



Emirates Telecommunications Group Company PJSC

Earnings Release - Third Quarter 2022

1 November 2022

Despite the increasing macroeconomic challenges, e& exhibited resiliency of its operations by achieving significant top-line growth in constant currency across all key operations and improved profitability

Financial Highlights for Q3 2022

Aggregate Subscriber Base

162
million

Representing a year over year increase of **4%**

Consolidated Reported Revenues

AED 13.0

billion
Representing a year over year decline of 2% ; **at constant currency growth of 6%**

Consolidated Reported EBITDA

AED 6.7
billion

Growth remained stable year over year ; **at constant currency growth of 7%** and an EBITDA Margin of **52%**

Consolidated Net Profit After Royalty

AED 2.5
billion

Representing a year over year increase of **2%** with a net profit margin of **19%**

Consolidated Capital Spending

AED 1.6
billion

Representing a Y-o-Y decrease of **41%** with an intensity ratio of **12%**; excluding spectrum and licenses acquisition costs, CAPEX declined by **2%**

Operating Free Cashflow

AED 5.1
billion

Representing a year over year increase of **27%**



Delivering an outstanding y-o-y performance in constant currency leading to long-term shareholder value creation

Financial Highlights for 9M 2022

Aggregate Subscriber Base

162

million

Representing a year over year increase of **4%**

Consolidated Reported Revenues

AED 39.3

billion

Representing a slight 1% decrease year over year; **at constant currency growth of 4%**

Consolidated Reported EBITDA

AED 20.2

billion

Growth remained stable year over year ; **at constant currency growth of 5%** and an EBITDA Margin of **51%**

Consolidated Net Profit After Royalty

AED 7.3

billion

Representing a year over year increase of **2%** with a net profit margin of **19%**

Consolidated Capital Spending

AED 5.1

billion

Representing a year over year decrease of **6%** with an intensity ratio of **13%**

Operating Free Cashflow

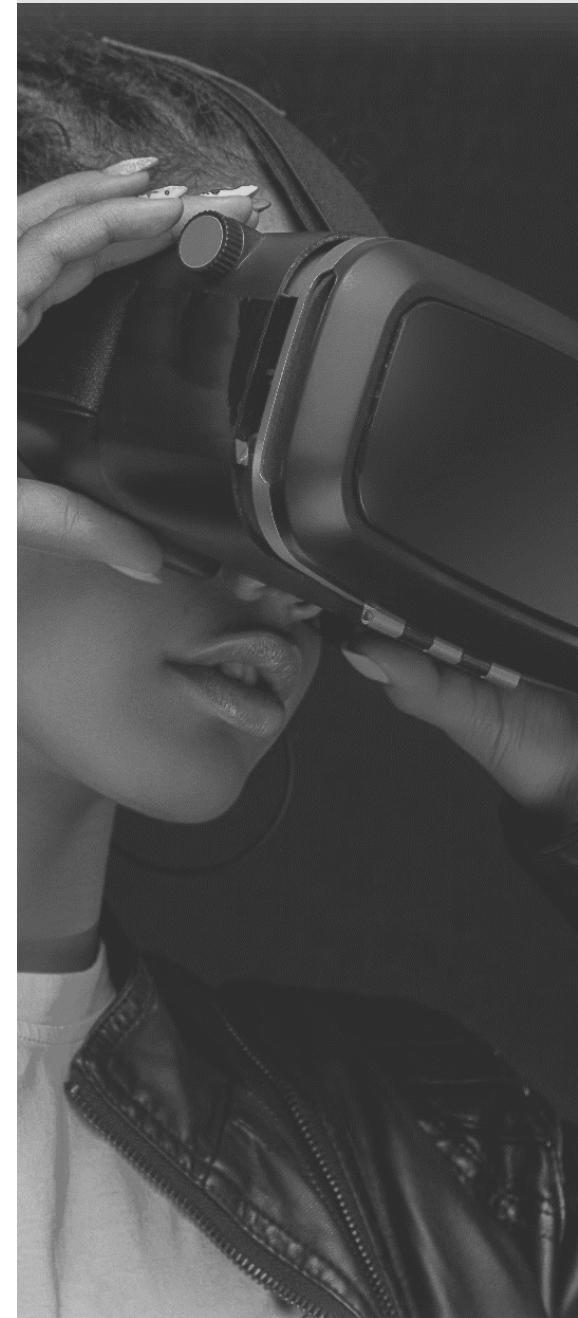
AED 15.1

billion

Representing a year over year increase of **2%**

FY 2022 Guidance

Improved guidance





Starzplay Arabia

E-Vision, a subsidiary of e&, and ADQ, an Abu Dhabi-based investment and holding company, successfully completed the acquisition of 57 percent of Starzplay Arabia, a subscription video on demand (SVSOD) and streaming service provider in the Middle East and North Africa.

