Emirates Telecommunications Group Company PJSC
Earnings Release - Second Quarter 2022
1 August 2022
## Financial Highlights for Q2 2022

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
</table>
| **Aggregate Subscriber Base** | 160 million  
Representing a year over year increase of **2.5%** |
| **Consolidated Revenues**  | AED 13.0 billion  
Representing a year over year decline of **1.7%** with a constant currency growth of **4.2%** |
| **Consolidated EBITDA**    | AED 6.6 billion  
Growth remained stable year over year with a constant currency growth of **5.5%** and an EBITDA Margin of **51%** |
| **Consolidated Net Profit After Royalty** | AED 2.4 billion  
Representing a year over year increase of **1.5%** with a net profit margin of **19%** |
| **Consolidated Capital Spending** | AED 1.8 billion  
Representing a year over year increase of **13%** with an intensity ratio of **14%** |
| **Operating Free Cashflow** | AED 4.8 billion  
Representing a year over year decrease of **4.1%** |

Our position as a leading telecom operator coupled with our financial flexibility and cost optimization initiatives puts our business in a position of strength against emerging economic headwinds.
## Financial Highlights for H1 2022

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Year-over-Year Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate Subscriber Base</td>
<td>160 million</td>
<td>2.5%</td>
</tr>
<tr>
<td>Consolidated Revenues</td>
<td>AED 26.3 billion</td>
<td>2.5% with a constant currency growth of 3.8%</td>
</tr>
<tr>
<td>Consolidated EBITDA</td>
<td>AED 13.4 billion</td>
<td>4.1% and an EBITDA Margin of 51%</td>
</tr>
<tr>
<td>Consolidated Net Profit After Royalty</td>
<td>AED 4.9 billion</td>
<td>2.5% with a net profit margin of 18%</td>
</tr>
<tr>
<td>Consolidated Capital Spending</td>
<td>AED 3.2 billion</td>
<td>18% with an intensity ratio of 12%</td>
</tr>
<tr>
<td>Operating Free Cashflow</td>
<td>AED 10.3 billion</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

### Dividend Per Share

- **AED 0.4**
  - e&’s Board of Directors approved interim dividends of 40 fils per share for the first half of 2022

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*Excludes spectrum costs*
**Key Developments in Q2 2022**

**Vodafone**
e& acquired 9.8% equity stake in Vodafone Group plc (“Vodafone”), in line with e&’s ambition to enhance and develop its international exposure.

**Khazna Data Centers**
e& and G42 completed the transaction to combine their data centers in the UAE in a new JV under Khazna Data Centers.

**Tech NFT Collection**
e& launched the region’s first Telco NFT collection, highlighting its commitment to advancing tech capabilities.

**Enterprise AI as a Service**
e& entered into a strategic three-year alliance with DataRobot to launch an Enterprise AI as a Service (AlaaS) offering to support government and private companies in their digital transformation.

**Regulatory Fine in Morocco**
ANRT imposed a penalty on Maroc Telecom for non-compliance with certain instructions relating to local loop unbundling.

**Currency Headwinds**
Second quarter witnessed unfavourable currency depreciation of the EURO, PKR, and EGP against AED.

**etisalat by e&**
“etisalat by e&” launched as the new brand identity for Etisalat in the UAE and Egypt.

**IntelligentRAN**
e&, du, STC, Zain, and Huawei jointly released IntelligentRAN in the Middle East, which aims to inject intelligence to wireless networks and achieve autonomous driving network in the wireless domain in the future.

**Telecom Egypt Partnership**
Etisalat Egypt and Telecom Egypt signed strategic agreements covering infrastructure, access, and voice services, enhancing Etisalat Egypt abilities to provide premium services through TE’s network.

**GoChat**
e& launched GoChat in the UAE, an all-in-one free voice and video calling app, giving customers the flexibility of accessing unique features within one application.

**Amazon Collaboration**
etisalat by e& collaborated with Amazon to offer eero devices for the first time in the UAE as well as Echo Devises.

**AirPON**
Statement from H.E. Jassem Mohamed Alzaabi, Chairman of e&

“e&’s performance during the first half of the year demonstrates our unwavering commitment, continued efforts and relentless focus on realising our vision of driving the digital future to empower societies. Our success is underpinned by our drive to make a positive change in the societies we serve while adding value to our shareholders.

