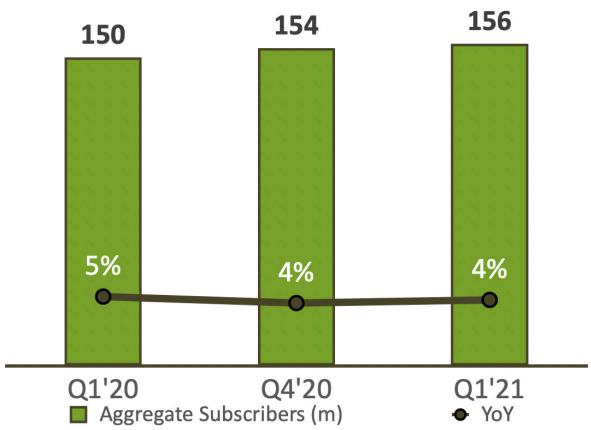
Etisalat Group's first quarter results are sustaining the strong performance the company has achieved over the past year due to the resilience and agility shown across our business operations. The company generated record results in the new hybrid scenario helping consumers adapt to a new work-and-learn-from-anywhere reality while continuing to deliver innovative services subscribers require and demand.

Our teams rallied to support our customers with technology playing a central role in keeping our society, economy and lives connected. Digital evolution is the future where telecom operators are the key players to enable the transition and be the exemplary adopters of digital transformation.

Stemming from this conviction, Etisalat will continue its efforts to align its business with the digital mandate it has undertaken, by shifting the operating model, investing in future technologies, generating new revenue streams and by acquiring and disseminating digital capabilities across its markets.

Etisalat is also thankful to the vision of our wise leadership in the UAE in positioning the country among the most digitally advanced globally, inspiring us to deliver world-class networks and innovative services. We will continue to focus on capitalising opportunities and enhancing overall customer experience while delivering long-term value for all our shareholders.

SUBSCRIBERS



Etisalat Group aggregate subscribers as at 31 March 2021 was 156 million reflecting a net addition of 6.4 million during the last 12 months period due to subscriber growth in Saudi Arabia, Mali, Burkina Faso, Ivory Coast, Chad, Benin, Mauritania and Togo. Quarter over quarter subscriber base increased by 1%.

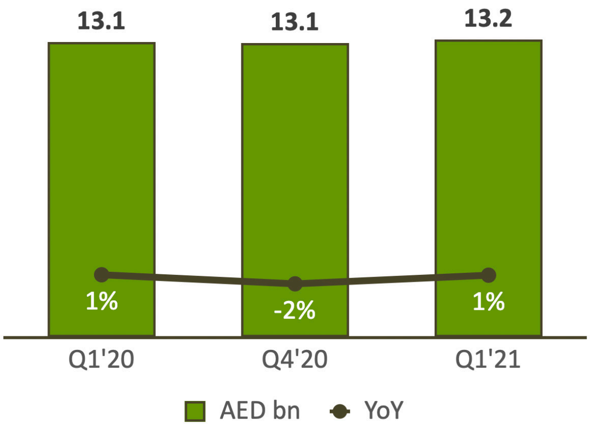
In the UAE, the active subscriber base reached 12.4 million subscribers in the first quarter of 2021, which dropped by 3% year on year and grew by 1% quarter over quarter. The mobile subscriber base decreased by 3% year on year to 10.5 million subscribers attributed to the prepaid subscribers that decreased by 5% due to the fact that commercial activities remain below the comparative pre-COVID level and ongoing migration of customers from prepaid to postpaid segment. This resulted in a 4% growth in the postpaid subscriber year over year. Quarter over quarter, mobile subscriber base increased by 0.2 million subscribers driven by growth in both prepaid and postpaid subscribers. eLife subscription continued to drive consistent growth with 2% year on year increase to 1.1 million subscribers. Total broadband segment grew by 3% year on year to 1.2 million subscribers.

For Maroc Telecom, the subscriber base reached 73.2 million subscribers as at 31 March 2021, representing a year over year growth of 7%. This growth is mainly attributable to the operations in Mali, Burkina Faso, Ivory Coast, Chad, Benin, Mauritania and Togo.

In Egypt, subscriber base increased by 1% year over year to 26.5 million mainly due to the adoption of new plans.

In Pakistan, subscriber base remained flat year over year at 26.0 million and increased by 2% quarter over quarter. This increase is attributed mainly to the mobile segment.

REVENUE



Etisalat Group's consolidated revenues for the first quarter of 2021 amounted to AED 13.2 billion, representing an increase of 0.8% in comparison to the same period last year and an increase of 1.2% quarter over quarter. First quarter revenue witnessed growth in international operations however was impacted negatively in the UAE due to the on-going impact of COVID-19 pandemic on business activities.