FORMULA 1

e& entered into a multi-year strategic partnership with Abu Dhabi Motorsports Management as a founding partner of Formula 1 Etihad Airways Abu Dhabi Grand Prix, the Middle East's largest sporting event.

First 6GHz Test in MENA Region

Etisalat by e& in the UAE announced the successful completion of its first trial of the 6GHz spectrum, opening up a world of possibilities for next-generation technologies and economies of the future.

e& capital VC Fund

e& capital disclosed its USD 250 million Venture Capital fund announcing its first two deals. e& capital will further drive the tech ecosystem through larger investments at the growth stage beyond its VC fund.

Smartworld

e& enterprise completed its acquisition of Smartworld which has been rebranded to "e& enterprise IoT and AI".

Key Developments in Q3 2022

e& money

eWallet was rebranded into e& money aiming to revolutionise the customer experience through its innovative financial super app marketplace.

e& universe

e& enters the metaverse with the launch of its virtual world e& universe, leveraging its 5G technology.

engageX

e& enterprise announced the launch of engageX, a growing Communications Platform as a Service (CPaaS) ecosystem that customises any end-user customer experience journey with seamless, multi-channel communications.

Digital Insurance with AIG

e& international partnered with AIG, to build a unique digital insurance offering across select markets, where the product is accessed through various digital channels, including mobile apps.

MoneyGram Partnership

e& and MoneyGram International announced an expansion of their strategic partnership enabling e&'s large and fast-growing customer base to send and receive money through mobile wallets across its footprint in near real-time.

Currency Headwinds

Third quarter witnessed continuation of unfavourable currency depreciation of the Euro, MAD, PKR, and EGP against AED.

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



e&'s performance in Q3 2022 reflects our unwavering commitment to accomplishing more for the benefit of our customers, shareholders and the communities we serve. We are focusing our efforts on adopting flexible and agile business models that fuel our growth through innovation and creating new value propositions.

Given that e& was built on strong foundations, we remain confident in leading change for growth by reinforcing our commitment to enhancing the quality of our innovative solutions to meet and surpass our customer expectations through the accelerated digitalisation seen in the business landscape. We will continue our efforts to seize new growth opportunities and pursue strong partnerships that will ultimately maximise the potential of a holistic digital transformation for our customers, and the societies we serve.

We would like to extend our gratitude to the UAE leadership for their inspiring vision so that we can continue to digitally empower societies and enable a brighter, digital future. We also thank our customers and shareholders for their unwavering support and trust, and our employees for their tireless commitment towards our goal to Make Possible. Our resilience to spearheading digital transformation journeys will be enhanced as we drive value from our core, build a stronger regional footprint leadership, grow our adjacencies organically and achieve exemplary results for the benefit of all.

Subscribers

Aggregate subscribers as at 30 September 2022 stood at a solid 162 million, recording the highest number of subscribers in the Group's history. This translated to a net addition of 6.2 million during the last 12-month period, mainly due to strong subscriber acquisition in Egypt, UAE, Mali, Burkina Faso, Ivory Coast, Chad, Benin and Pakistan. Quarter over quarter subscriber base increased by 1.6 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 11% year over year and 1% quarter over quarter to report 13.3 million subscribers in the third quarter of 2022. The mobile subscriber base increased by 12% year on year to reach 11.6 million subscribers attributed to solid year on year growth in both the prepaid and postpaid segments, up year over year 15% and 5% respectively, supported by population growth and improved business and commercial activities. eLife subscription continues to stay-course its growth trajectory driven by our strong value proposition coupled with our superior network quality. This combination is helping to drive consistent growth of 4% year on year to 1.1 million subscribers due to increase in both double and triple play subscriptions. This funnels down to growth in the broadband segment where subscribers witnessed an uptick of 7% year on year to record 1.3 million subscribers.

For **Maroc Telecom**, the subscriber base reached 75.6 million subscribers as at 30 September 2022, representing a year over year increase of 4%. This growth is mainly attributable to the operations in Mali, Burkina Faso, Ivory Coast, Chad and Benin.

