

# Q2 2022 Results Presentation

2 August 2022



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# Business Overview

Hatem Dowidar  
Group Chief Executive Officer



## Q2 2022 Financial Highlights

		Q2'22	Q2'21	Y/Y%	Constant Currency Y/Y%
<b>Strong revenue growth</b> in constant currency in Q2'22 attributed to both domestic and int'l operations	Revenue (AED m)	<b>12,996</b>	13,216	-1.7%	+4.2%
<b>EBITDA is resilient</b> in both reported and constant currency supported by effective <b>cost management</b>	EBITDA (AED m)	<b>6,644</b>	6,641	+0.1%	+5.5%
Improvement in <b>EBITDA margin</b> despite inflationary pressures	EBITDA Margin %	<b>51.1%</b>	50.3%	+0.9 p.p.	
<b>Growth in net profit</b> attributed to <b>higher operating profit</b> , income from <b>associates</b> , <b>lower depreciation</b> and <b>minority interest</b>	Net Profit (AED m)	<b>2,431</b>	2,395	+1.5%	
Steady <b>improvement in net profit margin</b>	Net Profit Margin (%)	<b>18.7%</b>	18.1%	+0.6 p.p.	
Higher <b>capital spending</b> as we <b>invest in building premium networks</b> and supporting <b>higher connectivity</b> and <b>traffic growth</b>	Capex (AED m)	<b>1,830</b>	1,619	+13.0%	
<b>Strong free cash flow generation</b> supporting Group's investments and balance sheet	FCF (AED m)	<b>4,814</b>	5,022	-4.1%	

## Q2 2022: Key Developments & Operational Highlights

### Group

- Acquisition of 9.8% equity stake in **Vodafone** Group, in line with e&'s ambition to enhance and develop its international exposure
- Completion of the transaction of combining e& and G42 data centers into a new JV under **Khazna**
- Signed a number of **key strategic partnerships** to drive innovation and digital transformation
- Board approved a **DPS of AED 0.40** for the first half of 2022

### Telecom UAE

- Focused on core connectivity and value proposition is driving subscriber growth
- Continued positive operational and financial momentum leading to **revenue** and **EBITDA growth**
- **Improvement in FCF** due to strong EBITDA growth and disciplined approach to capex
- Strengthening **digital adjacencies** such as the launch of **GoChat Messenger**

### Telecom International

- **Strong growth on comparable basis** across key markets, masked by currency devaluations
- **Regulatory pressure in Morocco** impacting Maroc Telecom Group performance
- **Etisalat Egypt** maintained **solid operational** and **financial** performance
- **PTCL Group** delivered **strong revenue growth** in fixed, mobile and Ubank segment; inflationary pressure and FX impacted profitability

# Financial Overview

Karim Bennis

Group Chief Financial Officer

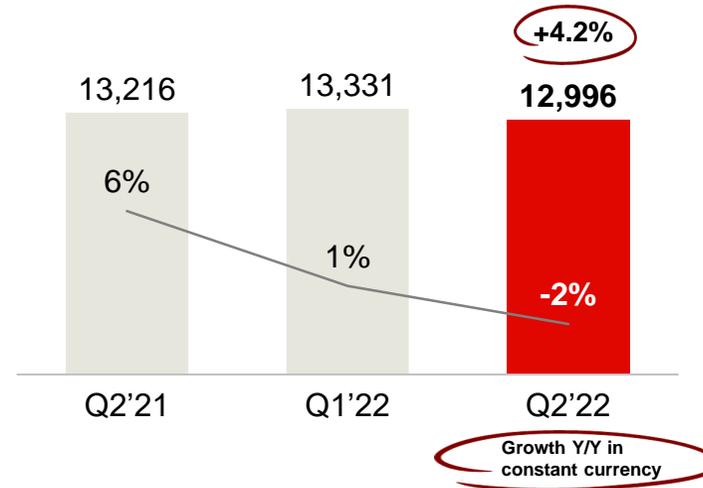


# Strong revenue growth at constant currency

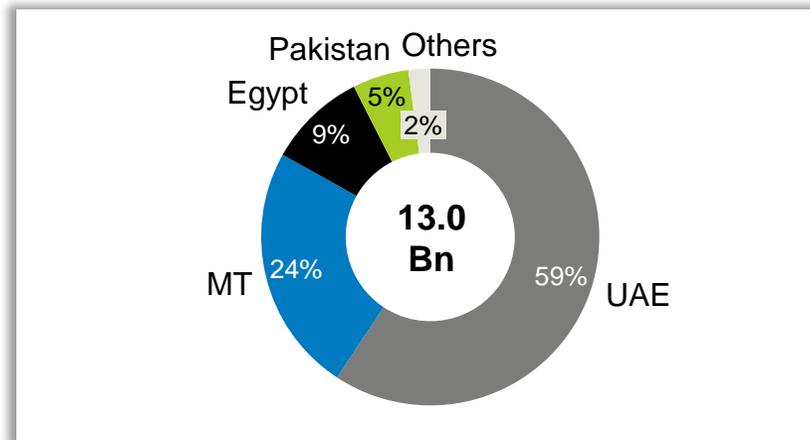
- Revenue growth in constant currency attributed to strong contribution from UAE, Egypt and Pakistan operations
- Strong performance in UAE mainly attributed to subscriber gains driving mobile segment and growth in digital services
- Regulatory and competitive environment impacting MT Group mobile segment in Morocco
- Etisalat Egypt delivered consistent double-digit growth in local currency due to data and voice revenue growth
- PTCL Group delivered strong revenue growth in local currency across all segments

## Group Revenue

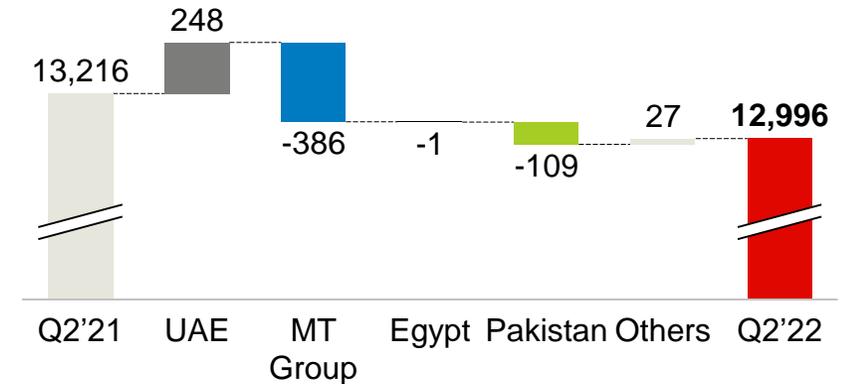
Revenue (AED m) & YoY Growth (%)



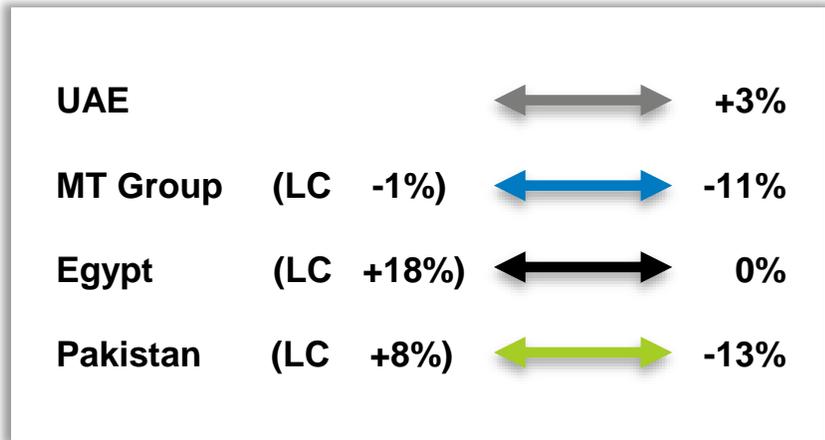
Revenue Breakdown (Q2 2022)