In the UAE, revenue in the first quarter decreased year on year by 2% to AED 7.5 billion while increased quarter over quarter by 1%. The year over year decrease is attributed to commercial activities remaining below pre-COVID-19 levels as the macro-economic situation continues to pressure consumer and corporate spending.

Mobile segment revenue declined year over year by 8% to AED 2.6 billion attributed to the pandemic that resulted in a drop in mobile prepaid and roaming revenues, in addition to increased penetration of OTT services impacting voice revenue. Fixed segment revenue remained flat year over year at AED 2.8 billion as growth in internet and TV services offset the decline in fixed voice revenue. Other segment revenue increased by 3% year over year to AED 2.1 billion attributed to higher handset sale.

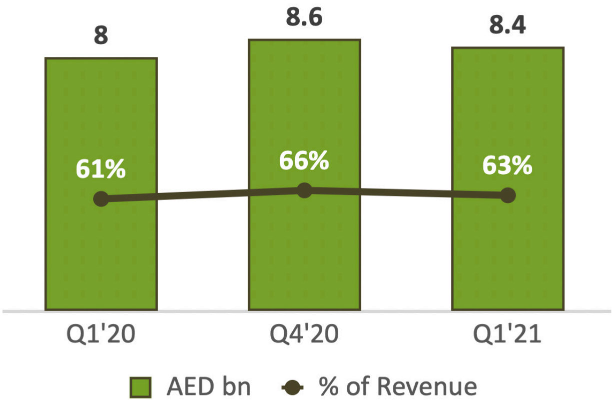
Revenues of International consolidated operations for the first quarter of 2021 increased year over year by 6% to AED 5.5 billion and remained flat quarter over quarter. This growth is mainly attributed to the strong performance of Etisalat Misr and return to growth in Pakistan, in addition to favourable exchange rate movement of MAD against AED. Revenues from International operations represented 42% of Group consolidated revenue.

Maroc Telecom consolidated revenue for the first quarter of 2021 amounted to AED 3.5 billion representing a year over year increase of 4% attributed mainly to favourable exchange rate movement in MAD against AED, growth in fixed broadband in Morocco and in int'l subsidiaries. However in local currency revenue declined by 4%. In Morocco, revenue decreased year over year by 9% in local currency attributed to the decline in mobile revenue by 16% impacted by regulatory and competitive pressures, cut in call termination rate and ongoing impact of COVID-19 on outbound and roaming revenues. However it was partially offset by the increase in the revenue of the fixed segment by 2% due to the increase in fixed broadband by 12%. Revenue from international operations increased year over year by 2% in local currency, resulting in 47% contribution to Maroc Telecom Group's consolidated revenue. This increase is attributed to growth in mobile data by 16% and mobile money services by 22%.

In Egypt, revenue for the first quarter of 2021 was AED 1.1 billion, an increase of 13% year on year and 1% quarter over quarter. The year on year growth is attributed to strong contribution from mobile data and national roaming revenue.

In Pakistan, revenue for the first quarter was AED 0.8 billion representing a 6% increase year over year and a 2% increase quarter over quarter. This growth was mainly attributed to the positive contribution from all operations in particular fixed and mobile broadband and Ubank services.

OPERATING EXPENSES*



Consolidated operating expenses for the first quarter of 2021 was AED 8.4 billion, a 4% increase compared to the same quarter of the previous year and a decrease of 3% from the fourth quarter of 2021. The year on year increase is mainly attributed to higher direct cost of sales, higher networks costs, higher regulatory costs, higher foreign exchange losses, higher depreciation and amortisation, and higher other operating expenses. Key components of operating expenses are:

- Direct cost of Sales increased year over year by 4% to AED 3.2 billion in the first quarter of 2021, while decreased by 4% quarter over quarter. As a percentage of revenue, it increased by 1 percentage point to 24% in the first quarter.

- Staff expenses decreased by 2% to AED 1.2 billion for the first quarter of 2021 as compared to the same period of last year and also by 2% quarter over quarter. As a percentage of revenue, staff costs remained stable in the first quarter at 9%.

- Depreciation and Amortization expenses increased year over year by 3% to AED 2.0 billion in the first quarter of 2021 as compared to the same period in 2020, and decreased quarter over quarter by 6%. As a percentage of revenue, depreciation and amortization expenses remained flat at 15% in the first quarter and decreased by 1 percentage point compared to the fourth quarter of 2020.