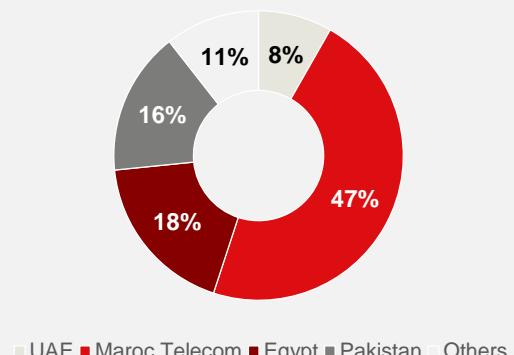
In **Egypt**, subscriber base witnessed double-digit growth, increasing by a robust 10% year over year to report 29.7 million subscribers.

In **Pakistan** subscriber base stood at 25.9 million, representing a year over year increase of 3%, attributed to higher subscriber acquisition in the mobile and FTTH segments.

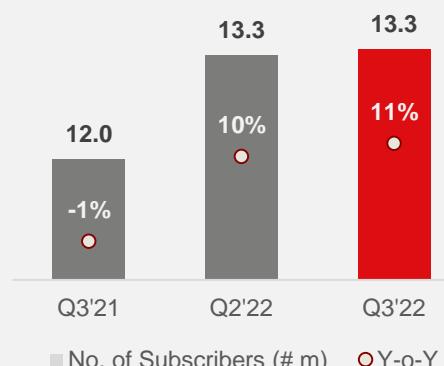
Aggregate Subscribers



Q3'22 Breakdown by OpCo



UAE Subscribers



Revenue

Consolidated reported revenue for the third quarter of 2022 amounted to AED 13.0 billion, representing a decline of 2% in comparison to the same period last year and remained relatively stable quarter over quarter. Third quarter revenue also 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 strong local currency growth in Etisalat Egypt, Maroc Telecom, and PTCL Group operations. At **constant exchange rates**, revenue was robust and **increased year over year by 6%** driven by growth across all of our key markets.

In the **UAE**, strong revenue growth in the third quarter of 3% year on year to AED 7.7 billion. The year over year increase is attributed to ongoing recovery in the business activities from the pandemic and robust economic growth. Quarter over quarter, revenue remained relatively stable despite summer seasonality. Mobile segment continued its strong year over year revenue growth at 6% to AED 2.9 billion as a result of the increase in business activities and expansion of its subscriber base. This resulted in strong growth in mobile data and outbound roaming positively impacting both prepaid and postpaid revenues. Fixed segment revenue increased by a slight 0.5% year over year reaching AED 2.8 billion, supported by higher internet and TV services offsetting legacy voice. Other segment revenue increased year over year by 4% to AED 2.0 billion attributed to higher wholesale and handset sales.

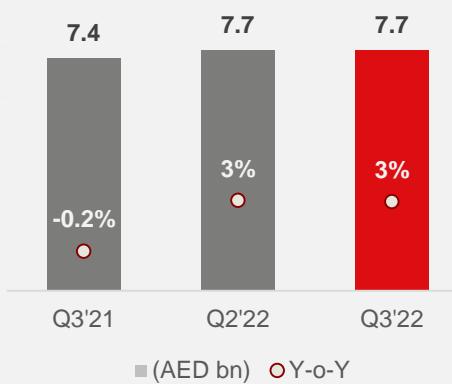
Reported revenues of **e& international** for the third quarter of 2022 decreased year over year by 11% to AED 5.1 billion and remained stable quarter on quarter. The decline is primarily attributable to the unfavourable exchange rate movements in the Egyptian Pound, Pakistani Rupee and Moroccan Dirham. At **constant exchange rates**, revenue of **e& international remained resilient increasing year over year by 8%**.

Maroc Telecom consolidated revenue for the third quarter of 2022 amounted to AED 3.1 billion, representing a year over year decrease of 13% attributed mainly to the unfavourable exchange movement of MAD against AED. In **local currency, revenue increased year over year by 3%**.

