Emirates Telecommunications Group Company PJSC

Earnings Release - First Quarter 2022

25 April 2022

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Financial Highlights for Q1 2022

- Aggregate subscriber base reached 159 million, representing a year over year increase of 2.0%
- Consolidated revenues for the first quarter amounted to AED 13.3 billion, representing an increase of 0.8% year over year. At constant exchange rates, revenue increased year over year by 3.5%
- Consolidated EBITDA for the first quarter amounted to AED 6.8 billion, representing an increase of 0.5% year over year and resulting in EBITDA margin of 51%. At constant exchange rates, EBITDA increased year over year by 2.8%
- Consolidated net profit after Federal Royalty amounted to AED 2.4 billion, increasing year over year by 3.6%, and resulting in a net profit margin of 18%
- Consolidated capital spending excluding spectrum costs amounted to AED 1.3 billion, representing a year over year increase of 25% and 10% capital intensity ratio
- Operating free cash flow, excluding spectrum costs amounted to AED 5.5 billion, representing a 4% decrease year over year.

Key Developments in Q1 2022

- e& shareholders approved to distribute a full year cash dividend of 80 fils per share for the fiscal year 2021 at the General Assembly Meeting held on 5 April 2022
- e& completed the acquisition of elGrocer, strengthening its Smiles online marketplace
- e&'s E-Vision and ADQ signed a binding agreement to acquire circa 57% of STARZPLAY ARABIA
- e& announced discussions with Mobily regarding a potential offer to increase its shareholding in Mobily
- e& partnered with ADQ, Alpha Dhabi Holding and First Abu Dhabi Bank (FAB) to launch a new digital banking platform 'Wio'
- Etisalat was ranked as the world's strongest telecom brand by Brand Finance, the first in the Middle East and Africa region to achieve this recognition
- e& and Microsoft expanded its collaboration on digital transformation
- e& partnered with Meta to drive innovation with enhanced digital experiences and conversational commerce in its digital communication projects
- Etisalat UAE extended its tie-up with Amazon Web Services (AWS) to serve key industries and meet the growing demand for digitalisation
- e& enterprise partnered with NICE to bring the CXone cloud platform to the UAE

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- Etisalat Misr and Honeywell signed an MoU to offer new services and products in the field of IoT and smart cities

Statement from Hatem Dowidar, Group Chief Executive Officer of e&

Our first quarter results are a testament to the effectiveness with which we have begun the new chapter of our journey as a global technology and investment conglomerate that digitally empowers societies.

We will continue to explore new avenues of growth, expand our offerings, enhance the quality of our solutions, forge new partnerships, and launch a number of digital initiatives to support SMBs, governments and large enterprises. All of this stems from our clear vision to create a more progressive business model, represented by the Group's business pillars, so that we can seize the opportunities that arise in an increasingly fast-paced digitalised business landscape.

We are grateful to the vision of the UAE leadership for their continued support, especially as we serve our customer segments by remaining agile across our businesses, investing in future technologies, and delivering innovative solutions that matter. We will continue our mission to accelerate digital transformation in a way that positively impacts businesses and people's lives at every digital touchpoint, while maximising value creation for our shareholders.

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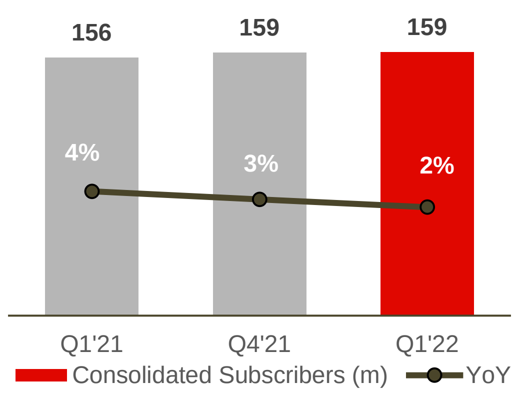
Subscribers



Aggregate subscribers of e& as at 31 March 2022 was 159 million, reflecting a net addition of 2.8 million during the last 12 month period due to strong subscriber acquisition in Egypt, Burkina Faso, UAE, Ivory Coast, Chad, Morocco, Benin, and Mauritania. Quarter over quarter subscriber base was stable.