Sources of Revenue Growth (AED m)



Revenue Growth by Market (Q2 2022)

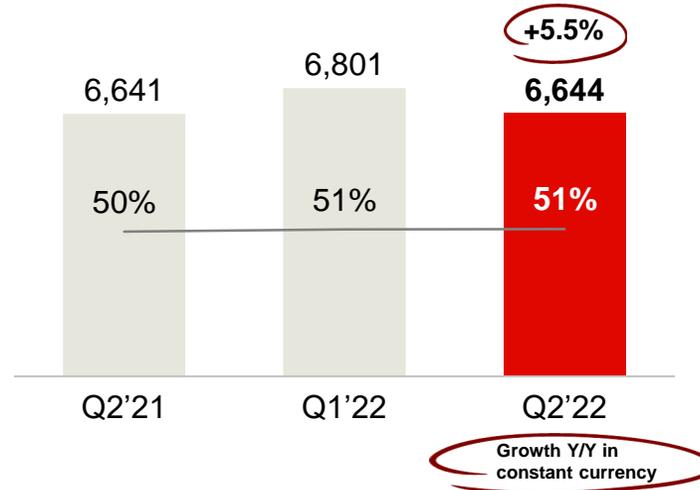


# Sustained EBITDA growth and margins despite inflationary pressure

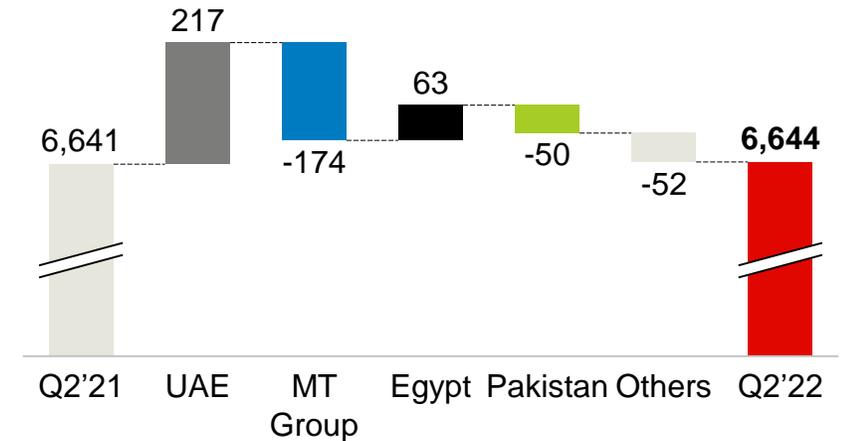
- EBITDA in constant currency increased Y/Y by 5.5%
- Robust EBITDA margin at 51%
- EBITDA growth in the UAE supported by higher revenue and cost discipline
- **Maroc Telecom** delivered strong EBITDA growth in its domestic and int'l operations in local currency
- Strong EBITDA growth in **Etisalat Egypt** due to revenue growth and cost control measures
- EBITDA contribution from **Pakistan** impacted by inflation and energy costs

## Group EBITDA

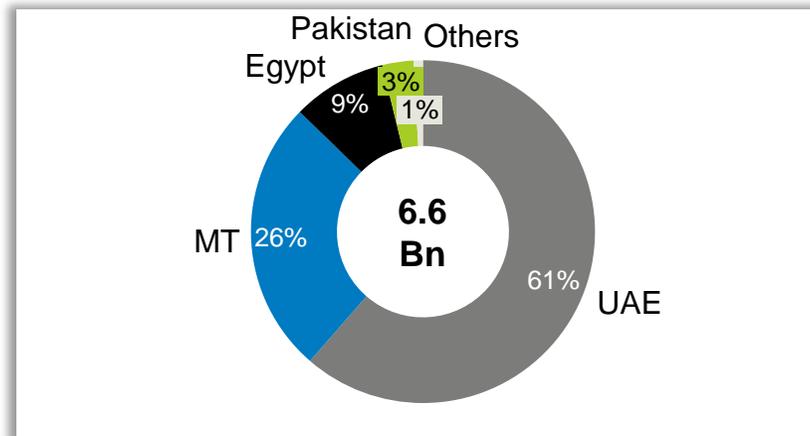
EBITDA (AED m) & Margin (%)



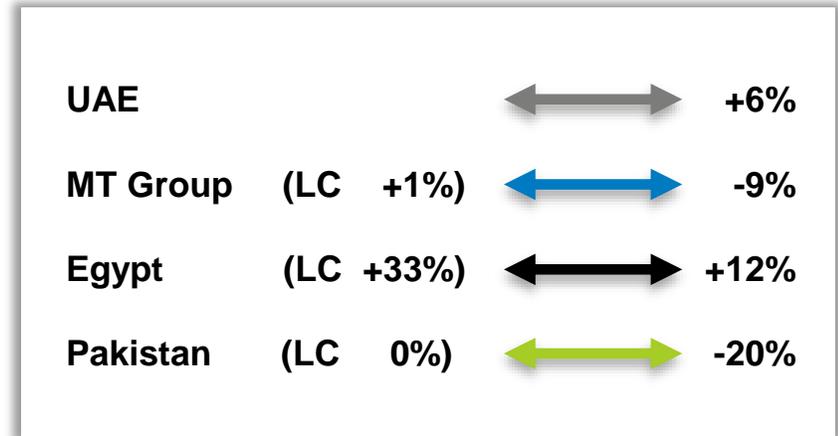
Sources of EBITDA Growth (AED m)



EBITDA Breakdown (Q2 2022)



EBITDA Growth by Market (Q2 2022)

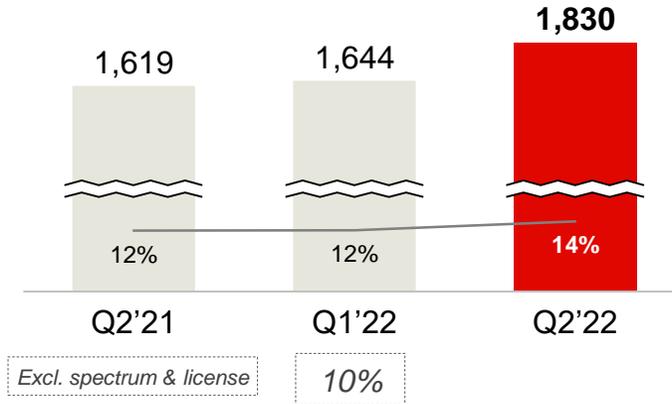


# Building premium networks

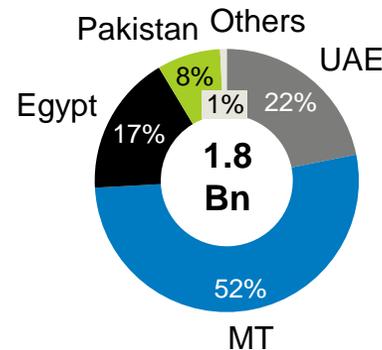
- Consolidated capex increased Y/Y by 13%, resulting in an intensity ratio of 14%
- Lower capital spend in the UAE focused on 5G deployment, capacity and network enhancement
- MT Group higher capex spend focused on fibre and mobile network expansion in Moov Africa
- Higher capex spend in Egypt focused on spectrum deployment and network coverage
- PTCL Group capex spend attributed to expansion of mobile and fibre network