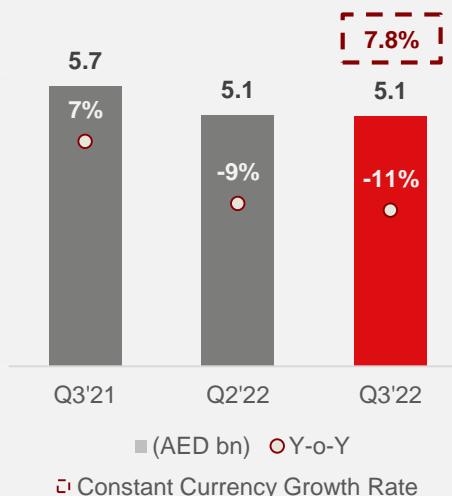
Consolidated Revenue



UAE Revenue



International Revenue

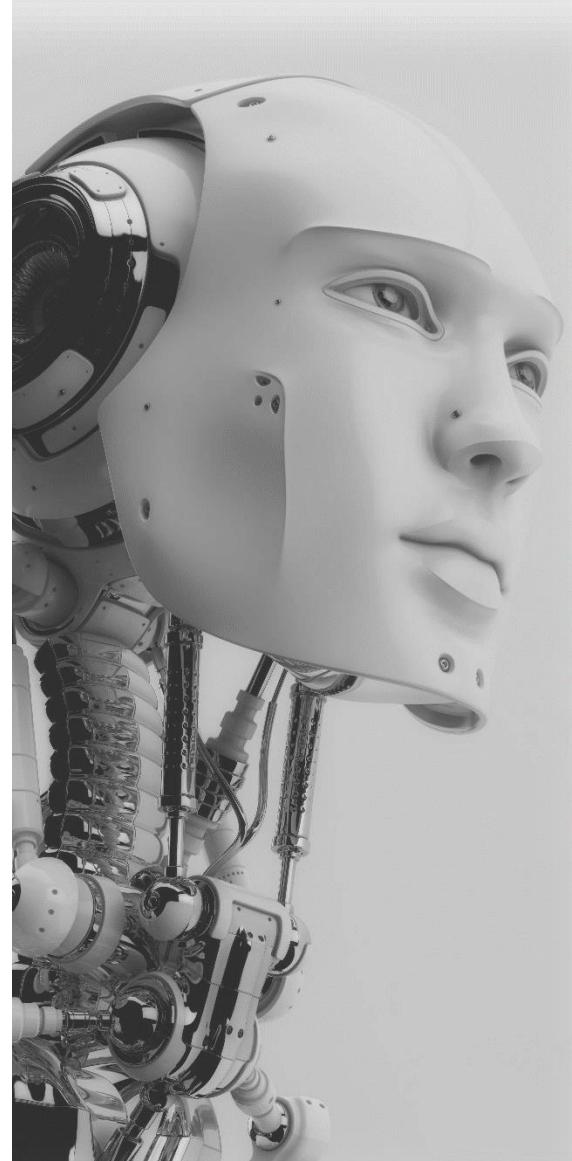


Revenue (*Continued...*)

In Morocco, our operation delivered strong revenue growth year over year of 3%, in local currency. This is attributed to the increase in the revenue of the mobile segment by 1% benefiting from summer seasonality due to expats visiting Morocco, while revenue in the fixed segment increased by 5% due to the growth of fixed broadband by 8%. Revenue from international operations "Moov Africa" increased by 2% year over year in MAD mainly due to strong performance of mobile data, resulting in 46% contribution to Maroc Telecom Group's consolidated revenue.

In **Egypt**, reported revenue for the third quarter of 2022 was AED 1.3 billion, witnessing a slight 2% decline year over year. **In local currency however, revenue increased by a solid 19%** mainly due to strong contribution from data, voice and wholesale revenue.

In **Pakistan** operations, reported revenue for the third quarter was AED 0.6 billion, representing a year over year decrease of 18%, due to unfavourable exchange rate movements of the Pakistani Rupee against AED, reduction in the mobile terminate rates, increase in Advance Income Tax. **In local currency, revenue increased by 12% year over year driven by mobile and fixed data, corporate segment and growth in UBank.**



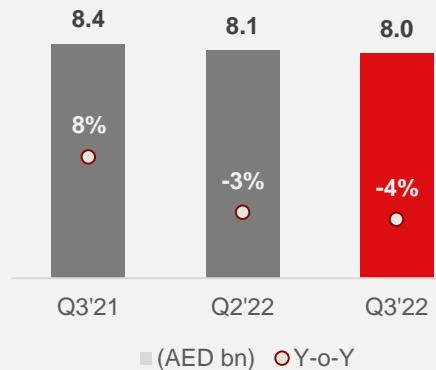
Operating Expenses

Consolidated operating expenses for the third quarter of 2022 was AED 8.0 billion, a decrease of 4% compared to the same quarter of the previous year and a decrease of 1% from the second quarter of 2022. The decrease highlights the Group'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 consultancy costs, among others.

