EMIRATES TELECOMMUNICATIONS GROUP COMPANY PJSC 'ETISALAT GROUP'

EARNINGS RELEASE SECOND QUARTER 2018

24 JULY 2018

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FINANCIAL HIGHLIGHTS FOR Q2 2018

- Aggregate subscriber base reached 144 million, representing a year over year increase of 4%;
- Consolidated revenues amounted to AED 13.1 billion, representing an increase of 2% year over year;
- Consolidated EBITDA totaled AED 6.6 billion, representing an increase of 0.3% year over year and resulting in EBITDA margin of 50%, 1 point lower than prior year;
- Consolidated net profit after Federal Royalty amounted to AED 2.2 billion, representing an increase of 12% year on year and resulting in a net profit margin of 17%, 2 points higher than prior year;
- Consolidated capital spending decreased by 6% to AED 2.1 billion, representing 16% of the consolidated revenues; and
- Etisalat Group's Board approved interim dividend payout of 40 fils per share for the first half of 2018.

KEY DEVELOPMENTS IN Q2 2018

- Etisalat launched first commercial 5G network in the MENA
- Credit Rating Agencies S&P Global and Moody's affirmed Etisalat Group's high credit rating at AA-/Aa3 with stable outlook;
- Etisalat and Microsoft formed a strategic partnership to deliver the comprehensive, trusted Microsoft Cloud from their first datacentre located in the Middle East;
- Etisalat launched MENA region's first Apple Watch Series 3 with built-in cellular;
- Etisalat, Singtel, SoftBank and Telefonica signed an agreement to create the first global telco security alliance to offer enterprises a comprehensive portfolio of cyber security services;
- Maroc Telecom acquired and launched 4G license / services and renewed 3G and 2G licenses in Togo; and
- Maroc Telecom acquired additional 10% stake in its Burkina Faso subsidiary ONATEL S.A., bringing its shareholding to 61%.

STATEMENT FROM MOHAMED EISSA AL-SUWAIDI, CHAIRMAN OF ETI-SALAT GROUP

""Etisalat Group's financial performance of the first half of this year showcased its ability to innovate and lead in the telecom and digital services arena. We will continue to be technology leaders and our recent 5G commercial launch is another testament of our efforts, allowing us to tap into promising opportunities that will enable greater benefits for all segments of customers. The financial performance continue to lay a solid foundation for investment, hence, enabling Etisalat to introduce solutions that will reshape the industry and change the business operating dynamics.

"I would like to thank the wise leadership of United Arab Emirates for their continuous support and the Etisalat management team in making the digital vision a reality by staying focused on the company's long-term strategy to drive stakeholder value. Thanks to both our supportive shareholders and loyal customers for inspiring us to set new global benchmarks and reach new business heights."

STATEMENT FROM SALEH AL ABDOOLI, CEO OF ETISALAT GROUP

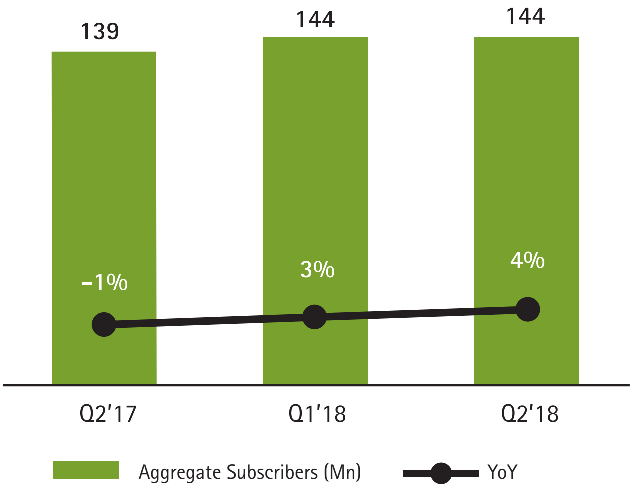
Engineer Saleh Al Abdooli, Group Chief Executive Officer, Etisalat Group, said: "Etisalat Group's financial results in the first half of 2018 is an outcome of our sincere efforts to drive growth and generate efficiencies, with an unwavering commitment to key strategic priorities that will enable a digital future, transform the ecosystem, and drive digital innovation across our operations."

