



# Etisalat Group 3Q 2017 Results Presentation

26 October 2017  
Abu Dhabi, UAE

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# 1. Business Overview

Saleh Al Abdooli  
Chief Executive Officer  
Etisalat Group

# Etisalat Group Financial Highlights



<i>AED Million</i>	Q3 2017	Growth YoY%	Growth QoQ%	9M 2017	Growth YoY%
Revenue	12,896	-3%	+1%	38,185	-3%
EBITDA	6,588	-3%	0%	19,539	-2%
<i>EBITDA Margin</i>	<i>51%</i>	<i>0pp</i>	<i>0pp</i>	<i>51%</i>	<i>0pp</i>
Net profit	2,414	+29%	+23%	6,475	+5%
<i>Net profit Margin</i>	<i>19%</i>	<i>+5pp</i>	<i>+3pp</i>	<i>20%</i>	<i>+1pp</i>
Capex	1,573	-12%	-30%	5,373	+3%
<i>Capex/Revenue</i>	<i>12%</i>	<i>-1pp</i>	<i>-5pp</i>	<i>14%</i>	<i>+1pp</i>

## 3Q2017 Highlights

- Revenue impacted by currency depreciation in Egypt while maintained growth in constant currency
- Strong EBITDA margin above 50% level
- Net profit impacted by lower depreciation and amortization charges, higher net finance income, forex gain as compared to forex losses in prior period and lower losses for discontinued operations
- Lower capital expenditure attributed to domestic operations

## Financial Highlights

- Topline pressure attributed to international operations
  - Low single digit growth in domestic market
  - Sustained positive growth in constant currency in int'l markets
- Stable EBITDA margin and improved cash flow generation

## Domestic Operations

- Maintained subscribers growth momentum
- Revenue growth despite slower economic activities
- Sustained Y/Y profitable growth
- Strengthening our digital capabilities

## International Operations

- Unfavorable exchange rate movements impacted Y/Y growth rates
- Maroc Telecom Group improving performance of int'l operations
- Launch of 4G services in Egypt; increasing growth rate in local currency
- Ongoing network transformation program in Pakistan

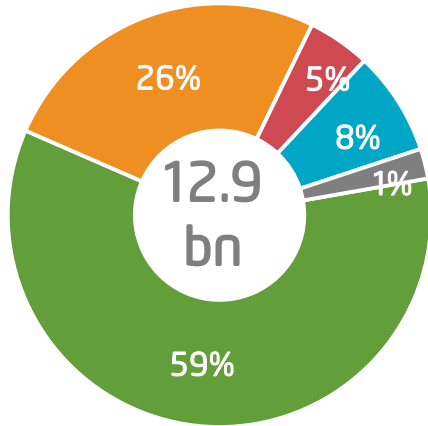
## 2. Financial Overview

Serkan Okandan  
Chief Financial Officer  
Etisalat Group

# Etisalat Group Financial Highlights



Revenue Breakdown Q3 2017 (AED m)

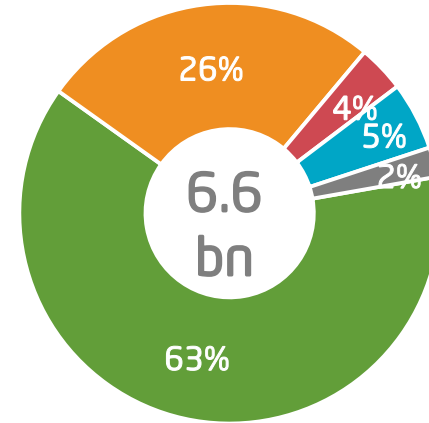


■ UAE ■ MT ■ Egypt ■ Pakistan ■ Others

**-3%**  
YoY Growth

UAE		+3%
MT Group	(LC -2%)	+1%
Egypt	(LC +13%)	-44%
Pakistan	(LC -2%)	-2%

EBITDA Breakdown Q3 2017 (AED m)