Our financial performance reinforces e&’s success story and its strong standing, tackling the challenges and rising to every opportunity to execute our ambitious plans we embarked on earlier this year and set the momentum for the remainder of 2022. We have embraced digitisation, with a continuous innovation ethos to charter our course into a more holistic digital transformation for our communities and societies.

I would like to thank the UAE’s wise leadership for their inspiring vision and continuous support to the ICT sector. I am also grateful to our e& management team for constantly capitalising on our deep digital expertise to act as enablers of digital transformation for governments, corporates, and consumers, providing complete end-to-end solutions. We remain thankful to our loyal consumers and shareholders for joining us in our journey of transformation and collaborating with us to set new industry benchmarks and reach new heights.”
Statement from Hatem Dowidar, Group Chief Executive Officer of e&

“e&’s financial results for the first half of this year are an outcome of our earnest endeavours to drive growth and enhance efficiencies, with a strong commitment to key strategic priorities to enable a better digital future and drive innovation.

e& achieved good performance despite global economic challenges characterised by soaring inflation, hike in interest rates and foreign currency devaluation. We will remain resilient and see these times as opportunities to deepen our focus and invest in the long term. As we navigate through the new global economic landscape, we will focus on our goal to create and deploy innovative solutions to positively impact people’s lives.

We have maximised our efforts in growing our core and digital services, by enriching consumers’ value propositions with digital services that cater to their new lifestyles and emerging demands beyond basic telecom services. Our telecoms business has been the growth engine behind our company and its transformation into a techco. This has helped solidify our leadership across our geographic footprint, as well as grow adjacencies organically and through acquisitions.

The e& digital transformation path has accelerated, empowering our customers across the digital marketplace realm, growing in fintech, providing holistic digital solutions and elevating the streaming experience to new heights. Our investment in Vodafone, for example, has great potential to drive value for both companies as we explore potential collaboration opportunities in the rapidly developing global telecom market and support the adoption of next-generation technologies. We are confident that the efforts during the first half of 2022 will help us be even better positioned to bring the full potential of the digital world to our customers across all segments by strategically building blocks that enable a future-ready business model.

We remain thankful to the UAE leadership, outstanding employees, customers and shareholders for their continued support. Our strength and determination rely on a collaborative ecosystem that moved us towards the decision of exploring new paths and reaching new horizons.”
**Subscribers**

**Aggregate subscribers** as at 30 June 2022 was 160 million, reflecting a net addition of 3.9 million during the last 12 month period due to strong subscriber acquisition in Egypt, UAE, Burkina Faso, Chad, Benin, Ivory Coast, and Pakistan. Quarter over quarter subscriber base increased by 1.0 million.

In the **UAE**, we continued solidifying our presence through maintaining high quality services and expanding our subscriber base by diversifying our product offering. As a result, the active subscriber base increased by 10% year over year and 1% quarter over quarter to 13.3 million subscribers in the second quarter of 2022. The mobile subscriber base increased by 13% year on year to 11.6 million subscribers attributed to both the postpaid and prepaid segments that increased by 7% and 14% respectively, supported by population growth and improved macro and business activities. Quarter over quarter, mobile subscriber base increased by 130 thousand subscribers predominantly driven by an increase in prepaid subscribers attributed to a solid uptick in commercial activities. eLife subscription continues to stay-course it’s growth trajectory driven by our strong value proposition coupled with our superior network quality. This combination is helping to drive consistent growth of 3% year on year increase to 1.1 million subscribers due to double and triple play. For the broadband segment, subscribers grew 6% year on year to record 1.3 million subscribers.

For **Maroc Telecom**, the subscriber base reached 74.9 million subscribers as at 30 June 2022, representing a year over year increase of 2%. This growth is mainly attributable to the operations in Burkina Faso, Chad, Benin and Ivory Coast.

In **Egypt**, subscriber base increased by a solid 9% year over year and 4% quarter over quarter to report 29.1 million subscribers.

In **Pakistan** subscriber base stood at 25.7 million, representing a year over year increase of 1%, attributed to higher subscriber acquisition in the mobile segment. Quarter over quarter also increased by 1%.
Revenue

Consolidated revenue for the second quarter of 2022 amounted to AED 13.0 billion, representing a decline of 1.7% in comparison to the same period last year and a decrease of 2.5% quarter over quarter. Second quarter revenues witnessed significant exchange rate volatility in the Egyptian Pound, Pakistani Rupee and Moroccan Dirham as a result of global macro-economic turbulence. This was mostly offset by strong performance in the UAE and in local currency performance in Etisalat Egypt and PTCL Group operations. At constant exchange rates, revenue was robust and increased year over year by 4.2% driven by increased connectivity and improved commercial activities.