"We are proud that Etisalat was the first telecom operator to successfully launch the first 5G Ultra-Mobile broadband experience in the region, and through our partnership with Expo 2020 Dubai, the latter became the first 5G major commercial customer in MEASA. Such collaboration is a declaration of a new era of digital connectivity, and an acknowledgment of 5G's rich anticipated potential"

Whether we are introducing novel technologies or launching new innovative services, our achievements are spread across all aspects of the business and integrate seamlessly to deliver our strategic objectives. We managed to capitalize on our financial, technological and human assets enabling us to spearhead in a new world that will be defined by the digital pioneers"

"Moving forward, we will continue to pilot and explore new technologies while probing prospective use cases that will maximize value and bring tangible benefit to customers and shareholder. Etisalat remains grateful to the country leadership for their continuous support, and thankful to its customers who have played a critical role in its journey, we believe in our ability to be the catalysts who will enable the transition of the society in the new digital era, and we are bound to unfold greater accomplishments down the road"

SUBSCRIBERS



Etisalat Group aggregate subscribers as at 30 June 2018 was 144 million reflecting a net gain of 5.2 million during the last 12 month period, due to strong subscriber growth in the UAE, Morocco, Ivory Coast, Mali, Togo, Niger, Benin, Burkina Faso, Pakistan and Afghanistan. Quarter over quarter active subscriber base was stable at 144 million.

In the UAE, the active subscriber base grew to 12.7 million subscribers in the second quarter of 2018 representing a year on year growth of 3%. Subscriber growth was driven by mobile and eLife segments. The mobile subscriber base grew year on year by 4% to 10.9 million subscribers representing a net addition of 0.4 million subscribers mostly in the prepaid segment. eLife segment continued to drive consistent growth with 4% year on year increase to over 1 million subscribers. Total broadband segment grew by 3% year on year to 1.1 million subscribers. However, quarter over quarter, active subscriber base declined by 1% attributed mainly to mobile prepaid segment.

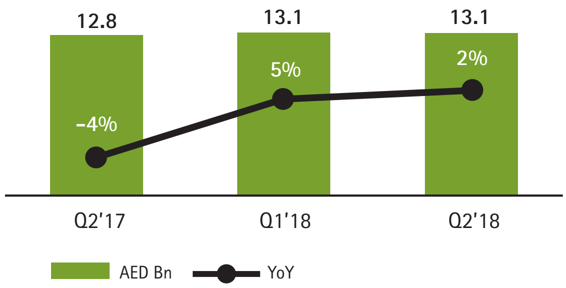
For Maroc Telecom, the subscriber base reached 60.3 million customers as at 30 June 2018, representing a year over year growth of 10%. This growth is mainly attributable to the operations in , Mali, Ivory Coast, Togo, Benin, Niger, and Burkina Faso.

In Egypt, subscriber base decreased by 7% year over year to 33.2 million mainly due to stricter regulatory requirements for subscriber acquisitions through indirect channels.

In Pakistan, subscriber base increased by 8% year over year and 1% quarter over quarter to 23.1 million. This increase is attributed to the mobile segment.

REVENUE

Etisalat Group's consolidated revenue for the second quarter of 2018 amounted to AED 13.1 billion, representing an increase of 2% in comparison to the same period last year and was flat quarter over quarter.



In the UAE, revenue in the second quarter increased year on year and quarter over quarter by 1% to AED 7.9 billion, as a result of growth of fixed segment by AED 118 million attributed to internet, data and broadcast television revenues and growth in Other segment by AED 46 million attributed mainly to wholesale and handset revenues.

Revenues of International consolidated operations for the second quarter of 2018 increased year over year by 6% to AED 5.1 billion. Revenues from International operations represented 39% of Group consolidated revenue.