## Group CAPEX

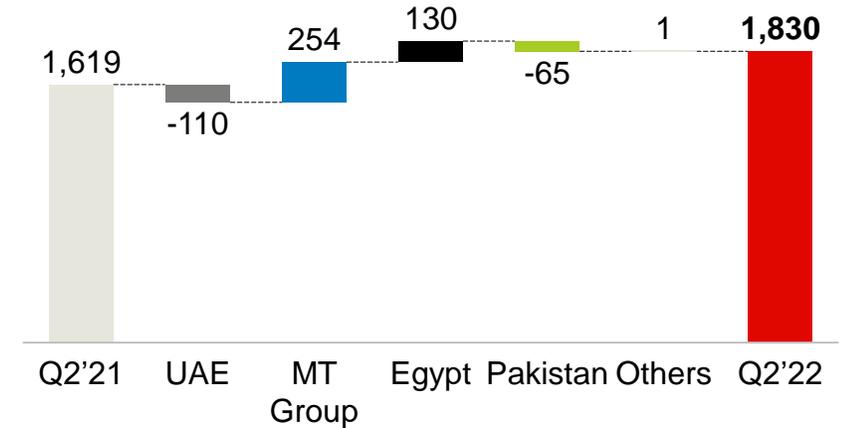
CAPEX (AED m) & Intensity Ratio (%)



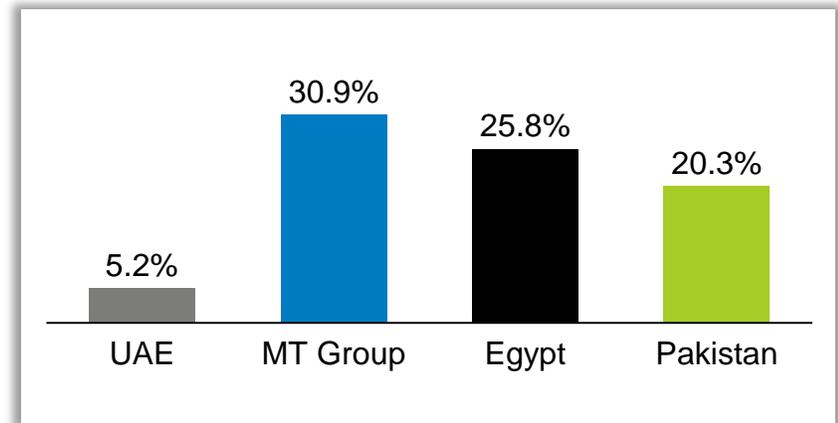
CAPEX Breakdown (Q2 2022)



Sources of CAPEX Growth (AED m)



CAPEX Intensity Ratios (%) Key Operations (Q2 2022)



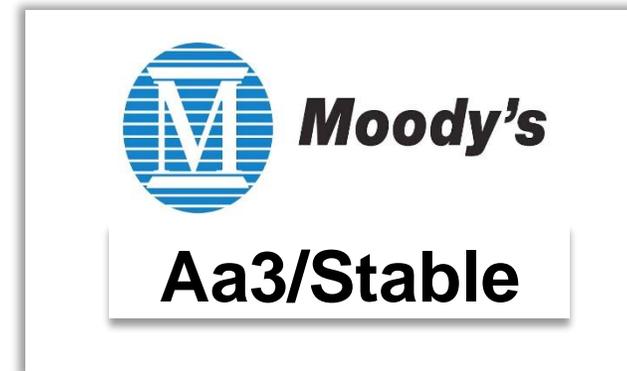
# Robust liquidity and cash flow position supporting financial flexibility

- Maintained **strong liquidity** position of AED 25.2 billion
- **Increased leverage at attractive rates** to finance Vodafone investment
- **Strong operating cash flow** slightly impacted by changes in working capital
- Higher investing cash outflow and financing cash inflow attributed to **strategic investments**
- Commitment to **investment grade credit profile**

## Group Balance Sheet and Cash Flow

Balance Sheet (AED m)	Dec-21	Jun-22	Cash Flow (AED m)	Jun-21	Jun-22
Cash & Bank Balances	28,575	25,197	Operating	3,999	2,898
Total Assets	128,197	138,481	Investing	(1,480)	(16,922)
Total Debt	25,732	39,679	Financing	(9,982)	10,500
Net Cash / (Debt)	2,843	(14,482)	Net change in cash	(7,463)	(3,524)
Total Equity	57,564	55,005	Effect of FX rate changes	392	280
			Others	6	(134)
			Ending cash balance	24,280	25,197

### Investment Grade Credit Ratings



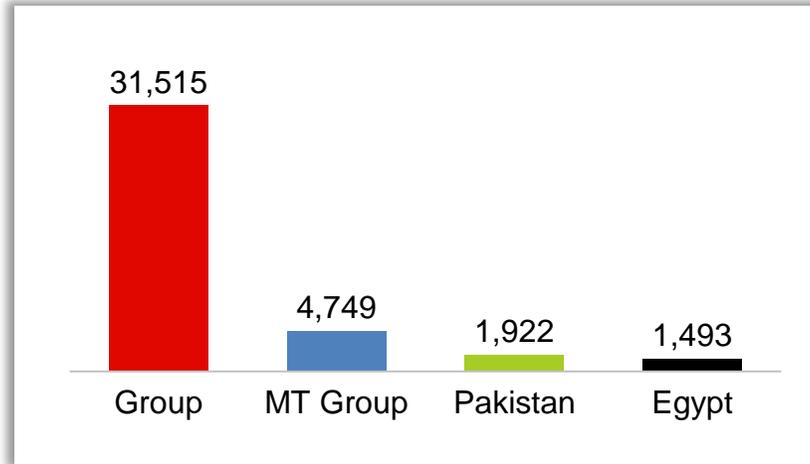
Note: Debt represents interest bearing debt i.e. bonds, banks borrowings, vendor financing and other financial obligations. It excludes lease obligations.

# Diversified and efficient debt profile

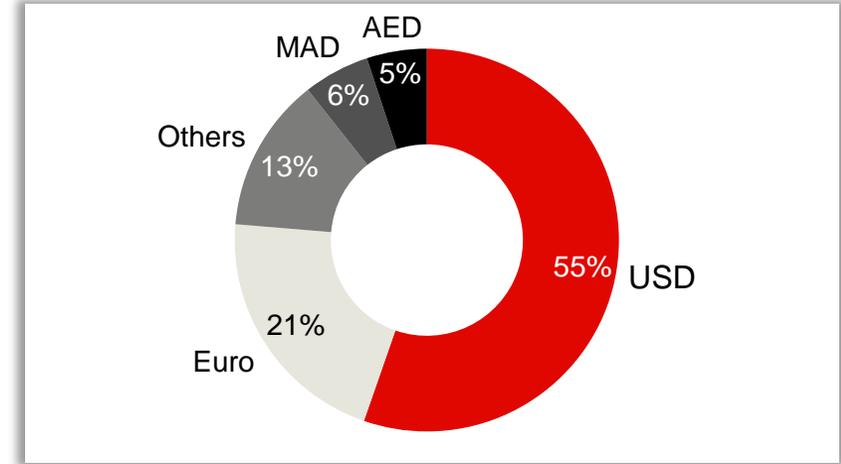
- Increased bank borrowings at Group level to finance strategic investment
- 79% of debt is at Group level
- 60% of debt is in USD/AED
- 87% of debt is due beyond one year