■ UAE ■ MT ■ Egypt ■ Pakistan ■ Others

**-3%**  
YoY Growth

UAE		+1%
MT Group	(LC +1%)	+4%
Egypt	(LC -1%)	-51%
Pakistan	(LC -2%)	+8%

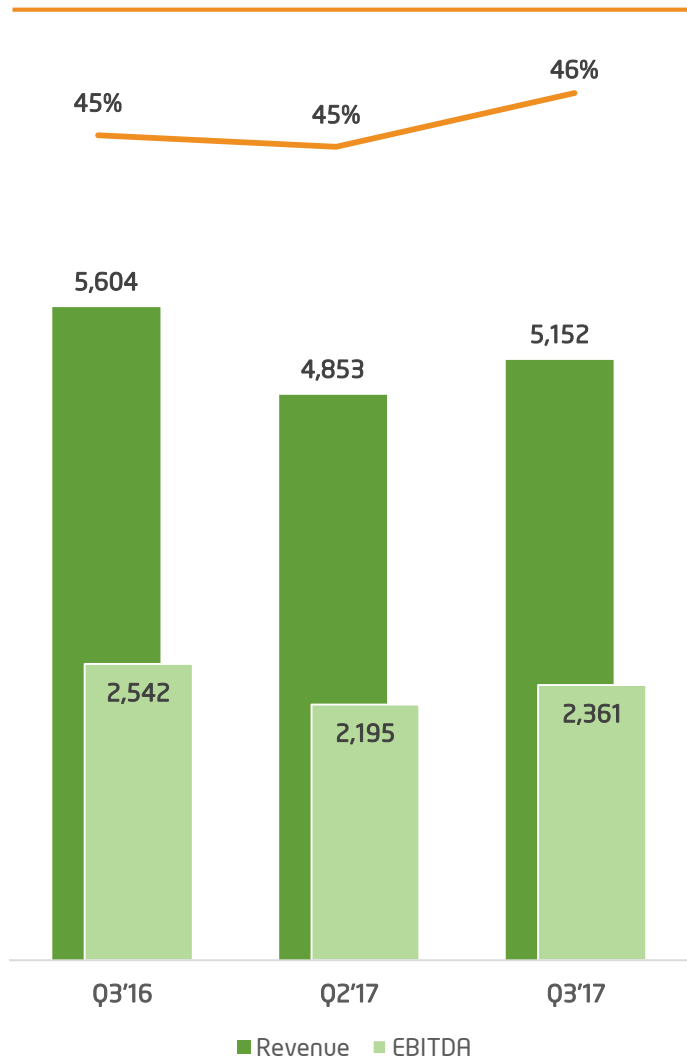
■ Represents others

(1) Financial figures are restated to exclude the impact of discontinued operations

# Int'l Operations Financial Highlights Q3 2017

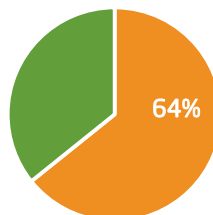


Revenue (AED m)/EBITDA (AED m) / EBITDA Margin (%)