Maroc Telecom consolidated revenue for the second quarter of 2018 amounted to AED 3.3 billion representing a year over year increase of 9% attributed to both domestic and international operations. In Morocco, revenue increased year over year in local currency by 4% attributed to 4% growth in mobile segment and 5% growth in the fixed segment. The growth in the mobile and fixed segments is due to increase in subscriber base and strong growth in data. Revenue from international operations increased year over year by 5% in local currency, resulting in 45% contribution to Maroc Telecom Group's consolidated revenue.

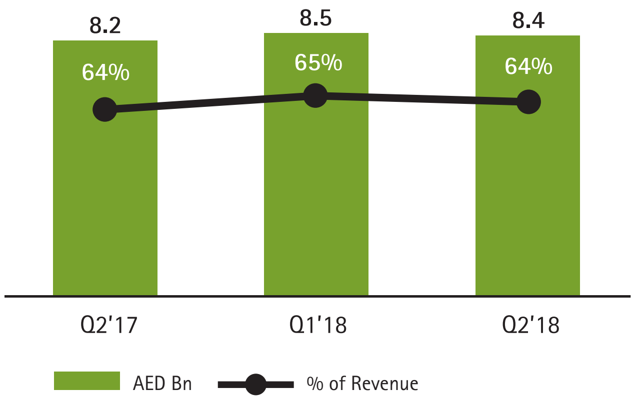
This growth is attributed to strong performance of Moov's entities in particular Ivory Coast, Benin, and Togo, and return to growth in Mali where these subsidiaries continued to gain market share and benefited from the growth in data and mobile money usage.

In Egypt, revenue for the second quarter of 2018 was AED 0.7 billion, an increase of 20% year on year and 3% quarter over quarter. Second quarter year on year growth is attributed to data and voice segments and national roaming.

In Pakistan, revenue for the second quarter decreased by 8% to AED 1.0 billion as compared to the same period in 2017 and decreased by 3% as compared to the first quarter of 2018. Revenue growth is impacted by unfavourable exchange rate movements of Pakistani Rupees against AED. In local currency, revenue growth for the quarter is 2% mainly attributed to mobile segment, Broadband DSL and Charji (LTE) segments.

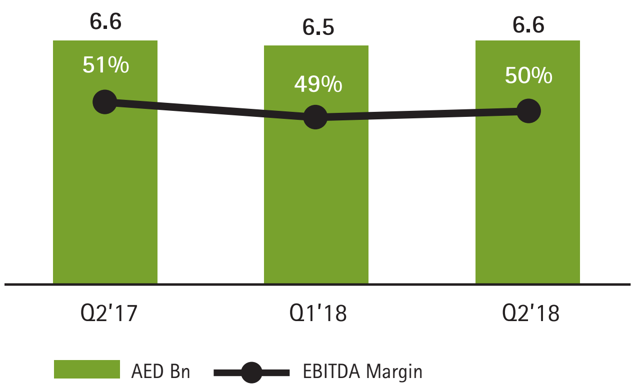
OPERATING EXPENSES

Consolidated operating expenses for the second quarter of 2018 was AED 8.4 billion, an increase of 2% from the same quarter of the previous year and 2% decline from the first quarter of 2018. The year over year increase is attributed to higher cost of sales, higher depreciation and amortization expenses, higher network costs, and other operating expenses. Key components of operating expenses are:



- Direct cost of Sales increased year over year by 3% to AED 3.2 billion in the second quarter of 2018 and increased by 1% quarter over quarter. As a percentage of revenues direct cost of sales remained stable at 25% of revenues in the second quarter.
- Network costs increased by 9% to AED 0.6 billion in the second quarter of 2018 as compared to the same period in 2017 and by 4% as compared to the first quarter of 2018. As a percentage of revenues, network costs represented 5% of revenues, similar to second quarter of prior year.
- Staff expenses decreased by 3% to AED 1.2 billion for the second quarter of 2018 as compared to the same period of last year. As a percentage of revenue staff costs decreased by 1 percentage point to 9% in the second quarter and remained stable quarter over quarter.
- Marketing expenses increased by 13% to AED 0.2 billion in the second quarter of 2018 as compared to the same period in 2017 and by 12% in comparison to the first quarter of 2018. Marketing expenses represented 2% of the second quarter revenues, similar to second quarter of prior year.
- Depreciation and Amortization expenses increased year over year by 4% to AED 1.8 billion in the second quarter of 2018 as compared to the same period in 2017, while was stable quarter over quarter. As a percentage of revenues, depreciation and amortization expenses remained flat at 14% in the second quarter.
- Other operating expenses decreased by 4% year over year to AED 1.2 billion in the second quarter and declined by 14% quarter over quarter. Other operating expenses represented 9% of the quarter revenues, 1 percentage point lower than prior year and 2 percentage points lower than prior quarter.