## Group Debt

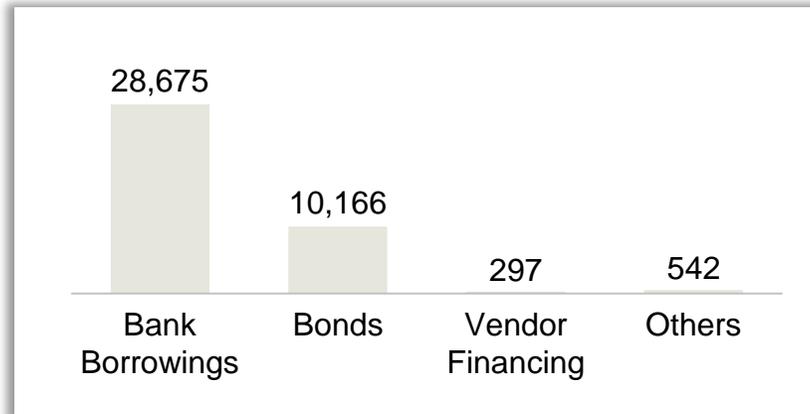
Borrowings by Operations (AED m)



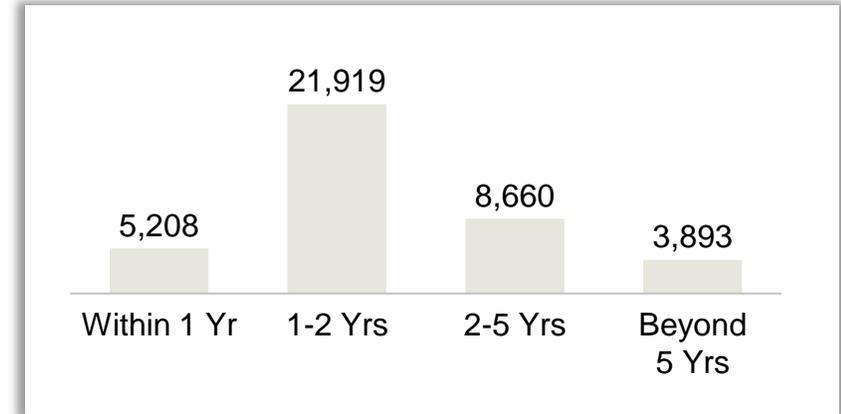
Borrowings by Currency (%)



Debt by Source (AED m)



Repayment Schedule (AED m)



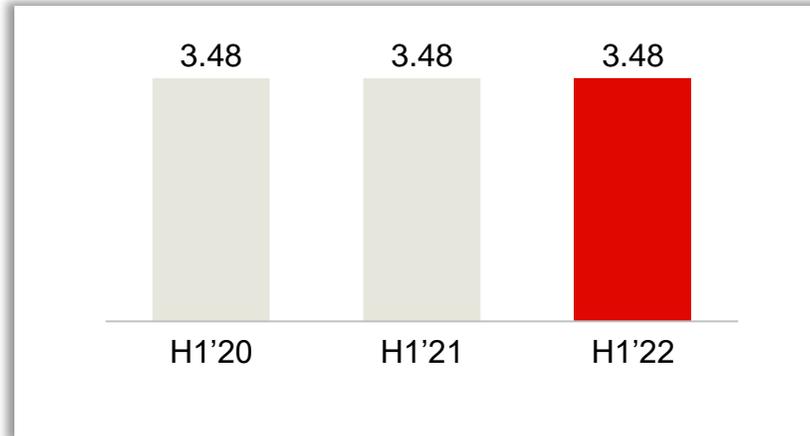
Note: Debt represents interest bearing debt i.e. bonds, banks borrowings, vendor financing and other financial obligations. It excludes lease obligations.

# Track record of consistent dividends to shareholders

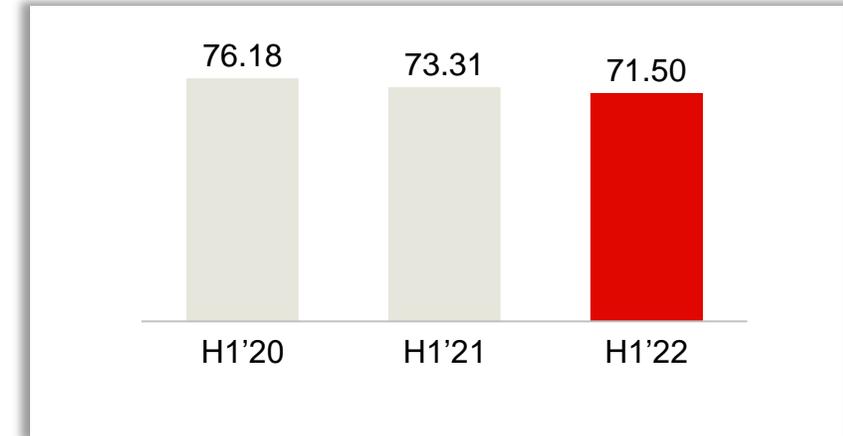
- e&'s Board approved interim DPS of 40 fils for H1 2022
- To be distributed to the shareholders registered in the shareholders' register on 11<sup>th</sup> August 2022
- Dividend payment will occur within second half of August 2022

## Dividends

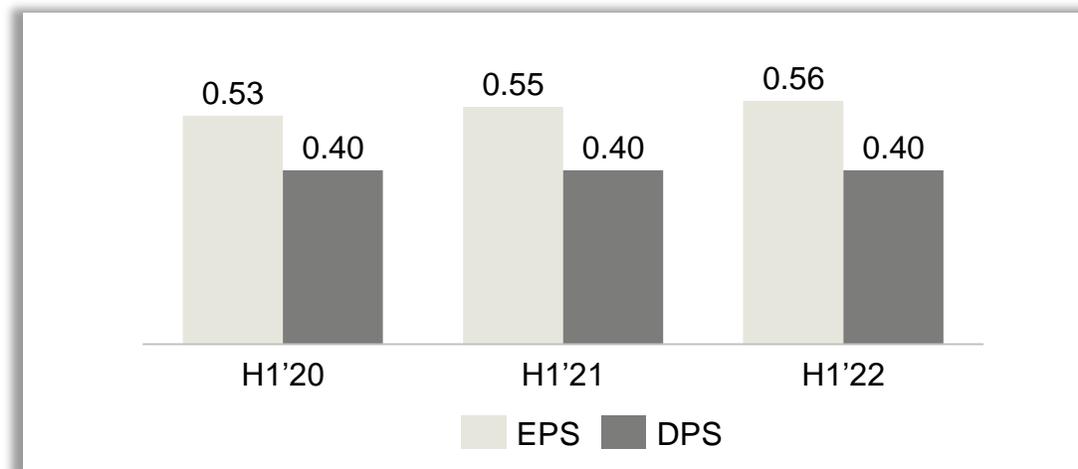
Interim Dividends (AED bn)



Interim Dividend Payout Ratio (%)



Earnings per Share (AED) & Dividends per Share (AED)