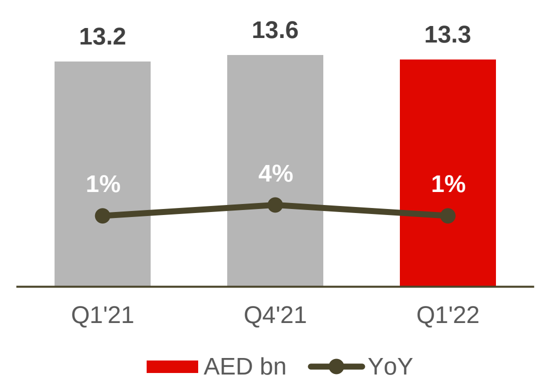
In the **UAE,** we strengthened our relationship with our customers, adding more connections while maintaining our loyal and high-quality relationships. As a result, the active subscriber base increased by 6% year over year and 3% quarter over quarter to 13.1 million subscribers in the first quarter of 2022. The mobile subscriber base increased by 9% year on year to 11.5 million subscribers attributed to both the postpaid and prepaid segments that increased by 8% and 9% respectively. Quarter over quarter, mobile subscriber base increased by 421 thousand subscribers driven by an increase in prepaid subscribers attributed to improvement in commercial activities, Expo 2020 Dubai and the increase in visitors to the UAE. eLife subscription continued momentum driven by our strong value proposition coupled with our superior network quality. This combination is helping in driving consistent growth with 3% year on year increase to 1.1 million subscribers attributed to double and triple play. Total broadband segment grew by 6% year on year to 1.3 million subscribers.

For **Maroc Telecom,** the subscriber base reached 75.8 million subscribers as at 31 March 2022, representing a year over year growth of 4%. This growth is mainly attributable to the operations in Burkina Faso, Ivory Coast, Chad, Morocco, Benin and Mauritania.

In Egypt, subscriber base increased by 6% year over year to 28.1 million. Quarter over quarter increased by 1%.

In **Pakistan**, subscriber base stood at 25.5 million, representing a year over year decline of 2%, attributed to lower subscriber acquisition in the mobile segment. Quarter over quarter increased by 1% attributable to 4G mobile subscribers backed by recent spectrum acquisition and FTTH subscribers.

Revenue



Consolidated revenue for the first quarter of 2022 amounted to AED 13.3 billion, representing an increase of 0.8% in comparison to the same period last year and a decrease of 2.1% quarter over quarter. First quarter revenues was impacted by unfavourable exchange rates movements in Egyptian Pound, Pakistan Rupees and Moroccan Dirham that was more than offset

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by strong performance in the UAE and Etisalat Misr operations. At constant exchange rates, revenue increased year over year by 3.5% driven by increased connectivity and improved commercial activities.

In the **UAE**, strong revenue growth in the first quarter of 4% year on year to AED 7.8 billion. The year over year increase is attributed to momentum in core activities and on-going recovery in the economy. Mobile segment revenue grew year over year by 8% to AED 2.8 billion as the Expo 2020 resulted in an increase in tourists in the country positively impacting both prepaid and postpaid revenues. Fixed segment revenue remained steady year over year at AED 2.8 billion supported by higher internet and TV services. Other segment revenue increased year over year by 5% to AED 2.2 billion attributed to digital services.