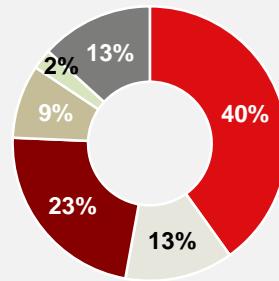
Key components of Q3 2022 operating expenses are:

- **Direct cost of Sales** witnessed a slight increase year over year by 3% to AED 3.2 billion in the third quarter of 2022, while also remaining relatively the same quarter over quarter. As a percentage of revenue, it grew by 1 percentage point year over year to reach 25% in the third quarter.
- **Staff expenses** decreased year over year by 12% to AED 1.0 billion for the third quarter of 2022 and decreased by 8% quarter over quarter. As a percentage of revenue, staff costs declined 1 percentage point year over year to reach 8% in the third quarter.
- **Depreciation and Amortisation** decreased year over year by 8% to AED 1.8 billion in the third quarter of 2022 and decreased by 2% quarter over quarter. As a percentage of revenue, depreciation and amortisation expenses decreased by 1 percentage point year over year to 14% for the third quarter and remained steady as compared to the previous quarter.
- **Network Costs** decreased by 1% year over year to AED 0.7 billion in the third quarter of 2022 and increased by 7% quarter over quarter. As a percentage of revenue, network costs remained stable on both a year over year and quarter over quarter basis at 5%.
- **Marketing expenses** decreased year over year by 24% to AED 0.2 billion in the third quarter of 2022, while decreased by 5% quarter over quarter. As a percentage of revenue, marketing expenses remained steady on both a year over year and quarter over quarter basis standing at 1% in the third quarter of 2022.
- **Other operating expenses** decreased by 4% year over year to AED 1.1 billion in the third quarter and decreased by 3% quarter over quarter mostly attributed to lower regulatory and consultancy costs. As a percentage of revenue, other operating expenses was 8%, remaining stable year over year and quarter over quarter.

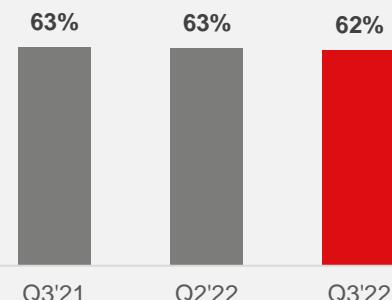
Consolidated Operating Expenses



Q3'22 OPEX Breakdown by OpCo



Consolidated OPEX as % of Revenue



EBITDA

Group reported consolidated EBITDA for the third quarter of 2022 remained stable versus its comparable period in the previous year and grew by 1% quarter on quarter to AED 6.7 billion, resulting in EBITDA margin of 52%, an uptick of 1 percentage point compared to the prior year and prior quarter. Year over year, the UAE and Egypt operations reported strong growth in AED however international operations were impacted by unfavourable foreign exchange rate movements. **At constant exchange rates, Group consolidated EBITDA increased year over year by 7%.**

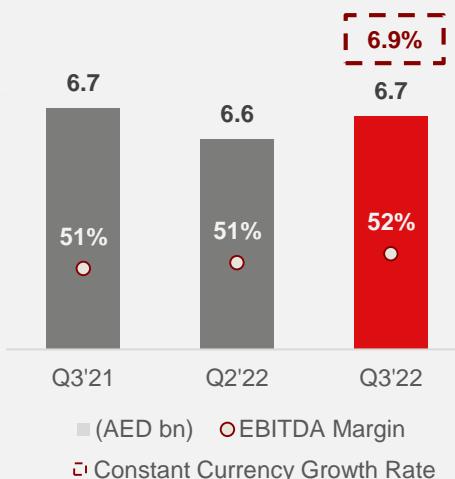
In the **UAE**, EBITDA in the third quarter of 2022 was AED 4.1 billion, representing a solid 7% increase year over year and leading to an EBITDA margin of 53%, 2 percentage points higher than the third quarter of the previous year. Quarter over quarter, EBITDA increased by 1% and EBITDA margin remained stable. The year over year increase in EBITDA is attributed to higher revenue and continued cost control.