# Financial Highlights

## Country Performance

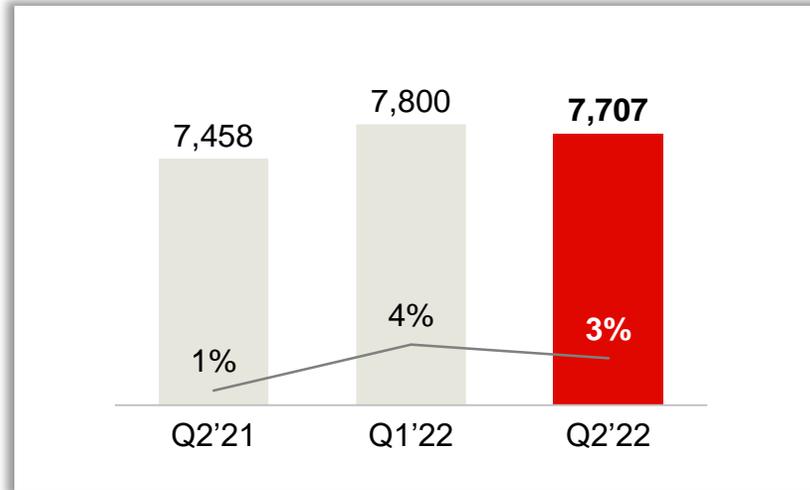


# Positive business momentum driving revenue growth

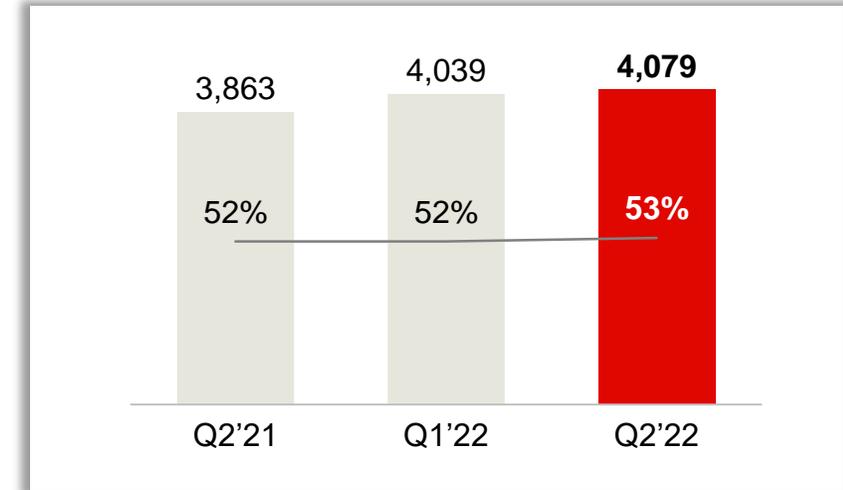
- Revenue growth YoY supported by growth in mobile, fixed data and digital services
- EBITDA growth in absolute terms supported by higher revenue and controlled spend
- Improvement in **EBITDA margin** at 53% level
- Strong net profit growth** with margin expansion
- Lower **CAPEX spend** YoY focused on network enhancement and 5G rollout

## Etisalat UAE

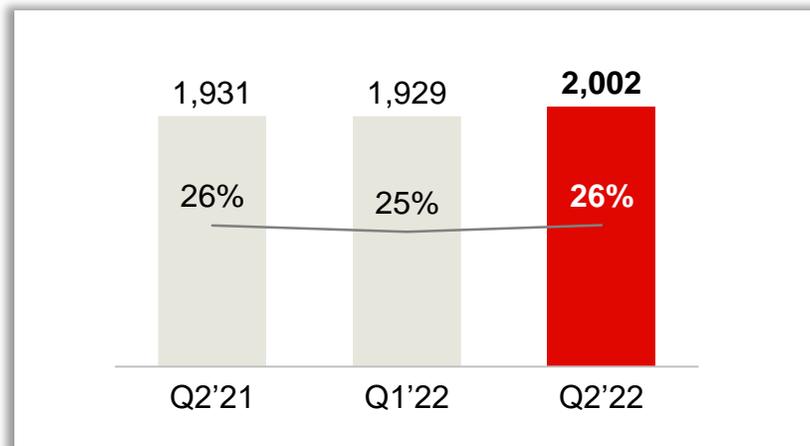
### Revenue (AED m) and YoY Growth (%)



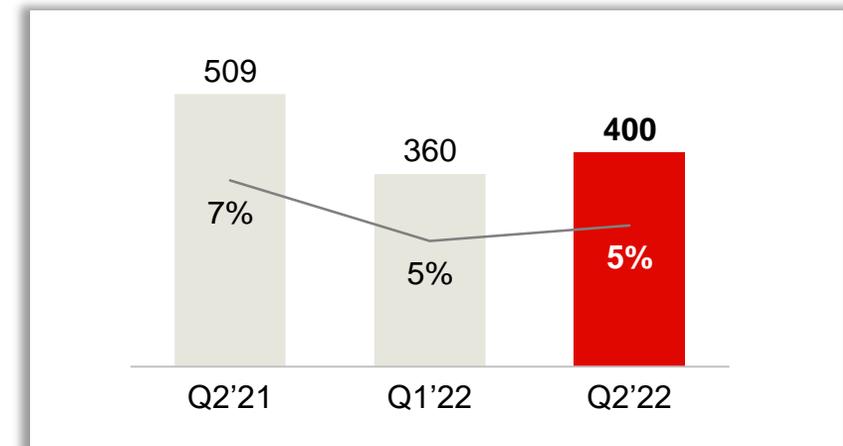
### EBITDA (AED m) and EBITDA Margin (%)



### Net Profit (AED m) and Profit Margin (%)

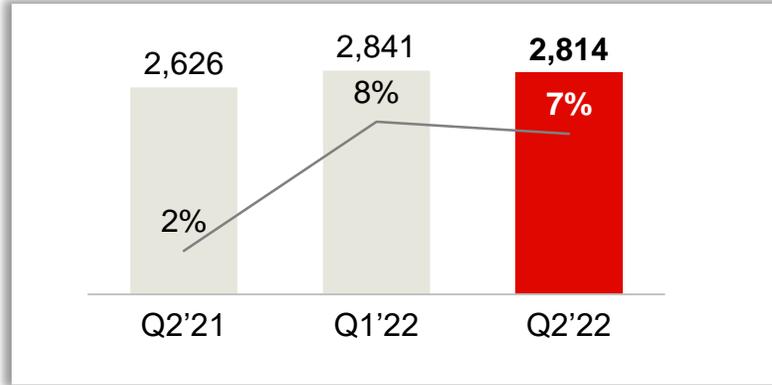


### CAPEX (AED m) & CAPEX / Revenue (%)

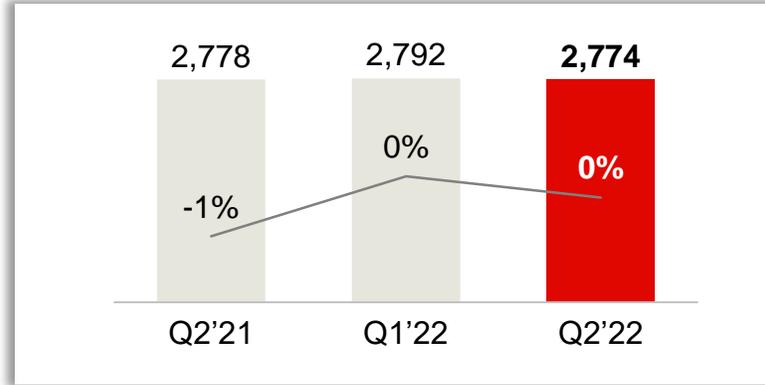


# UAE Breakdown & Key KPIs: Strong revenue and subscriber gains

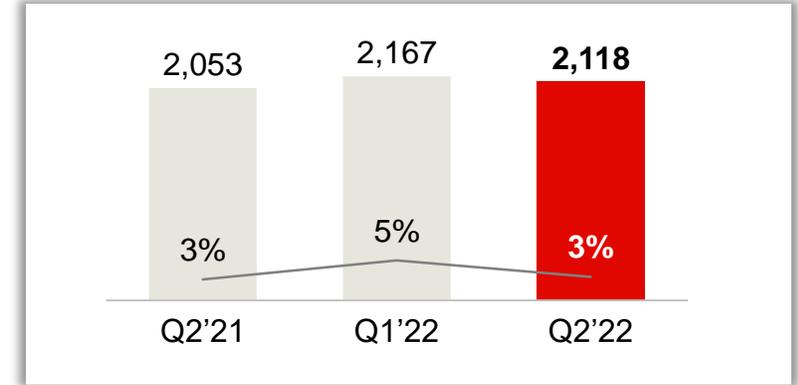
Mobile Revenue<sup>(1)</sup> (AED m) & YoY Growth (%)