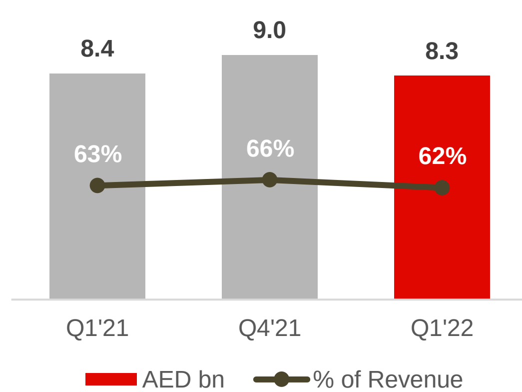
Revenues of **International consolidated operations** for the first quarter of 2022 decreased year over year by 3% to AED 5.4 billion and decreased quarter over quarter by 5%. The year on year decline is primarily attributable to the unfavourable exchange rate movements in in Egyptian Pound, Pakistan Rupees and Moroccan Dirham. At constant exchange rates, revenue of international operations increased year over year by 3.3%.

Maroc Telecom consolidated revenue for the first quarter of 2022 amounted to AED 3.2 billion, representing a year over year decrease of 7% attributed mainly to the unfavourable exchange movement of MAD against AED and regulatory and competitive pressure in Morocco. In Morocco, revenue decreased year over year in local currency by 3%. The mobile segment revenue decreased by 5%, still strongly impacted by the unfavourable regulatory and competitive environments. This however was partially offset by the increase in the revenue of the fixed segment by 1% due to the growth of fixed broadband by 8% . Revenues from international operations "Moov Africa" was stable year over year in local currency, resulting in 49% contribution to Maroc Telecom Group's consolidated revenue. Growth in mobile data revenue almost offset the reduction in mobile termination rates and currency impact.

In **Egypt**, revenue for the first quarter of 2022 was AED 1.3 billion, an increase of 15% year on year attributed to subscriber growth and strong contribution from mobile data and voice revenue.

In **Pakistan** operations, revenue for the first quarter was AED 0.7 billion, representing a year over year and quarter over quarter decrease of 8% and 3% respectively, due to unfavourable exchange rate movements of the Pakistani Rupee against AED. In local currency, revenue increased by 3% year over year driven by mobile and fixed data, corporate segment and growth in UBank segment.

Operating Expenses



Consolidated operating expenses for the first quarter of 2022 was AED 8.3 billion, a decrease of 1% compared to the same quarter of the previous year and a decrease of 8% from the fourth quarter of 2022. The quarter on quarter decrease highlights the Company's continuous efforts to control and optimize costs to offset inflationary pressure. As a results, we experience lower staff costs, lower depreciation expenses and lower regulatory costs.

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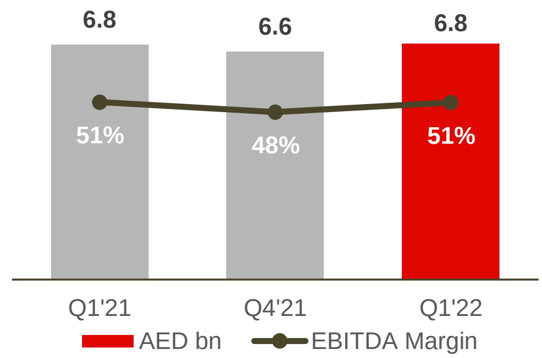
Key components of Q1 2022 operating expenses are:

- **Direct cost of Sales** increased year over year by 2% to AED 3.2 billion in the first quarter of 2022, while decreased by 3% quarter over quarter. As a percentage of revenue, it remained steady year over year at 24% in the first quarter.
- **Staff expenses** decreased year over year by 6% to AED 1.1 billion for the first quarter of 2022 and decreased by 3% quarter over quarter. As a percentage of revenue, staff costs decreased by 1 percentage point year over year to 9% in the first quarter.
- **Depreciation and Amortisation expenses** decreased year over year by 2% to AED 2.0 billion in the first quarter of 2022 and decreased by 10% quarter over quarter. As a percentage of revenue, depreciation and amortisation expenses remained flat year over year at 15% for the first quarter and decreased by 1 percentage point as compared to previous quarter.
- **Network costs** increased by 7% year over year to AED 0.7 billion in the first quarter of 2022 and increased by 5% quarter over quarter. As a percentage of revenue, network costs remained stable year over year at 6% for the quarter.
- **Marketing expenses** increased year over year by 6% to AED 0.2 billion in the first quarter of 2022, while decreased by 36% quarter over quarter. The year over year growth is attributed to higher commercial and business activities across several markets. As a percentage of revenue, marketing expenses remained steady year over year at 2% in the first quarter and decreased by 1 percentage point compared to the prior quarter.