Revenue & EBITDA (AED m) / EBITDA Margin (%) / YoY Growth %

## Maroc Telecom Group



Revenue

EBITDA

*EBITDA Margin*

3Q 2017

YoY Growth in AED

Growth in MAD

3,309

+1%

-2%

1,728

+4

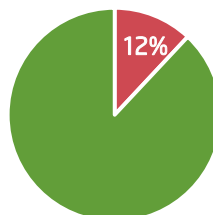
+1%

*52%*

*+1pp*

*+1pp*

## Etisalat Misr



Revenue

EBITDA

*EBITDA Margin*

3Q 2017

YoY Growth in AED

YoY growth in EGP

617

-44%

+13%

238

-51%

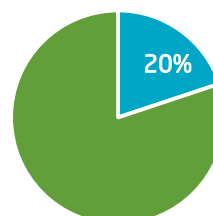
-1%

*38%*

*-6pp*

*-6pp*

## Pakistan



Revenue

EBITDA

*EBITDA Margin*

3Q 2017

YoY Growth in AED

YoY growth in PKR

1,025

-2%

-2%

346

-2%

-2%

*34%*

*Opp*

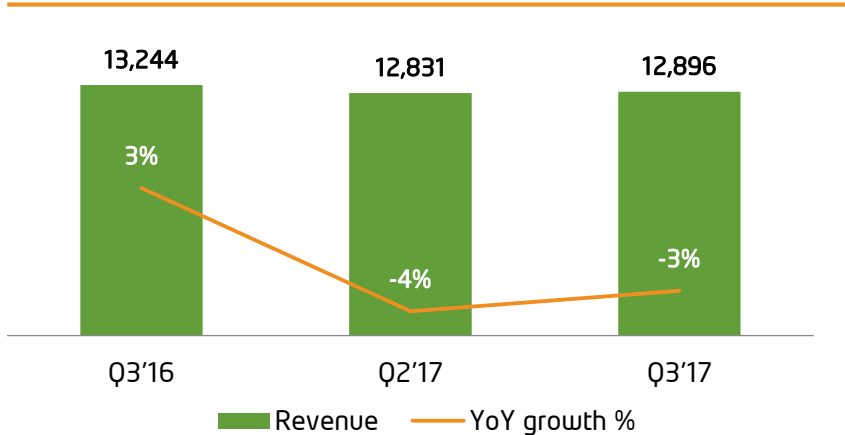
*Opp*



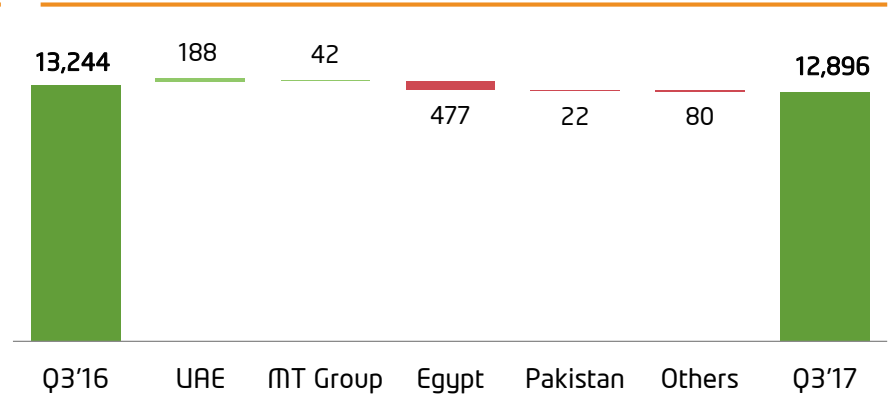
# Group Revenue



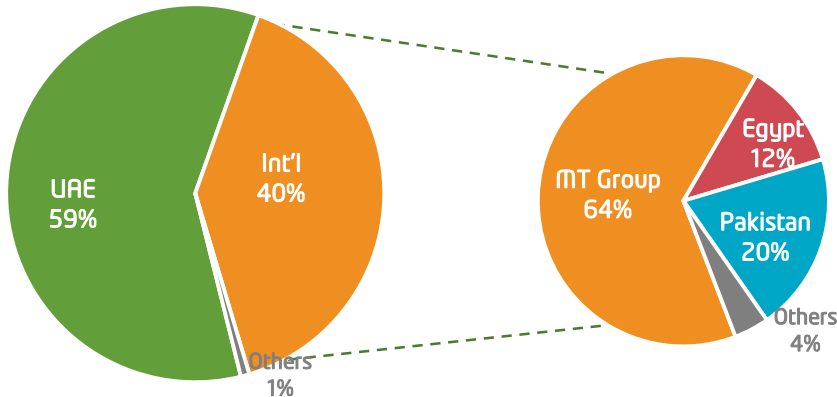
Revenue (AED m) and YoY growth (%)



Sources of Revenue growth - Q3'17 vs Q3'16 (AED m)



Revenue by Cluster (Q3'17)



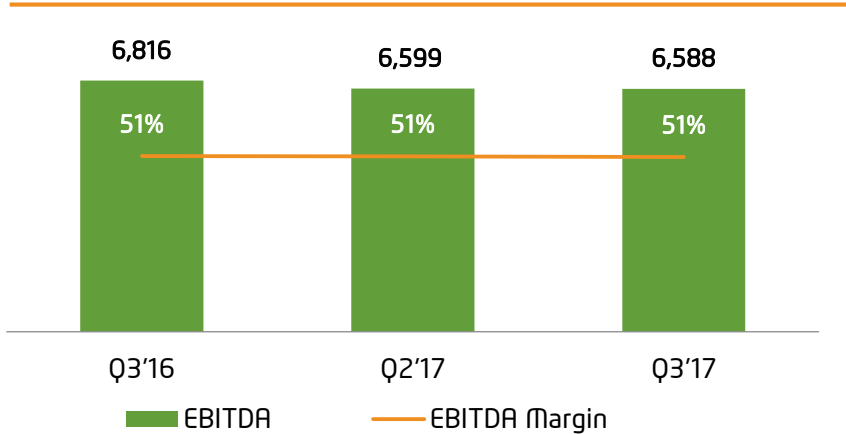
## Highlights

- In Q3'17 consolidated revenue decreased Y/Y by 3% attributed to International operations that was impacted by currency depreciation in Egypt
- Growth in the UAE mainly due to higher broadband and wholesale revenues
- Revenues from international consolidated operations declined by 8%, resulting in 40% contribution to Group revenues, 2pp lower than prior year mainly attributed to currency devaluation
  - Revenue growth in MT Group attributed to international operations
  - Revenue growth in Egypt impacted by currency devaluation
  - Revenue growth in Pakistan impacted by lower subscriber base and usage