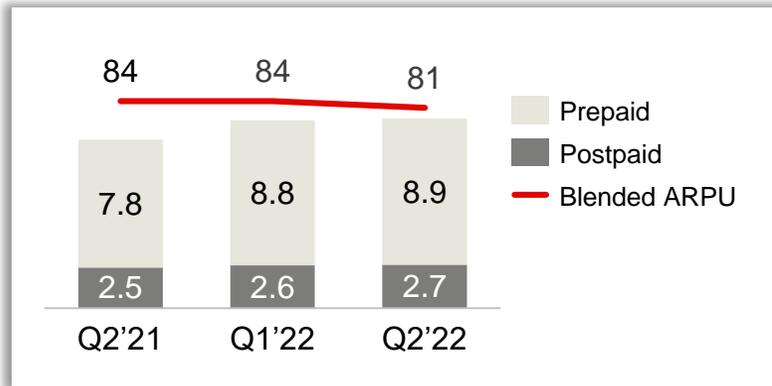
Fixed Revenue<sup>(2)</sup> (AED m) & YoY Growth (%)



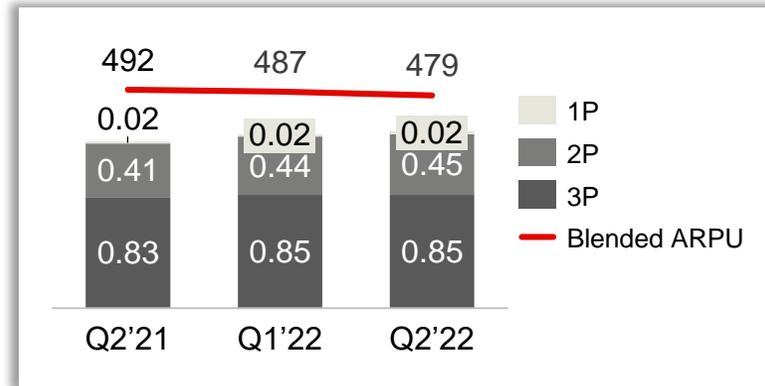
Other Revenue<sup>(3)</sup> (AED m) & YoY Growth (%)



Mobile Subs<sup>(4)</sup> (m) and ARPU<sup>(5)</sup> (AED)



Fixed Broadband Subs<sup>(6)</sup> (m) and ARPU<sup>(7)</sup>



- Consistent revenue growth in mobile and digital services with steady fixed revenue YoY
- Strong subscribers growth with mobile subscribers and fixed broadband subscribers up by +13% and +6% respectively
- Subscriber gain in high value segments (postpaid and eLife 3P)

(1) Mobile revenues includes mobile voice, data, rental, outbound roaming, VAS, and mobile digital services  
 (2) Fixed revenues includes fixed voice, data, rental, VAS, internet and TV services  
 (3) Others Revenues includes ICT, managed services, wholesale (local and int'l interconnection, transit and others), visitor roaming, handsets and miscellaneous  
 (4) Mobile subscribers represents active subscriber who has made or received a voice or video call in the preceding 90 days, or has sent an SMS or MMS during that period  
 (5) Mobile ARPU ("Average Revenue Per User") calculated as total mobile revenue divided by the average mobile subscribers.  
 (6) Fixed broadband subscriber numbers calculated as total of residential DSL (Al-Shamil), corporate DSL (Business One) and E-Life subscribers.  
 (7) ARPL ("Average Revenue Per Line") calculated as fixed broadband line revenues divided by the average fixed broadband subscribers.

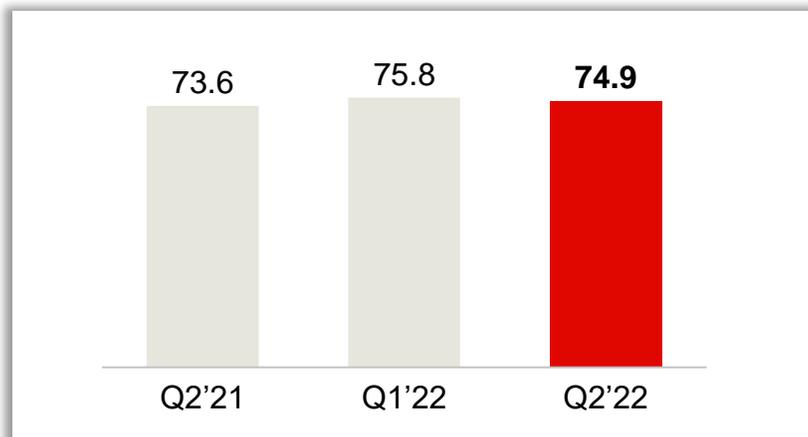
# Regulatory headwinds In Morocco impacted net profit

- **Subscriber growth** is driven by international operations
- Domestic market revenue is under persisting regulatory and competitive pressure while Moov Africa is growing due to **strong growth in mobile data**
- **Growth in EBITDA margin** supported by EBITDA growth in both domestic operations and Moov Africa
- Higher capital expenditure in Moov Africa focused on **FTTH, network coverage and capacity** to support the surge in data traffic and customer growth