Reported EBITDA of **e& international** decreased by 9% year over year and remained stable quarter over quarter to report AED 2.5 billion in the third 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 e& international increased year over year by 9%.**

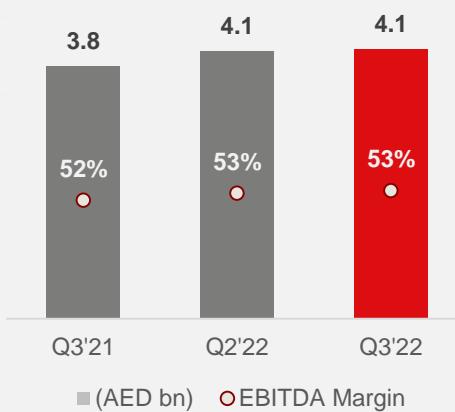
Maroc Telecom's reported consolidated EBITDA for the third quarter of 2022 decreased by 11% to AED 1.7 billion and resulted in an EBITDA margin of 56%, 1 percentage point higher than the same period in the prior year. **In Moroccan Dirhams, EBITDA in absolute terms increased by 5%** year over year attributed to both Moroccan and Moov Africa operations whose EBITDA grew by 6% and 3% respectively.

In **Egypt**, reported EBITDA in the third quarter increased year on year by 2% to AED 0.6 billion and EBITDA margin increased by 2 percentage points to 48%. **In local currency, EBITDA increased by 24%** despite inflationary pressure, due to higher revenue and cost control measures.

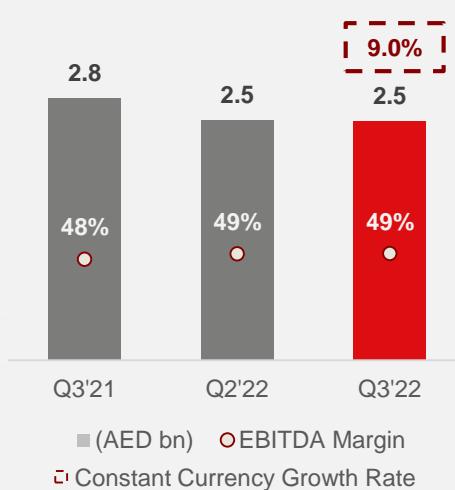
Consolidated EBITDA



UAE EBITDA



International EBITDA



EBITDA (*Continued...*)

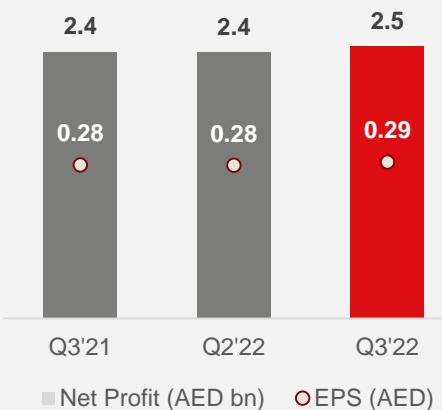
In **Pakistan**, reported EBITDA in the third quarter of 2022 decreased year on year by 27% and quarter over quarter by 15% to AED 0.2 billion with EBITDA margin decreasing year over year by 3 percentage points to 26% and decreasing 2 percentage points quarter over quarter. **In local currency, EBITDA grew 1% year over year**, despite higher staff and network costs due to higher energy and utility costs.

Net Profit After Federal Royalty

Consolidated net profit after federal royalty attributed to the owners of the company increased year over year by 2% to AED 2.5 billion in the third quarter of 2022 and net profit margin increased by 1 percentage point to 19%. This increase is attributed to higher income from associates, lower depreciation, and amortization expenses that compensated for the impact of higher forex losses, higher net finance and other costs and federal royalty charges.

Earnings per share (EPS) amounted to AED 0.29 in the third quarter, an increase of 2% as compared to EPS of the same period last year.

Net Profit & EPS



CAPEX

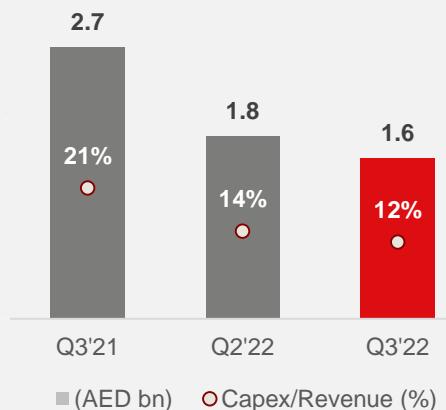
Consolidated capital expenditure decreased by 41% year over year to AED 1.6 billion in the third quarter of 2022 resulting in a capital intensity ratio of 12%, 8 percentage points lower than the same period of the prior year. On a like-for-like basis, excluding spectrum and licenses acquisition costs, capital expenditure decreased year over year by 2%. Capital spending was driven by our ongoing commitment to expand our superior quality network, reinforcing our leadership position. This includes the deployment of 5G network in the UAE, expansion of fibre network within the countries of Maroc Telecom Group and Pakistan as well as the expansion of mobile networks coverage in Egypt, Pakistan and Moov Africa's markets.