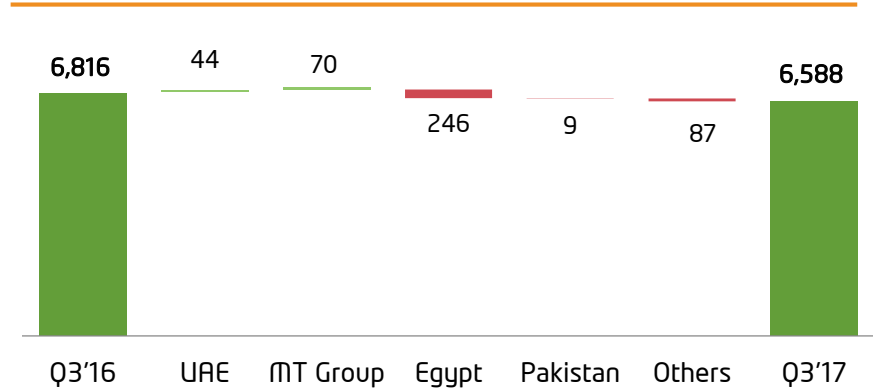
# Group EBITDA



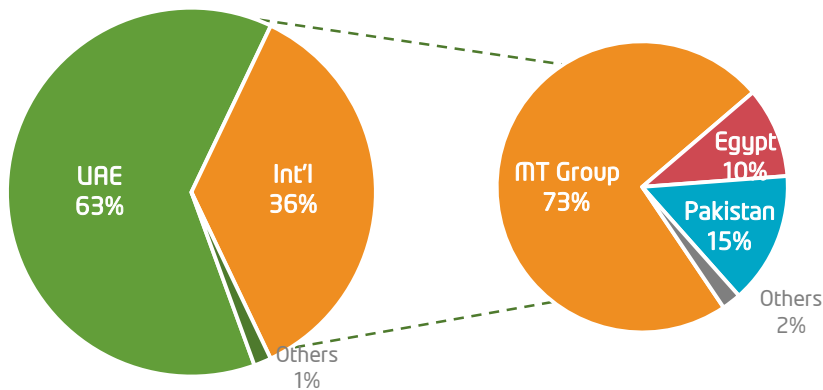
EBITDA (AED m) & EBITDA Margin



Sources of EBITDA growth - Q3'17 vs Q3'16 (AED m)



EBITDA by Cluster (Q3'17)



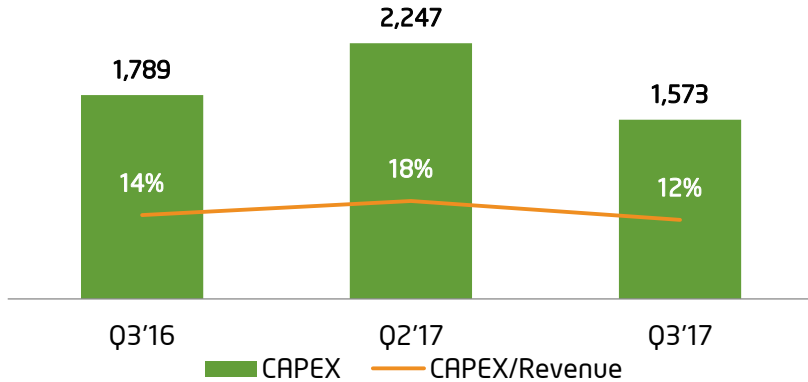
Highlights

- In Q3'17 consolidated EBITDA decreased Y/Y by 3% to AED 6.6 billion mainly due to currency devaluation in Egypt
- EBITDA in the UAE positively impacted by higher revenue and lower operating costs
- EBITDA of consolidated international operations decreased Y/Y by 7% due to currency devaluation, resulting in 36% contribution to Group EBITDA
  - Positive contribution from Maroc Telecom Group attributed to international operations
  - Egypt impacted by currency devaluation and inflationary pressure
  - Pakistan impacted by higher costs of sales