Other operating expenses decreased by 11% year over year to AED 0.9 billion in the first quarter and decreased by 24% quarter over quarter. As a percentage of revenue, other operating expenses decreased year over year by 1 percentage point to 7% for the quarter.

EBITDA



Group consolidated EBITDA for the first quarter of 2022 increased by 0.5% year on year and by 3.5% quarter on quarter to AED 6.8 billion, resulting in EBITDA margin of 51%, stable compared to the prior year and 3 percentage points higher than the prior quarter. The year over year increase is mainly attributed to the UAE operations that compensated for the decline in international operations that was impacted by unfavourable foreign exchange rates movements. At constant exchange rates, consolidated EBITDA increased year over year by 2.8%.

In the **UAE**, EBITDA in the first quarter of 2022 was AED 4.0 billion, representing a 3% increase year over year and leading to an EBITDA margin of 52%, 1 percentage point lower than the first quarter of the previous year and 3 percentage points higher than the fourth quarter of 2021. The year over year increase in EBITDA is attributed to higher revenue.

EBITDA of **International** consolidated operations decreased by 2% year over year and quarter over quarter to AED 2.6 billion in the first quarter, resulting in a 38% contribution to the group's consolidated EBITDA. This drop is attributed mainly to unfavorable movement in Pakistani Rupees, Egyptian Pound and Moroccan Dirham against AED.

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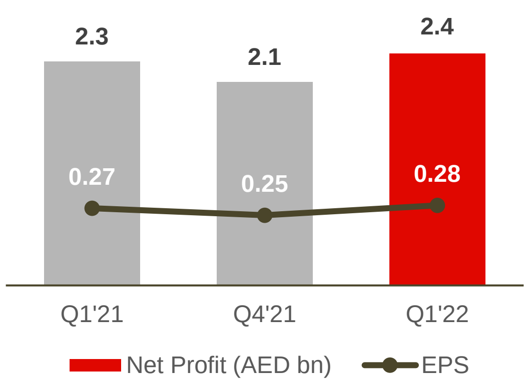
Maroc Telecom's consolidated EBITDA for the first quarter of 2022 decreased by 6% to AED 1.8 billion and resulted in an EBITDA margin of 54%, flat compared to the same period in the prior year. In Moroccan Dirham, EBITDA in absolute terms decreased by 1% year over year attributed to Moroccan operations whose EBITDA declined by 2% due to lower revenue however EBITDA from international operations increased year over year by 0.9%.

In **Egypt**, EBITDA in the first quarter increased year on year by 29% to AED 0.6 billion and EBITDA margin increased by 5 percentage points to 46%. EBITDA growth is attributed to higher revenue and lower cost. Quarter over quarter, EBITDA increased by 23% and EBITDA margin increased by 11 percentage points.

In **Pakistan,** EBITDA in the first quarter of 2022 decreased year on year by 19% and quarter over quarter by 5% to AED 0.2 billion with EBITDA margin decreasing year over year by 4 percentage points to 29%. EBITDA margin remained stable quarter over quarter. The decline in EBITDA is mainly due to higher energy costs, inflationary pressure and currency devaluation.