EBITDA



Group Consolidated EBITDA for the second quarter of 2018 was flat year on year while increased quarter on quarter by 2% to AED 6.6 billion, resulting in EBITDA margin of 50%, 1 percentage point lower than prior year and 1 percentage point higher than prior quarter.

In the UAE, EBITDA in the second quarter of 2018 was AED 4.2 billion decreasing year-over-year by 1% leading to an EBITDA margin of 54% in comparison to 55% in the previous year. EBITDA increased by 4% with EBITDA margin up by 2 percentage points in comparison to the first quarter of 2018. The year over year decrease is mainly attributed to higher interconnection and termination costs, higher roaming costs, higher cost of devices and higher network costs.

EBITDA of International consolidated operations increased year over year by 5% to AED 2.3 billion in the second quarter, resulting in a 35% contribution to Group consolidated EBITDA.

Maroc Telecom's consolidated EBITDA for the second quarter of 2018 amounted to AED 1.7 billion, resulting in EBITDA margin of 52%. In local currency, EBITDA in absolute terms increased by 2% due to growth in Morocco and international operations that grew by 2% and 3%, respectively. Growth in EBITDA is mainly attributed to growth in revenues.

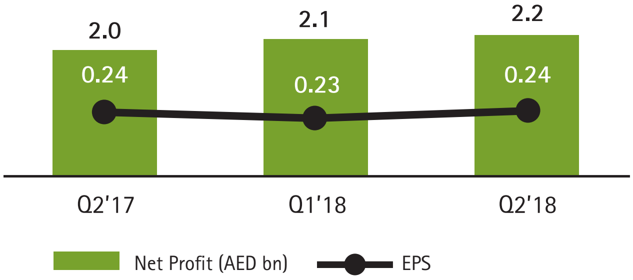
In Egypt, EBITDA in the second quarter increased year on year by 17% to AED 0.2 billion and EBITDA margin decreased 1 percentage point to 36%. Quarter over quarter, EBITDA declined by 7% and EBITDA margin decreased by 4 percentage points. . EBITDA growth year on year is attributed to enhanced revenue trend.

In Pakistan EBITDA in the second quarter of 2018 decreased year on year by 7% to AED 0.3 billion with EBITDA margin flat at 33%. Quarter over quarter EBITDA decreased by 6% and EBITDA margin by 1 percentage point. During the quarter, EBITDA was negatively impacted by unfavourable exchange rate movements of Pakistani Rupees against AED. In local currency, EBITDA growth for the quarter is 3% mainly attributed to higher revenue and lower network costs.

NET PROFIT & EPS

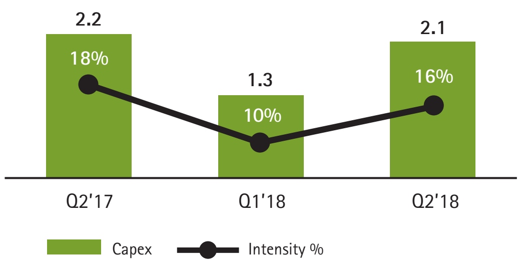
Consolidated net profit after Federal Royalty increased year over year by 12% to AED 2.2 billion in the second quarter of 2018 resulting in profit margin of 17%, 2 percentage points higher than prior year. The second quarter net profit is positively impacted by higher net finance and other income, lower impairment, share of losses from associates and losses from discontinued operations, and lower royalty charges.

Earnings per share (EPS) amounted to AED 0.25 in the second quarter of 2018, an increase of 12% as compared to EPS of the same period of last year.