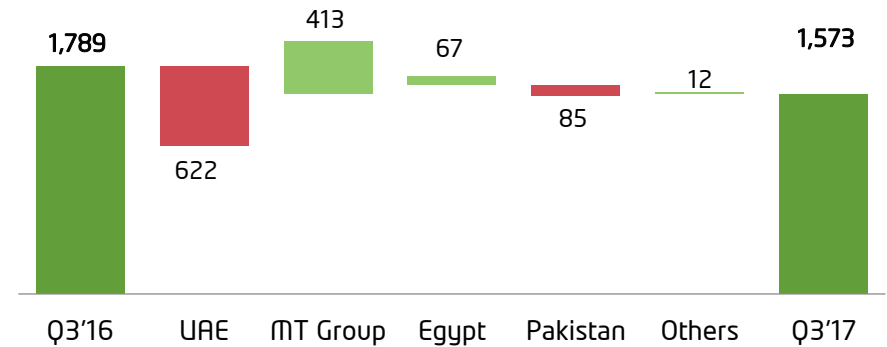
# Group CAPEX



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



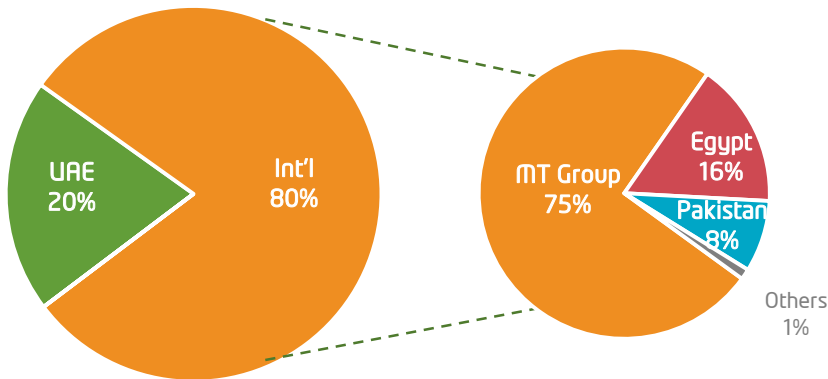
Sources of Capex growth - Q3'17 vs Q3'16 (AED m)



CAPEX by Cluster (Q3'17)

Domestic vs. Int'l

International



Highlights

- In Q3'17 consolidated capex decreased Y/Y by 12% resulting in Capex / Revenue ratio of 12%
- Lower capital spend in the UAE focused on network maintenance
- Capital expenditure in international operations increased by 47% and contributed 80% of consolidated Group Capex
  - Higher capex in MT Group attributed to 4G+ deployment in Morocco and network expansion in Int'l markets
  - Higher capex in Egypt focused on 4G network deployment
  - Lower capex spend in Pakistan with focus on fixed network modernization

# Group Balance Sheet & Cash Flows



Balance Sheet (AED m)	Dec-16	Sep-17
Cash & bank Balances	23,676	23,280
Total Assets	122,546	123,712
Total Debt	22,279	25,247
Net Cash / (Debt)	1,398	(1,968)
Total Equity	55,915	55,749

Net cash position (AED m)	Sep-16	Sep-17
Operating	11,698	13,161
Investing	(4,880)	(5,190)
Financing	(8,446)	(8,194)
Net change in cash	(1,629)	(223)
<i>Effect of FX rate changes</i>	<i>28</i>	<i>(183)</i>
Reclassified as held for sales	56	10
Ending cash balance	19,877	23,280