In the **UAE**, capital expenditure during the quarter amounted to AED 0.6 billion, a 6% increase in comparison to the same period last year. Capital intensity ratio was 7%, remaining stable versus the same quarter of the prior year and 2 percentage point higher than the second quarter of 2022. Capital spending focused on network modernization and capacity enhancement in addition to 5G rollout. Capital expenditures in e& international in the third quarter of 2022 decreased by 52% to AED 1.0 billion compared to the same period last year and decreased by 26% compared to the previous quarter. International operations represented 65% of the Group's total capital expenditure.

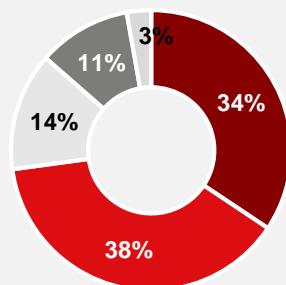
In **Maroc Telecom**, capital expenditure for the third quarter decreased in AED by 3% year over year and by 35% quarter over quarter to AED 0.6 billion, resulting in a capital intensity ratio of 20%. Capex spend in Morocco increased in local currency by 8% year over year and was focused on the fibre-to-the-home (FTTH) network, enhancing capacity and 4G coverage expansion. In Moov Africa's operations, capex spend increased year over year by 15% 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 third quarter decreased by 31% year over year to AED 0.2 billion resulting in a capital intensity ratio of 17%, 7 percentage points lower than the same period of the prior year. Capital spending focused on 4G deployment post spectrum acquisition and upgrading of network capacity.

Consolidated CAPEX

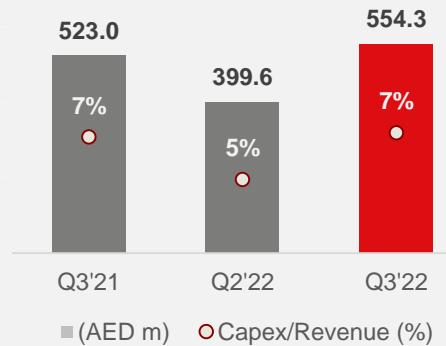


Q3'22 CAPEX Breakdown by OpCo



■ UAE ■ Maroc Telecom ■ Egypt ■ Pakistan ■ Others

UAE CAPEX



CAPEX (Continued...)

In **Pakistan**, capital expenditure for the third quarter decreased by 86% year over year to AED 0.2 billion resulting in a capital intensity ratio of 27%, 131 percentage points lower than the prior year due to spectrum acquisition in Q3 2021. On a like-for-like basis, excluding spectrum acquisition costs from prior year, capital expenditure declined year over year by 11%. Capital spending focused on expansion of the mobile network's coverage, FTTH deployment and enhancement of the fixed network's capacity.

Debt

Total consolidated debt amounted AED 40.1 billion as of 30 September 2022, as compared to AED 25.7 billion as at 31 December 2021; an increase of AED 14.4 billion. This increase is mainly attributed to bank borrowings to finance the investment in Vodafone Group.

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

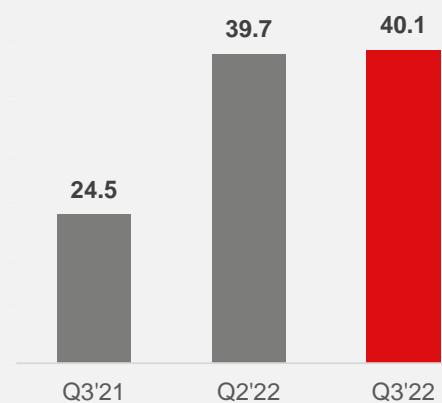
- Group (AED 30.9 billion)
- Maroc Telecom Group (AED 5.9 billion)
- PTCL Group (AED 2.0 billion)
- Etisalat Egypt (AED 1.4 billion)

Around 84% of the debt balance is of long-term maturity that is due beyond the third quarter of 2023.

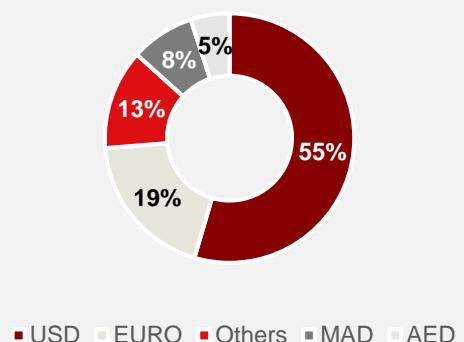
Currency mix for external borrowings is 55% in USD, 19% in Euros, 8% in MAD, 5% in AED and 13% in other currencies.