In the UAE, strong revenue growth in the second quarter of 3% year on year to AED 7.7 billion. The year over year increase is attributed to momentum in core activities and robust economic growth. Quarter over quarter, revenue declined by 1% mainly due to lower number of visitors post EXPO 2020 and seasonality due to holy month of Ramadan. Mobile segment revenue grew year over year by 7% to AED 2.8 billion as a result of the increase in business activities, expansion of subscriber base and outbound roaming positively impacting both prepaid and postpaid revenues. Fixed segment revenue remained relatively stable year over year at AED 2.8 billion supported by higher internet and TV services offsetting legacy voice. Other segment revenue increased year over year by 3% to AED 2.1 billion attributed to digital and wholesale services.

Revenues of International consolidated operations for the second quarter of 2022 decreased year over year by 9% to AED 5.1 billion and decreased quarter over quarter by 4%. The decline is primarily attributable to the unfavourable exchange rate movements in the Egyptian Pound, Pakistani Rupee and Moroccan Dirham. At constant exchange rates, revenue of international operations increased year over year by 4.7%.

Maroc Telecom consolidated revenue for the second quarter of 2022 amounted to AED 3.1 billion, representing a year over year decrease of 11% attributed mainly to the unfavourable exchange movement of MAD against AED and persisting regulatory and competitive pressure in Morocco. In Morocco, revenue decreased year over year in local currency by 1.6%. The mobile segment revenue decreased by 5%,
Revenue (Continued…)

still strongly impacted by an unfavorable regulatory and competitive environment. This however was partially offset by revenue of the fixed segment which increased by 2% due to the growth of fixed broadband by 6%. Revenues from international operations “Moov Africa” increased by 1% year over year in local currency due to strong performance of mobile data, resulting in 49% contribution to Maroc Telecom Group’s consolidated revenue.

In Egypt, revenue for the second quarter of 2022 was AED 1.2 billion, remaining stable year on year. In local currency however, revenue increased by 18% mainly due to strong contribution from data, and voice and wholesale revenue.

In Pakistan operations, revenue for the second quarter was AED 0.7 billion, representing a year over year and quarter over quarter decrease of 13% and 3% respectively, due to unfavourable exchange rate movements of the Pakistani Rupee against AED. In local currency, revenue increased by 8% year over year driven by mobile and fixed data, corporate segment and growth in UBank.
Operating Expenses

Consolidated operating expenses for the second quarter of 2022 was AED 8.1 billion, a decrease of 3% compared to the same quarter of the previous year and a decrease of 2% from the first quarter of 2022. The decrease highlights the Company's continuous efforts to control and optimize costs to offset inflationary pressure exemplifying sound cost discipline. As a result, we experienced lower marketing, staff, depreciation and network costs, among others.

Key components of Q2 2022 operating expenses are:

- **Direct cost of Sales** decreased year over year by 1% to AED 3.2 billion in the second quarter of 2022, while also decreased by 1% quarter over quarter. As a percentage of revenue, it remained steady year over year at 25% in the second quarter.

- **Staff expenses** decreased year over year by 4% to AED 1.1 billion for the second quarter of 2022 and decreased by 3% quarter over quarter. As a percentage of revenue, staff costs remained stable year over year at 9% in the second quarter.

- **Depreciation and Amortisation** decreased year over year by 7% to AED 1.9 billion in the second quarter of 2022 and decreased by 5% quarter over quarter. As a percentage of revenue, depreciation and amortisation expenses decreased by 1 percentage point year over year to 14% for the second quarter and remained steady as compared to the previous quarter.

- **Network Costs** decreased by 8% year over year to AED 0.7 billion in the second quarter of 2022 and decreased by 12% quarter over quarter. As a percentage of revenue, network costs remained stable year over year and decreased by 1 percentage point quarter over quarter to 5%.

- **Marketing expenses** decreased year over year by 19% to AED 0.2 billion in the second quarter of 2022, while decreased by 15% quarter over quarter. As a percentage of revenue, marketing expenses remained steady on both a year over year and quarterly basis at 2% in the second quarter.