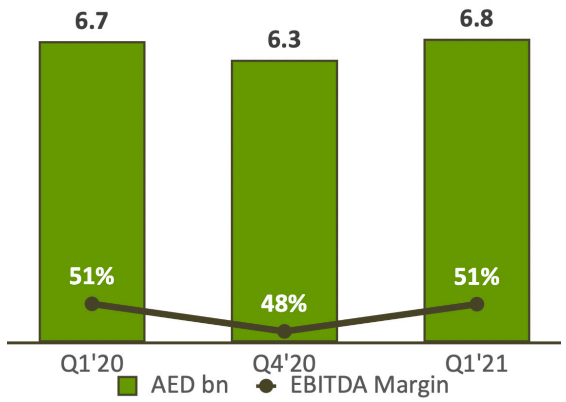
- Network costs increased year over year by 7% to AED 0.7 billion in the first quarter of 2021 as compared to the same period in 2020 and by 9% compared to the fourth quarter of 2020. As a percentage of revenue, network costs remained stable at 5%, similar to first quarter and fourth quarter of the prior year.

- Marketing expenses decreased by 4% to AED 0.2 billion in the first quarter of 2021 as compared to the same period in 2020 and decreased by 25% in comparison to the fourth quarter of 2020. As a percentage of revenue, marketing expenses stood at 2% in the first quarter, similar to first quarter and 1 percentage point lower than the fourth quarter of the prior year.

- Other operating expenses increased by 12% year over year to AED 1.1 billion in the first quarter and increased by 5% quarter over quarter. This increase is mainly attributed to higher regulatory and IT costs, in addition to higher foreign exchange losses. Other operating expenses represented 8% of the quarter revenues, a 1 percentage point increase compared to first quarter of the prior year and remained stable compared to the previous quarter.

* Operating expenses include direct cost of sales, opex, depreciation and amortisation and other expenses.

EBITDA



Group Consolidated EBITDA for the first quarter of 2021 increased by 0.7% year on year and by 7.4% quarter on quarter to AED 6.8 billion, resulting in an EBITDA margin of 51%, stable compared to the prior year and 3 percentage points higher than the prior quarter.

In the UAE, EBITDA in the first quarter of 2021 was AED 3.9 billion, a 3% decrease year-over-year and leading to an EBITDA margin of 53%, stable compared to the first quarter of the previous year. The year over year decrease is mainly attributed to lower revenue and higher cost of sales due to change in revenue mix. However this was partially offset by lower operating expenses as a result of ongoing cost optimization initiatives. EBITDA increased by 7.4% with EBITDA margin up by 3 percentage points in comparison to the fourth quarter of 2020.

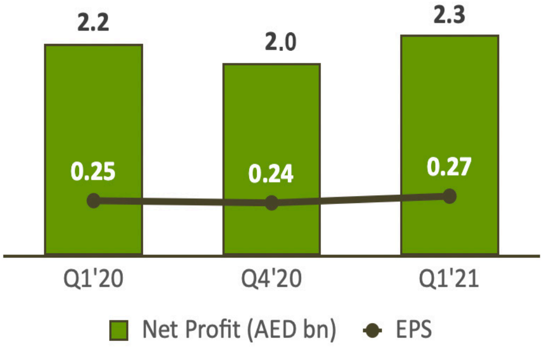
EBITDA of International consolidated operations increased year over year by 6% to AED 2.6 billion in the first quarter, resulting in a 39% contribution to Group consolidated EBITDA. EBITDA margin of international operations stood at 48%, stable compared to the same period last year and the fourth quarter of 2020.

Maroc Telecom's consolidated EBITDA for the first quarter of 2021 amounted to AED 1.9 billion increasing year over year by 3%, resulting in an EBITDA margin of 54%. In Moroccan Dirham, EBITDA in absolute terms decreased year over year by 5% mainly due to Moroccan operations that declined by 10% due to lower revenue. This was partially offset by growth in the EBITDA from international operations that increased year over year by 4% attributed to higher revenue and better gross margin.

In Egypt, EBITDA in the first quarter increased year on year by 12% to AED 0.5 billion and EBITDA margin remained stable at 41%. Quarter over quarter, EBITDA increased by 10% and EBITDA margin increased by 4 percentage points. This increase is attributed to higher revenue growth coupled with cost control measures.

In Pakistan, EBITDA in the first quarter of 2021 increased year on year by 19% to AED 0.3 billion with EBITDA margin increased by 4 percentage points to 32%. Quarter over quarter, EBITDA increased by 5% and EBITDA margin increased by 1 percentage point. During the quarter, EBITDA was positively impacted by higher revenue and lower operating expenses.