Consolidated cash balance amounted to AED 26.0 billion as of 30 September 2022 leading to a net debt position of AED 14.1 billion and a Net Debt /EBITDA ratio of only 0.53x

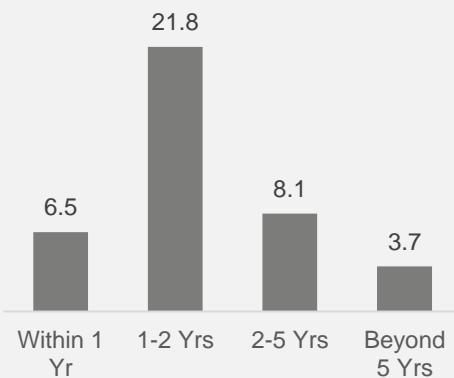
Total Debt (AED bn)



Q3'22 Borrowings by Currency (%)



Repayment Schedule (AED bn)



Performance Against Guidance FY2022

First 9-months 2022 performance exceeded full year management's guidance in constant currency across all key financial metrics. Guidance for the full year has been improved.

e& revised FY 2022 guidance:

Key Financial Metrics	Original Guidance FY 2022	Revised Guidance in Constant Currency FY 2022	Actual 9M 2022 (Reported)	Actual 9M 2022 (Constant Currency)
Revenue Growth (%)	Low single digit growth	Low-to-mid single-digit growth	-1.1%	+4.4%
EBITDA Margin (%)	~ 49%	50%-51%	51.3%	51.3%
EPS (AED)	~ 1.08	~1.12	0.84	0.84
Capex/ Revenue (%)	16.5% - 17.5%	14.5%-15.5%	12.9%	12.9%

Key Financial Highlights

P&L Statement:

(AED m)	Q3'21	Q2'22	Q3'22	QoQ	YoY
Revenue	13,294	12,996	12,973	-0.2%	-2.42%
EBITDA	6,741	6,644	6,714	+1.1%	-0.40%
EBITDA Margin	50.7%	51.1%	51.8%	+0.6 pp	+1.0 pp
Federal Royalty	(1,435)	(1,450)	(1,565)	+7.9%	+9.0%
Net Profit	2,436	2,431	2,484	+2.2%	+1.9%
Net Profit Margin	18.3%	18.7%	19.1%	+0.4 pp	+0.8 pp

Balance Sheet:

(AED m)	December	September
	2021	2022
Cash & Bank Balances	28,575	26,024
Total Assets	128,197	130,604
Total Debt	25,732	40,140
Net Cash / (Debt)	2,843	(14,116)
Total Equity	57,564	48,373

Cashflow Statement:

(AED m)	9M' 2021	9M' 2022
Operating	10,795	8,711
Investing	(4,034)	(20,406)
Financing	(13,930)	8,281
Net change in cash	(7,168)	(3,415)
Effect of FX rate changes	781	1,104
Others	(41)	(240)
Ending cash balance	24,917	26,024

Foreign Exchange Rates

	Average Rates			Closing Rates		
	Q3'21	Q3'22	YOY	Q3'21	Q3'22	YOY
EGP - Egyptian Pound	0.2338	0.1922	-17.78%	0.2336	0.1880	-19.51%
SAR - Saudi Riyal	0.9792	0.9772	-0.20%	0.9792	0.9750	-0.42%
CFA - Central African Franc	0.0066	0.0056	-15.01%	0.0065	0.0054	-17.01%
PKR - Pakistani Rupee	0.0223	0.0163	-27.02%	0.0215	0.0159	-26.15%
AFA - Afghanistan Afghani	0.0447	0.0409	-8.46%	0.0434	0.0413	-4.90%
MAD - Moroccan Dirham	0.4108	0.3497	-14.87%	0.4047	0.3316	-18.06%

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)	Q3'21	Q2'22	Q3'22
EBITDA	6,741	6,644	6,714
Depreciation & Amortization	(1,999)	(1,866)	(1,830)
Exchange Gain/ (Loss)	(112)	(155)	(127)
Share of Associates and JV's results	78	89	127
Impairment and other losses	(0)	0	(0)
Operating Profit before Royalty	4,708	4,712	4,885

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 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: EAND) is quoted on the Abu Dhabi Securities Exchange (ADX).

Investors

Investor Relations

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