## Investment Grade Credit Ratings

**S&P Global**

AA-/Stable

**Moody's**

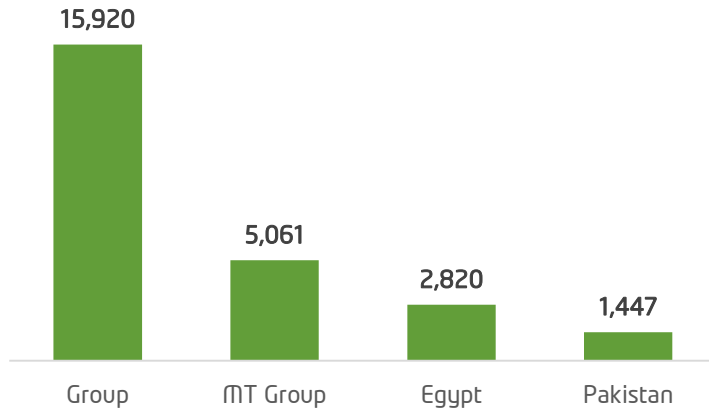
Aa3/Stable

## Highlights

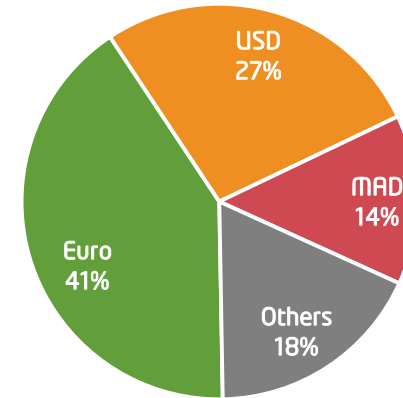
- Stable liquidity position
- Insignificant net debt position
- Higher operating cashflow due to improvement in working capital
- Higher investing cash flow due to higher cash capex spend and financial investments
- Lower financing cash flow due to higher net proceeds from borrowings

# Debt Profile: Diversified debt portfolio

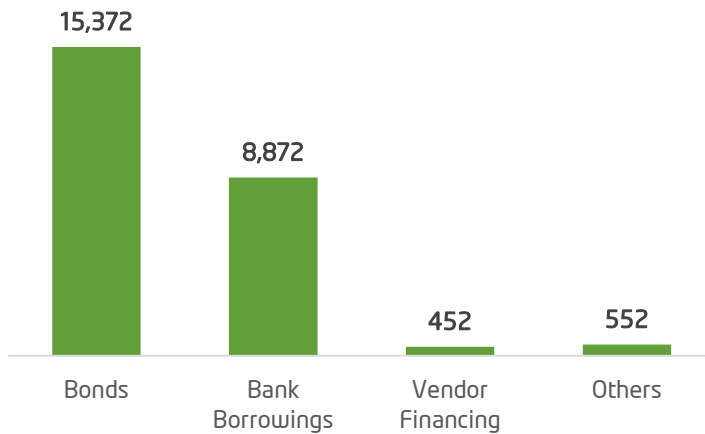
Borrowings by Operation Q3 2017 (AED m)



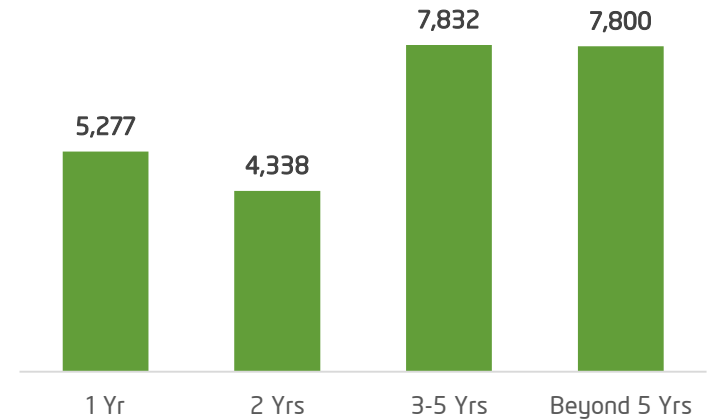
Borrowings by Currency Q3 2017



Debt by Source Q3 2017 (AED m)



Repayment Schedule Q3 2017 (AED m)