NET PROFIT & EPS

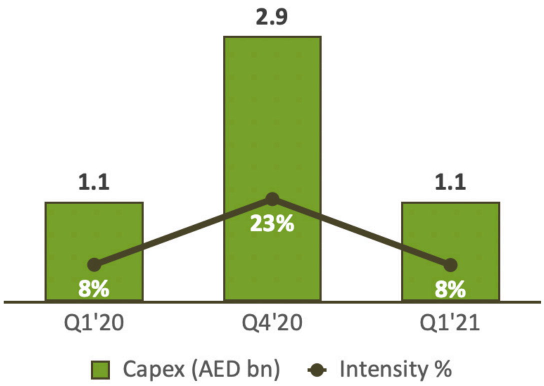


Consolidated net profit after Federal Royalty increased year over year by 7.9% to AED 2.3 billion in the first quarter of 2021 and net profit margin increased by 1 percentage point to 18%.

This increase is attributed to higher EBITDA, lower impairment loss of trade receivables and contract assets, and better contribution from associates. Quarter over quarter net profit increased by 15%.

Earnings per share (EPS) amounted to AED 0.27 in the first quarter, an increase of 8% as compared to EPS of the same period last year.

CAPEX



Consolidated capital expenditure remained flat year over year at AED 1.1 billion in the first quarter of 2021 resulting in a capital intensity ratio of 8%, stable compared to the same period in 2020. Capital spending continue to support the growth in traffic on the Group networks and expansion of coverage. Quarter over quarter, capital expenditure declined by 63% and capital intensity ratio by 14 percentage points.

In the UAE, capital expenditure in the first quarter was focused on 5G deployment, network modernisation and capacity, and network maintenance. Capital expenditure during the quarter amounted to AED 0.6 billion, a 26% increase in comparison to the same period last year. Capital intensity ratio was 8%, representing 2 percentage points higher than the same quarter of the prior year and 7 percentage points lower than the fourth quarter of 2020.

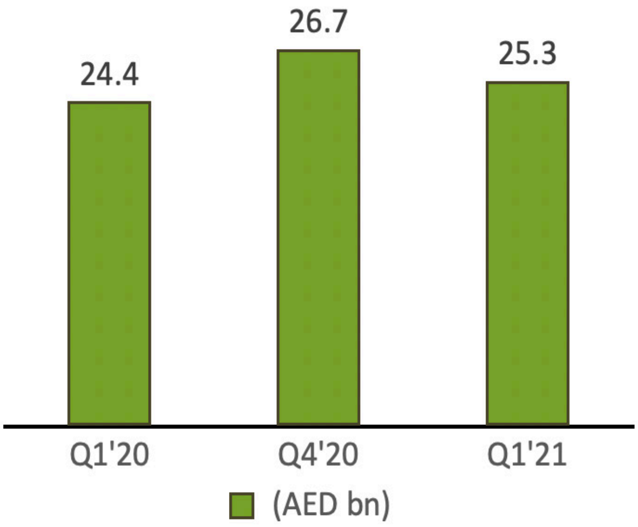
Capital expenditures in consolidated international operations in the first quarter of 2021 decreased by 21% to AED 0.5 billion compared to the same period last year and represented 43% of total Group capital expenditure.

In Maroc Telecom, capital expenditure for the first quarter decreased by 14% year over year to AED 0.2 billion resulting in a capital intensity ratio of 5%. Capex spend in Morocco decreased year over year by 27% and was focused on fibre-to-the-home network. On the international front, capex spend decreased year over year by 14% with spend focusing on networks expansion and upgrades to support the growth of data usage.

In Egypt, capital expenditure for the first quarter decreased by 26% year over year to AED 0.2 billion resulting in a capital intensity ratio of 16%, 9 percentage points lower than the same period of the prior year. Capital spending focused on 4G deployment and upgrading of network capacity.

In Pakistan, capital expenditure for the first quarter decreased by 15% year over year to AED 0.1 billion resulting in a capital intensity ratio of 14%, 3 percentage points lower than the prior year. Capital spending focused on enhancement of the mobile network's capacity.

DEBT



Total consolidated debt amounted AED 25.3 billion as of 31 March 2021, as compared to AED 26.7 billion as at 31 December 2020; a decrease of AED 1.4 billion.

Consolidated debt breakdown by operations as of 31 March 2021 is as following:

- Etisalat Group (AED 15.3 billion)
- Maroc Telecom Group (AED 6.9 billion)
- Etisalat Misr (AED 1.6 billion)
- PTCL Group (AED 1.5 billion)

More than 50% of the debt balance is of long-term maturity that is due beyond the first quarter of 2022.