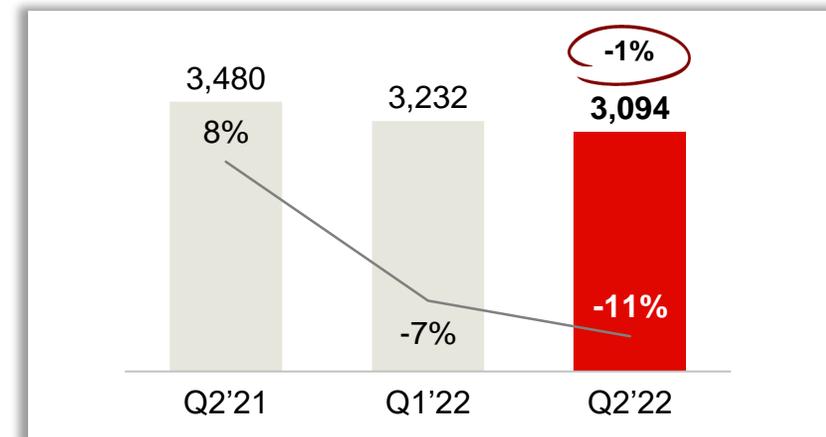
## Maroc Telecom Group<sup>(1)</sup>



### Subscribers (m)

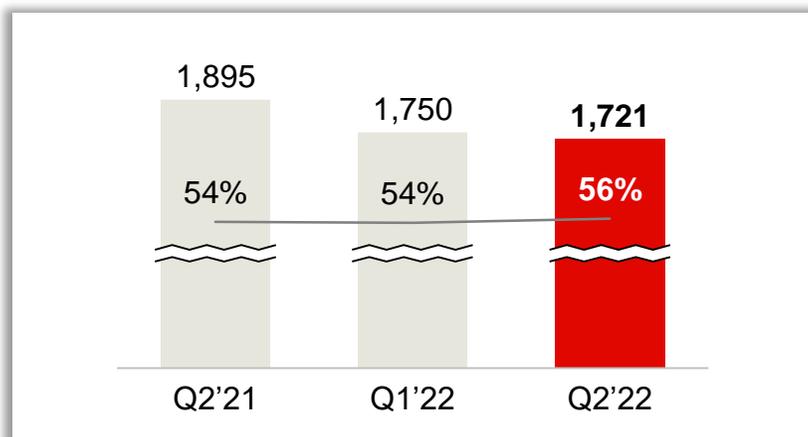


### Revenue (AED m) and YoY Growth (%)

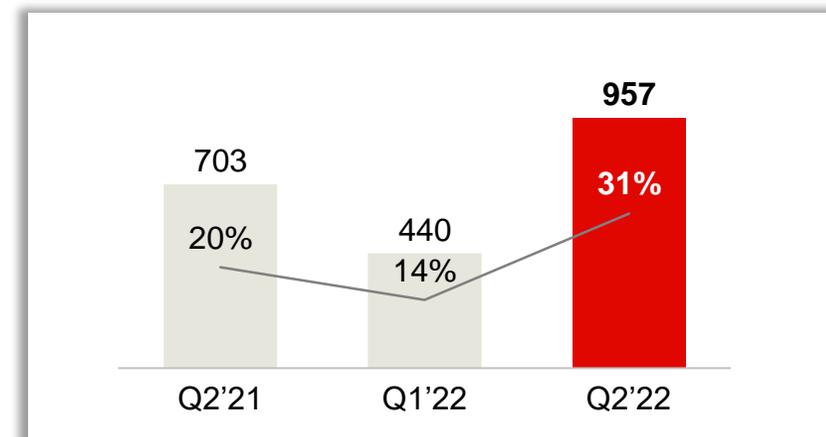


Growth Y/Y in local currency

### EBITDA (AED m) and EBITDA Margin (%)



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



(1) Maroc Telecom Group operates in Morocco, Benin, Burkina Faso, CAR, CDI, Chad, Gabon, Mali, Mauritania, Niger & Togo

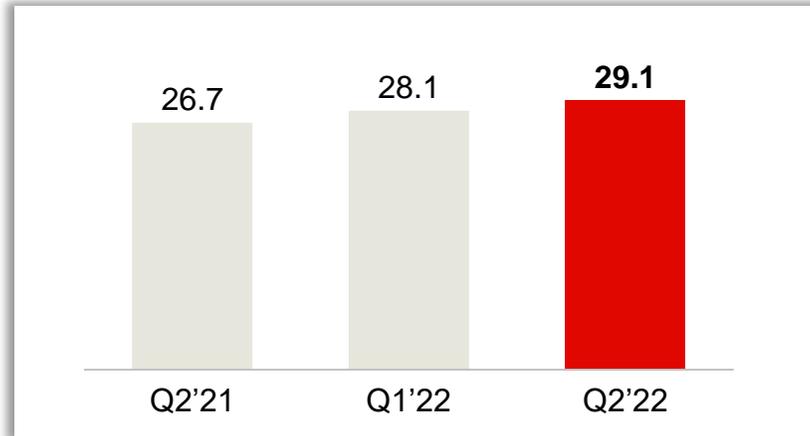
# Consistent execution delivering strong revenue and profitability growth

- **Subscriber growth** backed by spectrum acquisition
- **Robust revenue growth** in local currency attributed to data and voice
- **Strong EBITDA growth** supported by improvement in revenue and cost measures
- **Capital spending** focused on expanding network coverage post spectrum deployment

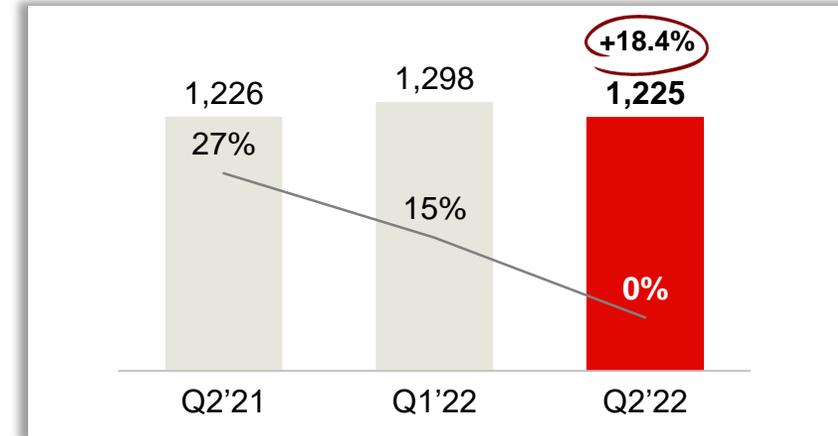
## Etisalat Egypt



Subscribers (m)

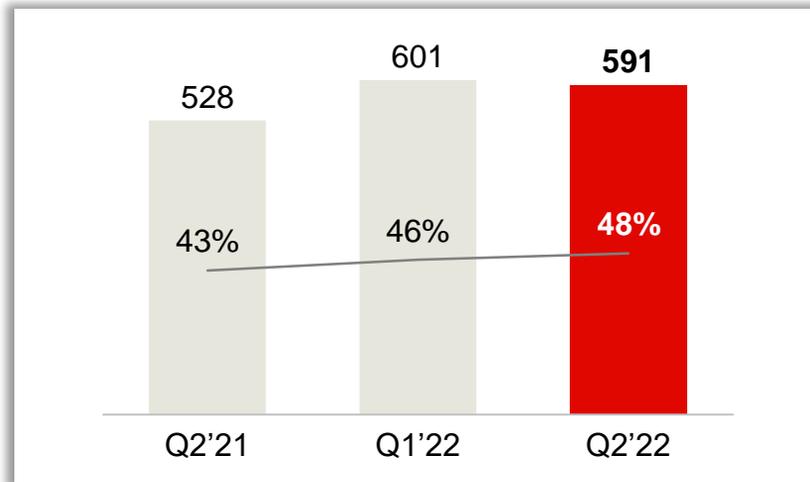


Revenue (AED m) and YoY Growth (%)

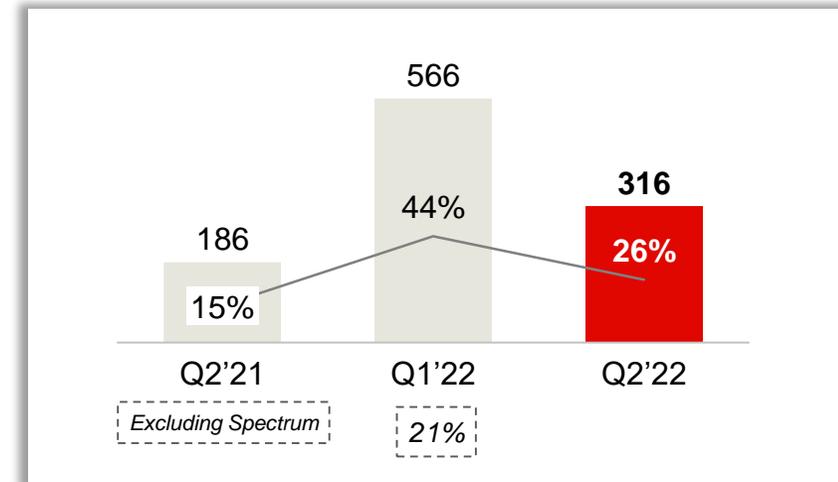


Growth Y/Y in local currency

EBITDA (AED m) and EBITDA Margin (%)