- **Other operating expenses** increased by 10% year over year to AED 1.1 billion in the second quarter and increased by 16% quarter over quarter mostly attributed to forex losses. As a percentage of revenue, other operating expenses was 8%, increasing by 1 percentage point year over year and quarter over quarter.
EBITDA

Group consolidated EBITDA for the second quarter of 2022 remained stable versus its comparable period the previous year and declined by 2.3% quarter on quarter to AED 6.6 billion, resulting in EBITDA margin of 51%, an uptick of 1 percentage point compared to the prior year and stable quarter on quarter. The year over year slight increase is mainly attributed to the UAE and Egypt operations that reported strong growth in AED compensated for the decline in other international operations that were impacted by unfavourable foreign exchange rate movements. At constant exchange rates, Group consolidated EBITDA increased year over year by 5.5%.

In the UAE, EBITDA in the second quarter of 2022 was AED 4.1 billion, representing a 6% increase year over year and leading to an EBITDA margin of 53%, 1 percentage point higher than the second quarter of the previous year. Quarter over quarter, EBITDA increased by 1% and EBITDA margin by 1 percentage point. The year over year increase in EBITDA is attributed to higher revenue and continued cost control.

EBITDA of International consolidated operations decreased by 6% year over year and by 2% quarter over quarter to AED 2.5 billion in the second quarter, resulting in a 38% contribution to the group’s consolidated EBITDA. This drop is attributed mainly to foreign currency devaluation against AED. At constant exchange rates, EBITDA of international operations increased year over year by 7%.

Maroc Telecom’s consolidated EBITDA for the second quarter of 2022 decreased by 9% to AED 1.7 billion and resulted in an EBITDA margin of 56%, 1 percentage point higher than the same period in the prior year. In Moroccan Dirhams, EBITDA in absolute terms increased by 1% year over year attributed to both Moroccan and international operations whose EBITDA each grew by 1%.

In Egypt, EBITDA in the second quarter increased year on year by 12% to AED 0.6 billion and EBITDA margin increased by 5 percentage points to 48%. In local currency, EBITDA increased by 33% despite inflationary pressure, due to higher revenue and cost control measures.
**EBITDA (Continued...)**

In Pakistan, EBITDA in the second quarter of 2022 decreased year on year by 20% and quarter over quarter by 6% to AED 0.2 billion with EBITDA margin decreasing year over year by 2 percentage points to 28% and decreasing 1 percentage point quarter over quarter. In local currency, EBITDA remained steady, impacted by higher energy and utility costs, advances income tax and inflationary pressure.

**Net Profit After Federal Royalty**

Consolidated net profit after federal royalty attributed to the owners of the company increased year over year by 1.5% to AED 2.4 billion in the second quarter of 2022 and net profit margin increased by 0.6 percentage point to 19%. This increase is attributed to higher income from associates, lower depreciation, and amortization expenses and lower minority interest that compensated for the impact of forex losses, higher interest expenses and the regulatory fine in Morocco.

Earnings per share (EPS) amounted to AED 0.28 in the second quarter, an increase of 1.5% as compared to EPS of the same period last year.

**Interim Dividends**

On 1 August 2022, the Board of Directors approved an interim dividend distribution for the six months period ended 30 June 2022 at the rate of 40 fils per share. Shareholders registered in the Company’s Shareholders Register at the end of 11 August 2022, will be eligible for the dividend distribution.
CAPEX

Consolidated capital expenditure increased by 13% year over year to AED 1.8 billion in the second quarter of 2022 resulting in a capital intensity ratio of 14%, 2 percentage points higher than the same period of the prior year. Capital spending was driven by our ongoing network enhancements in several markets to support increased demand for connectivity and ongoing network modernization. This includes the expansion of fibre network in the countries in Maroc Telecom Group and Pakistan as well as the expansion of mobile networks coverage in Egypt, Pakistan and Moov Africa.

In the UAE, capital expenditure during the quarter amounted to AED 0.4 billion, a 22% decrease in comparison to the same period last year. Capital intensity ratio was 5%, representing 2 percentage points lower than the same quarter of the prior year and 1 percentage point higher than the first quarter of 2022. Capital spending focused on network modernization and capacity enhancement in addition to 5G rollout.