Currency mix for external borrowings is 41% in Euros, 24% in US Dollars, 17% in MAD and 18% in various currencies.

Consolidated cash balance amounted to AED 33.5 billion as of 31 March 2021 leading to a net cash position of AED 8.2 billion.

PROFIT & LOSS SUMMARY

(AED m)	Q1'20	Q4'20	Q1'21	QoQ	YoY
Revenue	13,113	13,064	13,220	+1.2%	+0.8%
EBITDA	6,715	6,301	6,765	+7.4%	+0.7%
EBITDA Margin	51.2%	48.2%	51.2%	+2.9pp	0.0pp
Federal Royalty	(1,455)	(1,155)	(1,387)	+20.0%	-4.7%
Net Profit	2,179	2,048	2,350	+14.7%	+7.9%
Net Profit Margin	16.6%	15.7%	17.8%	+2.1pp	+1.2pp

BALANCE SHEET SUMMARY

(AED m)	December 2020	March 2021
Cash & Bank Balances	31,345	33,530
Total Assets	133,018	134,886
Total Debt	26,701	25,322
Net Cash / (Debt)	4,644	8,209
Total Equity	60,550	56,439

CASH FLOW SUMMARY

(AED m)	3M' 2020	3M' 2021
Operating	4,174	3,925
Investing	(897)	(729)
Financing	439	(1,222)
Net change in cash	3,716	1,974
Effect of FX rate changes	228	184
Reclassified as held for sales	(26)	27
Ending cash balance	33,574	33,530

Foreign Exchange Rates	Average Rates			Closing Rates		
	Q1'20	Q1'21	YOY	Q1'20	Q1'21	YOY
EGP - Egyptian Pound	0.2327	0.2338	0.45%	0.2334	0.2338	0.19%
SAR - Saudi Riyal	0.9787	0.9791	0.05%	0.9784	0.9792	0.08%
CFA - Central African Franc	0.0062	0.0068	9.42%	0.0062	0.0067	8.86%
PKR - Pakistani Rupee	0.0235	0.0232	-1.12%	0.0232	0.0234	0.86%
AFA - Afghanistan Afghani	0.0474	0.0471	-0.56%	0.0477	0.0471	-1.10%
MAD - Moroccan Dirham	0.3794	0.4102	8.13%	0.3768	0.4089	8.51%

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)	Q1'20	Q4'20	Q1'21
EBITDA	6,715	6,301	6,765
Depreciation & Amortization	(1,950)	(2,144)	(2,010)
Exchange Gain/ (Loss)	(34)	94	(70)
Share of Associates and JV's results	31	60	61
Impairment and other losses	(0)	(297)	(0)
Operating Profit before Royalty	4,762	4,014	4,747

DISCLAIMER

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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 Securities Exchange (ADX).

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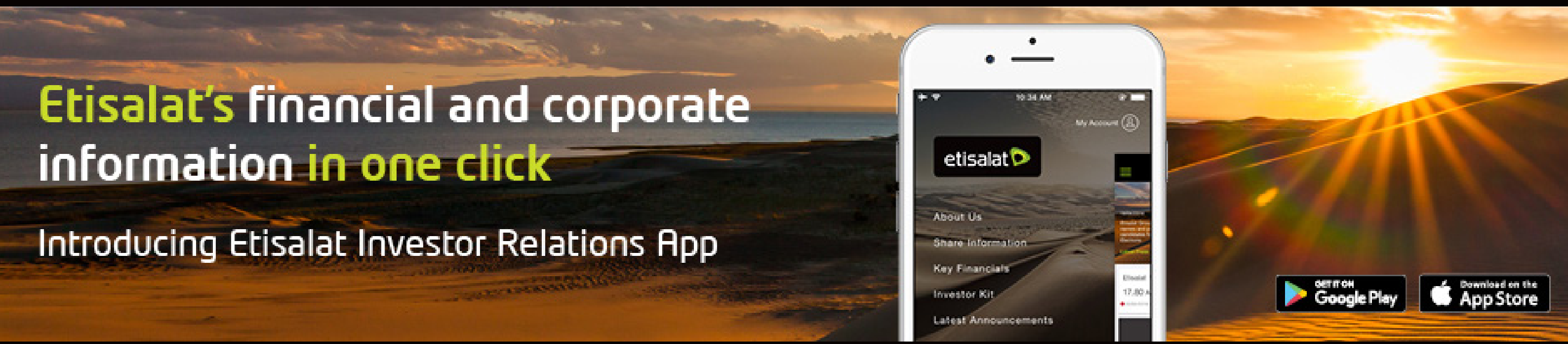

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