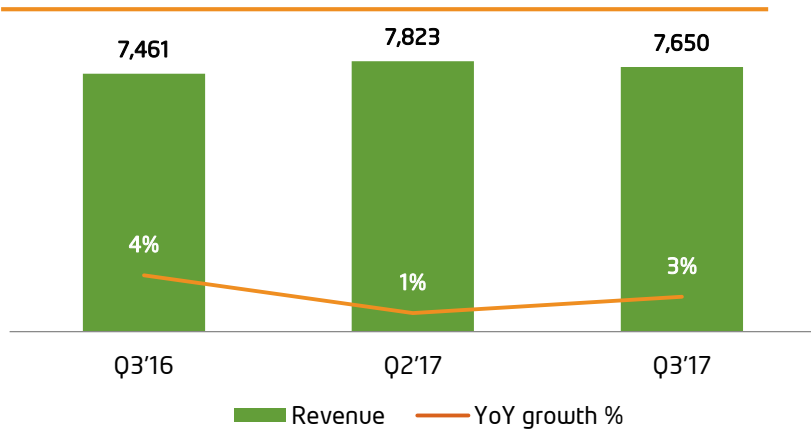


# Country by Country Financial Review

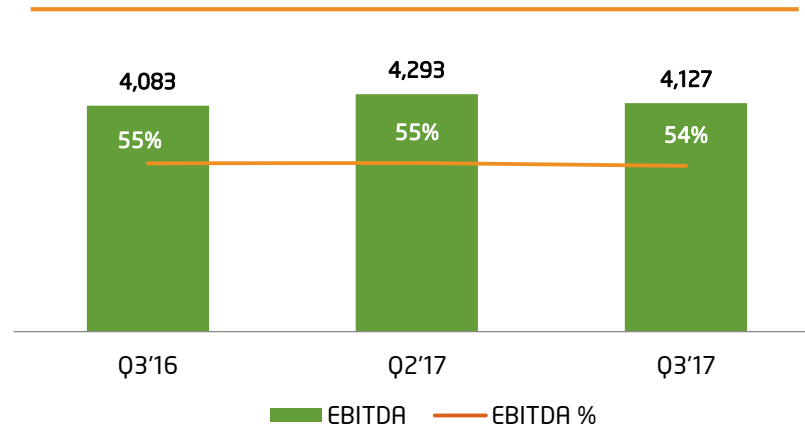
# UAE: Maintained growth momentum with stable margins



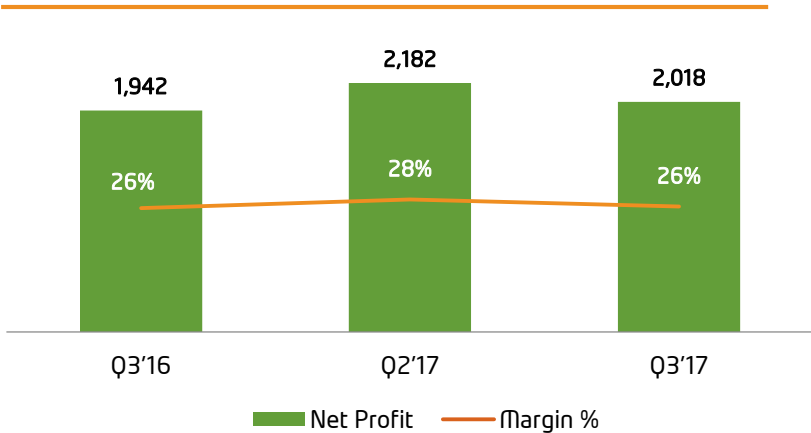
Revenue (AED m) / YoY Growth (%)



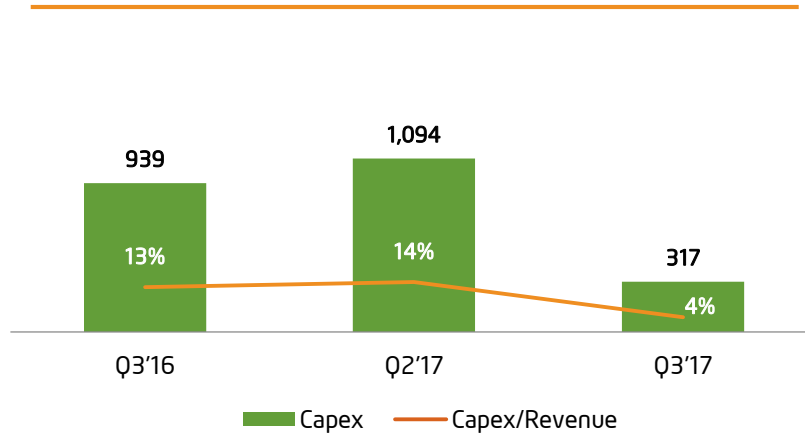
EBITDA (AED m) / EBITDA %



Net Profit (AED m) / Profit Margin (%)



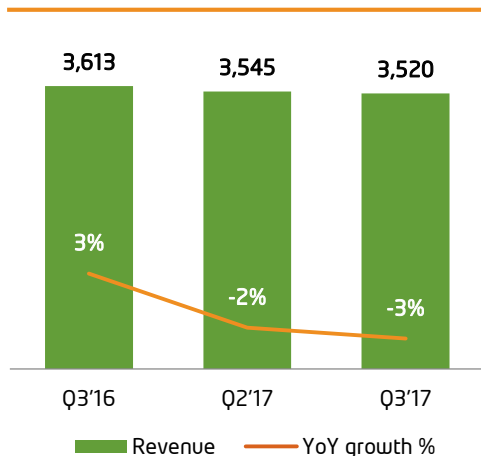
CAPEX (AED m) & CAPEX/Revenue Ratio (%)