Capital expenditures in consolidated international operations in the second quarter of 2022 increased by 29% to AED 1.4 billion compared to the same period last year and increased by 15% compared to the previous quarter. International operations represented 78% of the group’s total capital expenditure.

In Maroc Telecom, capital expenditure for the second quarter increased by 36% year over year and by 117% quarter over quarter to AED 1.0 billion, resulting in a capital intensity ratio of 31%. Capex spend in Morocco decreased year over year by 5% and was focused on the fibre-to-the-home (FTTH) network, enhancing capacity and 4G coverage expansion. However, on the international front, capex spend increased year over year by 159% with spend focusing on networks expansion and upgrades to support the growth in traffic and customer base and FTTH networks rollout to new countries.

In Egypt, capital expenditure for the second quarter increased by 70% year over year to AED 0.3 billion resulting in a capital intensity ratio of 26%, 11 percentage points higher than the same period of the prior year. Capital spending focused on 4G deployment post spectrum acquisition and upgrading of network capacity.
CAPEX (Continued…)

In Pakistan, capital expenditure for the second quarter decreased by 31% year over year to AED 0.1 billion resulting in a capital intensity ratio of 20%, 5 percentage points lower 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 39.7 billion as of 30 June 2022, as compared to AED 25.7 billion as at 31 December 2021; an increase of AED 14.0 billion. This increase is mainly attributed to bank borrowings to finance the investment in Vodafone Group.

Consolidated debt breakdown by operations as of 30 June 2022 is as following:

- Group (AED 31.5 billion)
- Maroc Telecom Group (AED 4.7 billion)
- PTCL Group (AED 1.9 billion)
- Etisalat Misr (AED 1.5 billion)

Around 87% of the debt balance is of long-term maturity that is due beyond the second quarter of 2023.

Currency mix for external borrowings is 55% in USD, 21% in Euros, 6% in MAD, 5% in AED and 13% in other currencies.

Consolidated cash balance amounted to AED 25.2 billion as of 30 June 2022 leading to a net debt position of AED 14.5 billion and a Net Debt /EBITDA ratio of only 0.54x.
Performance Against Guidance FY2022

First half 2022 performance exceeded full year management’s guidance in constant currency across all key financial metrics

<table>
<thead>
<tr>
<th>Key Financial Metrics</th>
<th>Guidance FY 2022</th>
<th>Actual 6M 2022 (Reported)</th>
<th>Actual 6M 2022 (Constant Currency)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Growth (%)</td>
<td>Low single digit growth</td>
<td>-0.4%</td>
<td>+3.8%</td>
</tr>
<tr>
<td>EBITDA Margin (%)</td>
<td>~ 49%</td>
<td>51.1%</td>
<td>50.9%</td>
</tr>
<tr>
<td>EPS (AED)</td>
<td>~ 1.08</td>
<td>0.56</td>
<td>0.56</td>
</tr>
<tr>
<td>Capex/ Revenue (%)</td>
<td>16.5% - 17.5%</td>
<td>13.2%</td>
<td>13.2%</td>
</tr>
</tbody>
</table>
# Key Financial Highlights

## P&L Statement:

<table>
<thead>
<tr>
<th>(AED m)</th>
<th>Q2'21</th>
<th>Q1'22</th>
<th>Q2'22</th>
<th>QoQ</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>13,216</td>
<td>13,331</td>
<td>12,996</td>
<td>-2.5%</td>
<td>-1.7%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>6,641</td>
<td>6,801</td>
<td>6,644</td>
<td>-2.3%</td>
<td>+0.1%</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>50.3%</td>
<td>51.0%</td>
<td>51.1%</td>
<td>+0.1 pp</td>
<td>+0.9 pp</td>
</tr>
<tr>
<td>Federal Royalty</td>
<td>(1,416)</td>
<td>(1,427)</td>
<td>(1,450)</td>
<td>+1.6%</td>
<td>+2.4%</td>
</tr>
<tr>
<td>Net Profit</td>
<td>2,395</td>
<td>2,434</td>
<td>2,431</td>
<td>-0.1%</td>
<td>+1.5%</td>
</tr>
<tr>
<td>Net Profit Margin</td>
<td>18.1%</td>
<td>18.3%</td>
<td>18.7%</td>
<td>+0.5 pp</td>
<td>+0.6 pp</td>
</tr>
</tbody>
</table>