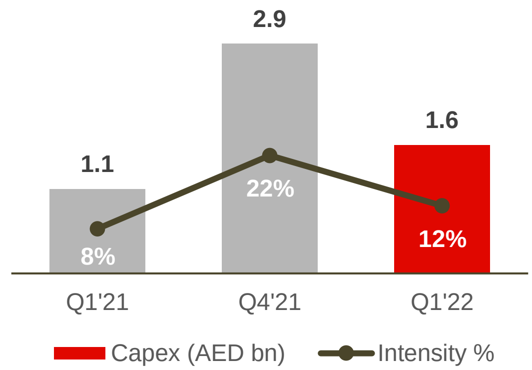
Net Profit & EPS



Consolidated net profit after federal royalty attributed to the owners of the company increased year over year by 3.6% to AED 2.4 billion in the first quarter of 2022 and net profit margin increased by 0.5 percentage point to 18%. This increase is attributed to higher EBITDA, lower depreciation and lower minority interest.

Earnings per share (EPS) amounted to AED 0.28 in the first quarter, an increase of 4% as compared to EPS of the same period last year.

Capex



Consolidated capital expenditure increased by 52% year over year to AED 1.6 billion in the first quarter of 2022 resulting in a capital intensity ratio of 12%, 4 percentage points higher than the same period of the prior year. Excluding the spectrum acquisitions costs in Egypt, capital expenditure increased by 25% year on year and capital intensity ratio by 2 percentage points to 10%. Capital spending was driven by our ongoing network enhancements in several markets to support traffic growth, spectrum costs in Egypt, ongoing network modernization, including fibre investments in Morocco and Pakistan and expanding networks coverage in Egypt, Pakistan and Moov Africa.

In the **UAE,** capital expenditure during the quarter amounted to AED 0.4 billion, a 40% decrease in comparison to the same period last year. Capital intensity ratio was 5%, representing 3 percentage points lower than the same quarter of the prior year and 8 percentage points lower than the

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fourth quarter of 2021. Capital spending focused on network modernization and capacity enhancement.

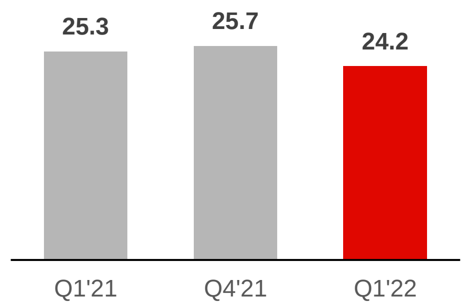
Capital expenditures in consolidated **international operations** in the first quarter of 2022 increased by 167% to AED 1.2 billion compared to the same period last year and decreased by 34% compared to the previous quarter. International operations represented 75% of the group's total capital expenditure.

In **Maroc Telecom**, capital expenditure for the first quarter increased by 157% year over year and decreased by 43% quarter over quarter to AED 0.4 billion, resulting in a capital intensity ratio of 14%. Capex spend in Morocco increased year over year by 251% and was focused on the fibre-to-the-home (FTTH) network, enhancing capacity and 4G coverage expansion. On the international front, capex spend also increased year over year by 95% with spend focusing on networks expansion and upgrades to support the growth in traffic and customer base and FTTH networks.

In **Egypt,** capital expenditure for the first quarter increased by 207% year over year to AED 0.6 billion resulting in a capital intensity ratio of 44%, 27 percentage points higher than the same period of the prior year. Capex included spectrum cost of AED 0.3 billion in the first quarter of this year. Excluding the spectrum costs, capital expenditure for the quarter increased by 45% with a capital intensity ratio of 21%. Capital spending focused on 4G deployment and upgrading of network capacity.

In **Pakistan**, capital expenditure for the first quarter increased by 117% year over year to AED 0.2 billion resulting in a capital intensity ratio of 32%, 19 percentage points higher than the prior year. Capital spending focused on expansion of the mobile network's coverage and enhancement of the fixed network's capacity.

Debt



Total consolidated debt amounted AED 24.2 billion as of 31 March 2022, as compared to AED 25.7 billion as at 31 December 2021; a decrease of AED 1.5 billion.