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



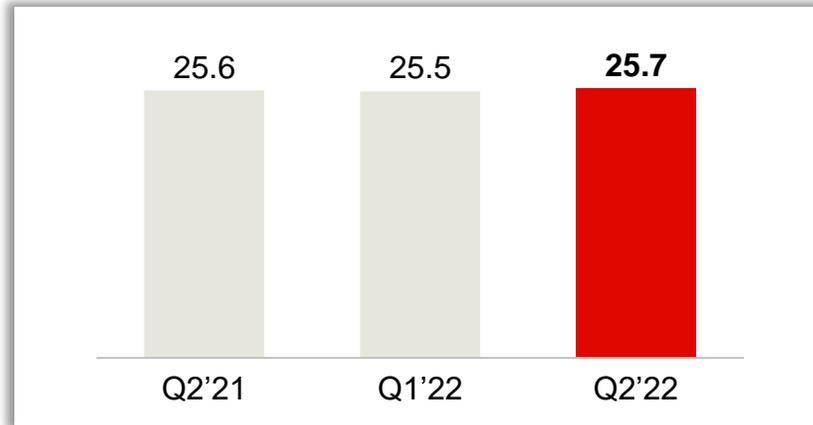
# Top-line growth in local currency in all segments

- **Growth** in FTTH and 4G data subscribers
- **High single digit growth in revenue** in local currency driven by mobile and fixed data and Ubank segment
- **EBITDA** impacted by currency devaluation, inflationary pressure and increase in energy costs
- Lower capital spending mainly focused on mobile and fibre network rollout

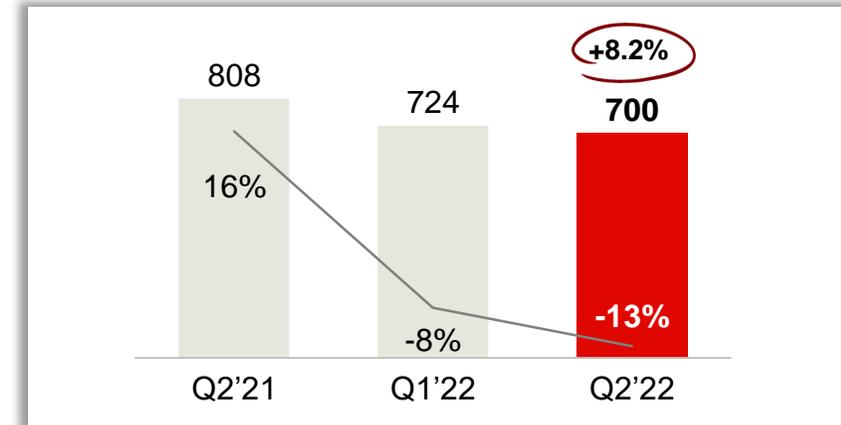
## PTCL Group



Subscribers (m)

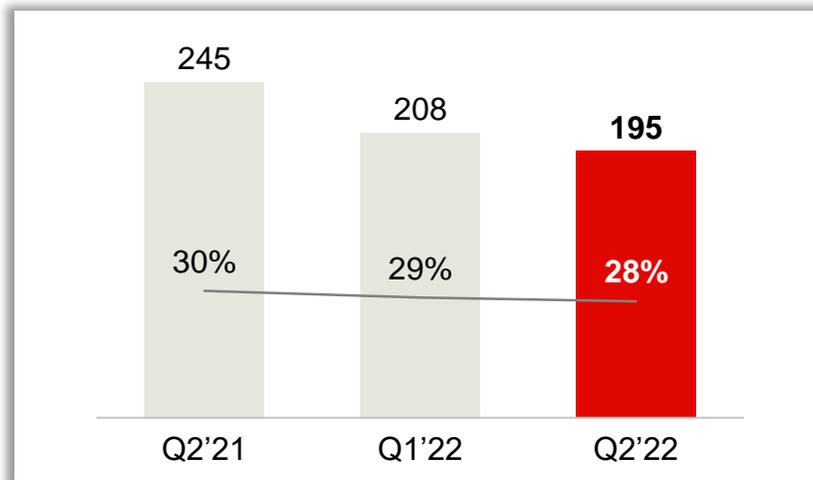


Revenue (AED m) and YoY Growth (%)

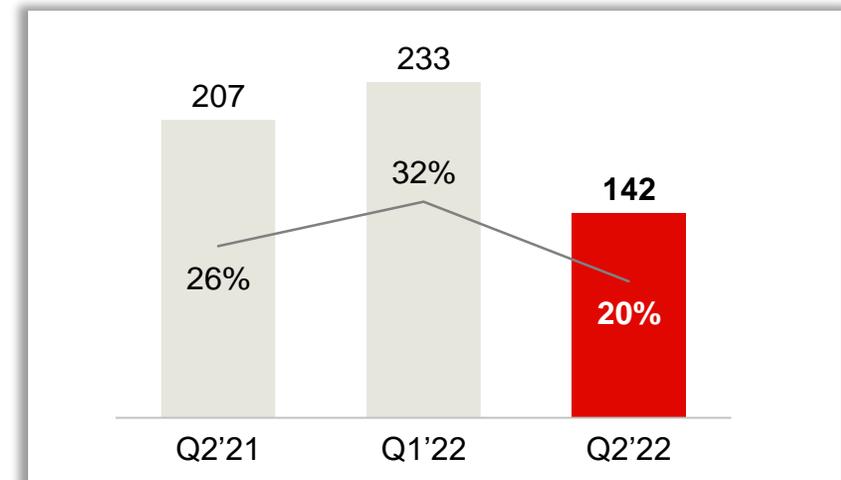


Growth Y/Y in local currency

EBITDA (AED m) and EBITDA Margin (%)



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



# Financial Highlights H1 2022: Strong performance at constant currency

## Revenue

AED Billion

**26.3**

YOY Growth

↓ -0.4%    **+3.8%**

## EBITDA

AED Billion

**13.4**

YOY Growth

↑ +0.3%    **+4.1%**

## Net Profit

AED Billion

**4.9**

YOY Growth

↑ +2.5%

## CAPEX<sup>(1)</sup>

AED Billion

**3.2**

YOY Growth

↑ +17.7%

## Free Cash Flow<sup>(2)</sup>

AED Billion

**10.3**

YOY Growth

FCF%    ↓ -4.1%

**39.0%**

## EBITDA Margin

**51.1%**

YOY Growth

↑ +0.4pt

## NP Margin

**18.5%**

YOY Growth

↑ +0.5pt

## CAPEX Intensity<sup>(1)</sup>

**12.1%**

YOY Growth

↑ +1.9pt

Growth Y/Y in constant currency

**2022 Guidance:** Exceeding FY2022 financial guidance in all KPIs driven by strong performance at constant currency

Financial KPI	Guidance FY 2022	Actual 6M 2022 (Reported)	Actual 6M 2022 (Constant Currency)
Revenue Growth %	Low single digit growth	-0.4%	+3.8%
EBITDA Margin %	~49%	51.1%	50.9%
EPS (AED)	~1.08	0.56	0.56
CAPEX / Revenue %	16.5%-17.5%	13.2%	13.2%

**we are&**