The Board of Directors has approved an interim dividend distribution for the six months period ended 30 June 2018 at the rate of 40 fils per share. Shareholders registered in the Shareholders' Register at the close of the business day on 5 August 2018, will be eligible for dividend distribution.

CAPEX



Consolidated capital expenditure decreased year over year by 6% to AED 2.1 billion in the second quarter of 2018 resulting in a capital intensity ratio of 16%. This decrease is attributed to domestic operations.

In the UAE, capital expenditure in the second quarter was focused on network maintenance and enhancing network capacity. Capital expenditure during the quarter amounted to AED 0.7 billion, a 34% decrease in comparison to the same period last year. Capital intensity ratio was 9%, representing 5 percentage points lower than the same quarter of the prior year and 3 percentage points higher than the first quarter of 2018.

Capital expenditures in consolidated international operations in the second quarter of 2018 increased by 9% to AED 1.3 billion compared to the same period last year and represented 59% of total Group capital expenditure.

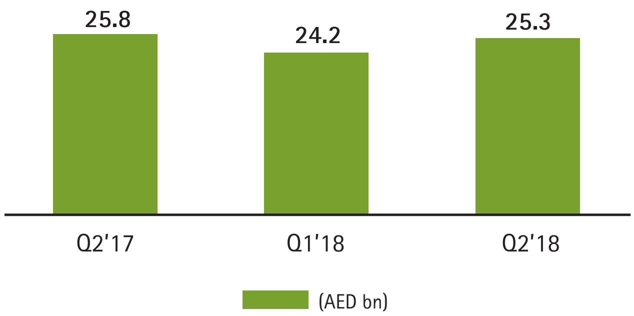
In Maroc Telecom, capital expenditure for the second quarter increased by 18% year over year to AED 0.8 billion resulting in a capital intensity ratio of 25%. This increase is attributed to international operations that grew in local currency by 108%. Adjusting for 4G license acquisition and 3G/2G licenses renewal in Togo, capex would have increased by 33% focusing on networks expansion and capacity upgrade to support the surge in demand for data consumption. Capex spend in Morocco decreased year over year by 34% focusing on network enhancements and 4G deployment that reached 96% of population.

In Egypt capital expenditure for the second quarter increased by 15% year over year to AED 0.2 billion resulting in a capital intensity ratio of 24%, 1 percentage point lower than the same period of prior year. Capital spending focused on deployment of 4G network.

In Pakistan, capital expenditure for the second quarter decreased by 9% year over year to AED 0.3 billion resulting in a capital intensity ratio of 28%, at comparable level to prior year. Capital spending focused on fixed network transformation and efficiencies for providing higher speed data and IPTV services.

DEBT

Total consolidated debt amounted AED 25.3 billion as of 30 June 2018, as compared to AED 24.7 billion as at 31 December 2017; an increase of AED 0.6 billion.



Consolidated debt breakdown by operations as of 30 June 2018 is as following:

- Etisalat Group (AED 15.8 billion)
- Maroc Telecom Group (AED 6.2 billion)
- Etisalat Misr (AED 1.7 billion)
- PTCL Group (AED 1.5 billion)

More than 71% of the debt balance is of long-term maturity that is due beyond 2020.

Currency mix for external borrowings is 40% in Euros, 26% in US Dollars, 18% in MAD and 16% in various currencies.

Consolidated cash balance amounted to AED 24.2 billion as of 30 June 2018 leading to a net debt position of AED 1.2 billion.

PROFIT & LOSS SUMMARY

(AED m)	Q2'17	Q1'18	Q2'18	QoQ	YoY
Revenue	12,826	13,104	13,099	0%	+2%
EBITDA	6,579	6,479	6,600	+2%	0%
EBITDA Margin	51%	49%	50%	+1PP	- -1PP
Federal Royalty	(1,610)	(1,557)	(1,491)	-4%	-7%
Net Profit	1,957	2,112	2,199	+4%	+12%
Net Profit Margin	15%	16%	17%	+1PP	+2PP