Consolidated debt breakdown by operations as of 31 March 2022 is as following:

- Group (AED 15.8 billion)
- Maroc Telecom Group (AED 4.9 billion)
- PTCL Group (AED 2.1 billion)
- Etisalat Misr (AED 1.4 billion)

Around 78% of the debt balance is of long-term maturity that is due beyond the first quarter of 2023.

Currency mix for external borrowings is 36% in Euros, 24% in US Dollars, 11% in MAD and 29% in various currencies.

Consolidated cash balance amounted to AED 29.2 billion as of 31 March 2022 leading to a net cash position of AED 4.9 billion.

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Performance Against Guidance FY2022

Results in line with Management's expectation toward delivering on full-year 2022 guidance.

Financial KPI	**Guidance FY2022**	**Actual 3M 2022**
Revenue Growth%	**Low single digit growth**	**+0.8**
EBITDA Margin%	**~ 49%**	**51%**
EPS (AED)	**~ 1.08**	**0.28**
Capex/ Revenue %	**16.5% - 17.5%**	**12.3%**

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Profit & Loss Summary

(AED m)	Q1'21	Q4'21	Q1'22	*QoQ*	*YoY*
Revenue	13,220	13,613	13,331	-2.1%	+0.8%
EBITDA	6,765	6,573	6,801	+3.5%	+0.5%
EBITDA Margin	51.2%	48.3%	51.0%	+2.7pp	-0.2pp
Federal Royalty	(1,387)	(1,304)	(1,427)	+9.5%	+2.9%
Net Profit	2,350	2,136	2,434	+14.0%	+3.6%
Net Profit Margin	18%	16%	18%	+2.6pp	+0.5pp

Balance Sheet Summary

(AED m)	December 2021	March 2022
Cash & Bank Balances	28,575	29,184
Total Assets	128,197	129,521
Total Debt	25,732	24,244
Net Cash / (Debt)	2,843	4,940
Total Equity	57,564	58,457

Cash Flow Summary

(AED m)	3M' 2021	3M' 2022
Operating	3,925	6,100
Investing	(729)	(3,875)
Financing	(1,222)	(1,479)
Net change in cash	1,974	746
Effect of FX rate changes	184	(107)
Reclassified as held for sales	27	(31)
Ending cash balance	33,530	29,184

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	Average Rates			Closing Rates		
Foreign Exchange Rates	**Q1’21**	**Q1’22**	**YOY**	**Q1’21**	**Q1’22**	**YOY**
EGP - Egyptian Pound	0.2338	0.2269	*-2.93%*	0.2338	0.1985	*-15.08%*
SAR - Saudi Riyal	0.9791	0.9788	*-0.04%*	0.9792	0.9790	*-0.02%*
CFA - Central African Franc	0.0068	0.0063	*-7.49%*	0.0066	0.0062	*-6.14%*
PKR - Pakistani Rupee	0.0232	0.0207	*-11.06%*	0.0241	0.0202	*-16.41%*
AFA - Afghanistan Afghani	0.0471	0.0376	*-20.32%*	0.0471	0.0412	*-12.50%*
MAD - Moroccan Dirham	0.4102	0.3873	*-5.59%*	0.4053	0.3792	*-6.45%*

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)	Q1’21	Q4’21	Q1’22
EBITDA	6,765	6,573	6,801
Depreciation & Amortization	(2,010)	(2,186)	(1,974)
Exchange Gain/ (Loss)	(70)	(127)	5
Share of Associates and JV’s results	61	89	11
Impairment and other losses	(0)	(148)	0
Operating Profit before Royalty	4,747	4,201	4,843

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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 e&

e& 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 and technology conglomerates with one of the largest market capitalisations among global telcos. It is a highly rated organisation with ratings from Standard & Poor's and Moody's (AA-/Aa3).

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

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