## Balance Sheet:

<table>
<thead>
<tr>
<th>(AED m)</th>
<th>December 2021</th>
<th>June 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Bank Balances</td>
<td>28,575</td>
<td>25,197</td>
</tr>
<tr>
<td>Total Assets</td>
<td>128,197</td>
<td>138,481</td>
</tr>
<tr>
<td>Total Debt</td>
<td>25,732</td>
<td>39,679</td>
</tr>
<tr>
<td>Net Cash / (Debt)</td>
<td>2,843</td>
<td>(14,482)</td>
</tr>
<tr>
<td>Total Equity</td>
<td>57,564</td>
<td>55,005</td>
</tr>
</tbody>
</table>

## Cashflow Statement:

<table>
<thead>
<tr>
<th>(AED m)</th>
<th>6M’ 2021</th>
<th>6M’ 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating</td>
<td>3,999</td>
<td>2,898</td>
</tr>
<tr>
<td>Investing</td>
<td>(1,480)</td>
<td>(16,922)</td>
</tr>
<tr>
<td>Financing</td>
<td>(9,982)</td>
<td>10,500</td>
</tr>
<tr>
<td>Net change in cash</td>
<td>(7,463)</td>
<td>(3,524)</td>
</tr>
<tr>
<td>Effect of FX rate changes</td>
<td>392</td>
<td>280</td>
</tr>
<tr>
<td>Reclassified as held for sales</td>
<td>6</td>
<td>(134)</td>
</tr>
<tr>
<td>Ending cash balance</td>
<td>24,280</td>
<td>25,197</td>
</tr>
</tbody>
</table>
Foreign Exchange Rates

<table>
<thead>
<tr>
<th>Currencies</th>
<th>Average Rates</th>
<th>Closing Rates</th>
<th>YOY</th>
<th>Average Rates</th>
<th>Closing Rates</th>
<th>YOY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q2'21</td>
<td>Q2'22</td>
<td>YOY</td>
<td>Q2'21</td>
<td>Q2'22</td>
<td>YOY</td>
</tr>
<tr>
<td>EGP - Egyptian Pounds</td>
<td>0.2343</td>
<td>0.1977</td>
<td>-15.63%</td>
<td>0.2344</td>
<td>0.1953</td>
<td>-16.65%</td>
</tr>
<tr>
<td>SAR - Saudi Riyal</td>
<td>0.9793</td>
<td>0.9791</td>
<td>-0.02%</td>
<td>0.9793</td>
<td>0.9788</td>
<td>-0.05%</td>
</tr>
<tr>
<td>CFA - Central African Franc</td>
<td>0.0067</td>
<td>0.0060</td>
<td>-11.56%</td>
<td>0.0067</td>
<td>0.0058</td>
<td>-12.96%</td>
</tr>
<tr>
<td>PKR - Pakistani Rupee</td>
<td>0.0239</td>
<td>0.0191</td>
<td>-20.02%</td>
<td>0.0233</td>
<td>0.0179</td>
<td>-22.88%</td>
</tr>
<tr>
<td>AFA - Afghanistan Afghani</td>
<td>0.0466</td>
<td>0.0414</td>
<td>-11.19%</td>
<td>0.0459</td>
<td>0.0411</td>
<td>-10.46%</td>
</tr>
<tr>
<td>MAD - Moroccan Dirham</td>
<td>0.4120</td>
<td>0.3700</td>
<td>-10.18%</td>
<td>0.4132</td>
<td>0.3630</td>
<td>-12.15%</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>(AED m)</th>
<th>Q2'21</th>
<th>Q1'22</th>
<th>Q2'22</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>6,641</td>
<td>6,644</td>
<td>6,644</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>(2,001)</td>
<td>(1,974)</td>
<td>(1,866)</td>
</tr>
<tr>
<td>Exchange Gain/ (Loss)</td>
<td>(24)</td>
<td>5</td>
<td>(155)</td>
</tr>
<tr>
<td>Share of Associates and JV’s results</td>
<td>68</td>
<td>11</td>
<td>89</td>
</tr>
<tr>
<td>Impairment and other losses</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Operating Profit before Royalty</td>
<td>4,685</td>
<td>4,843</td>
<td>4,712</td>
</tr>
</tbody>
</table>
Disclaimer

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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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