BALANCE SHEET SUMMARY

(AED m)	December 2017	June 2018
Cash & Bank Balances	27,125	24,167
Total Assets	128,894	124,018
Total Debt	24,705	25,335
(Net Cash / (Debt	2,420	(1,168)
Total Equity	58,206	57,237

CASH FLOW SUMMARY

(AED m)	6M' 2017	6M' 2018
Operating	6,394	4,412
Investing	(3,842)	(3,109)
Financing	(3,138)	(4,223)
Net change in cash	(586)	(2,921)
Effect of FX rate changes	(49)	(29)
Reclassified as held for sales	8	(9)
Ending cash balance	23,048	24,175

	Average Rates			Closing Rates		
Foreign Exchange Rates	Q2'17	Q2'18	YOY	Q2'17	Q2'18	YOY
EGP - Egyptian Pounds	0.2028	0.2065	1.83%	0.2028	0.2053	1.23%
SAR - Saudi Riyals	0.9794	0.9793	-0.01%	0.9794	0.9792	-0.02%
CFA - Central African Francs	0.0062	0.0067	7.44%	0.0064	0.0065	1.84%
NGR - Nigerian Naira	0.0117	0.0109	-6.74%	0.0114	0.0120	5.26%
PKR - Pakistani Rupees	0.0350	0.0315	-10.08%	0.0350	0.0302	-13.71%
AFA - Afghanistan Afghani	0.0542	0.0517	-4.67%	0.0539	0.0503	-6.68%
LKR – Sri Lankan Rupees	0.0241	0.0233	-3.46%	0.0240	0.0232	-3.33%
MAD - Moroccan Dirham	0.3735	0.3913	4.77%	0.3807	0.3864	1.50%

RECONCILIATION OF NON-IFRS FINANCIAL MEASUREMENTS

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

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

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

(AED m)	Q2'17	Q1'18	Q2'18
EBITDA	6,579	6,479	6,600
Depreciation & Amortization	(1,729)	(1,802)	(1,796)
Exchange Gain/ (Loss) & Hedge ineffectiveness	(243)	(69)	(79)
Share of Associates and JV's results	(53)	(22)	(20)
Impairment and other losses	(184)	(3)	(55)
Operating Profit before Royalty	4,370	4,584	4,650

DISCLAIMER

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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 ETISALAT GROUP

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

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

Investors:
Investor Relations
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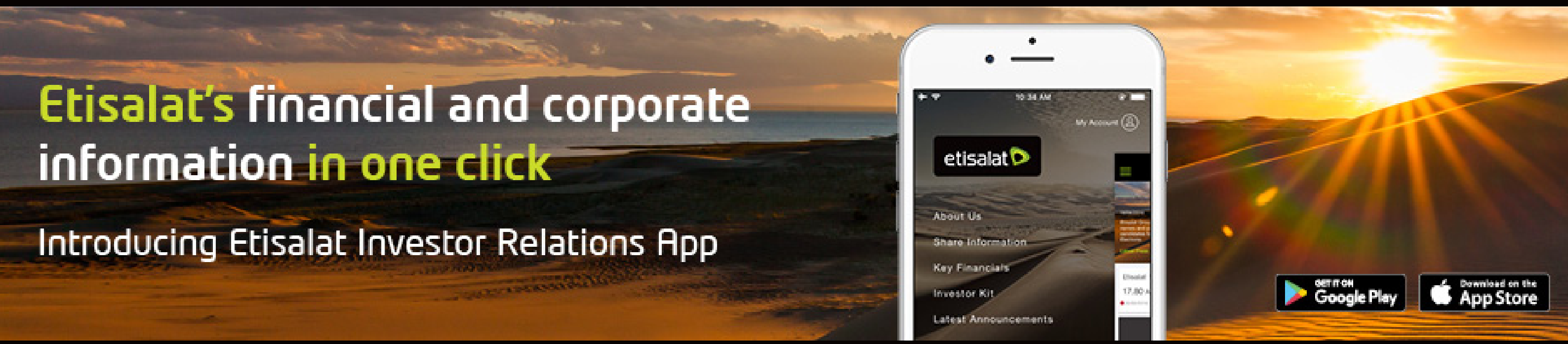

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