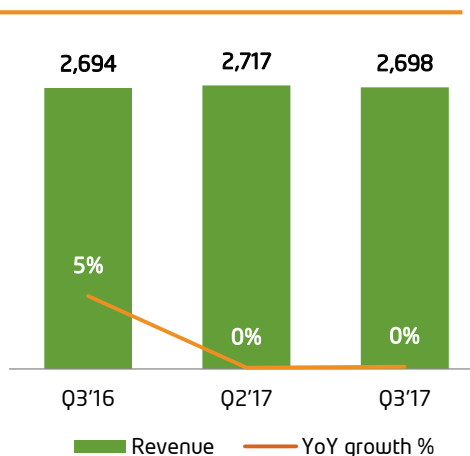
# UAE: Revenue Breakdown and Key KPIs



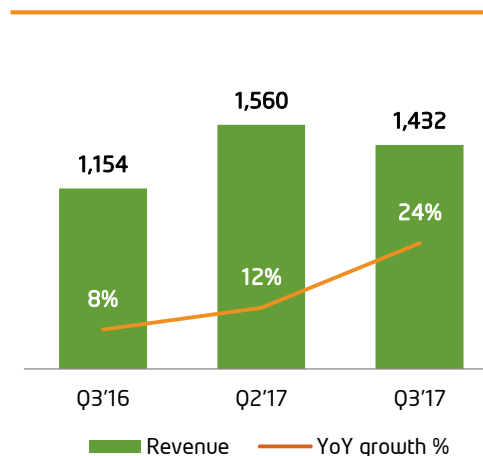
Mobile Revenues <sup>(1)</sup> (AED m)



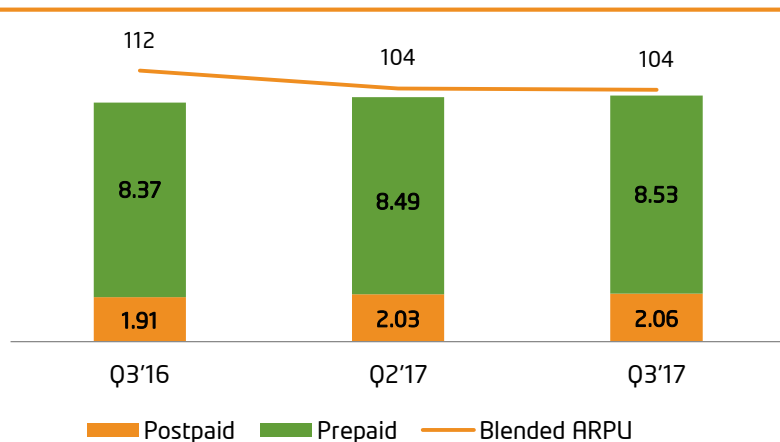
Fixed Revenues <sup>(2)</sup> (AED m)



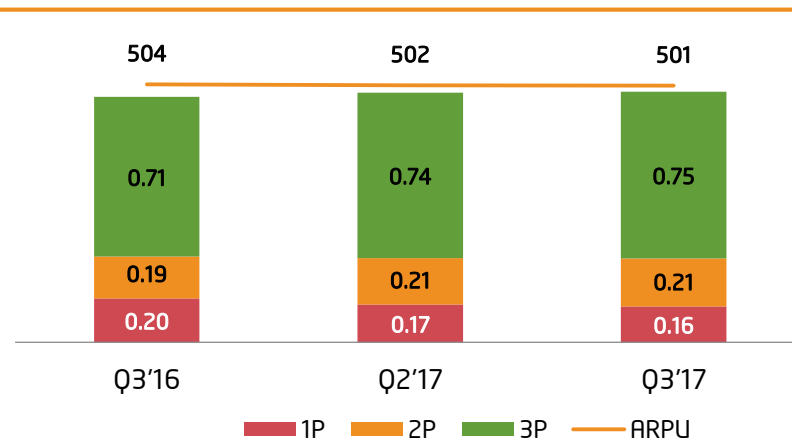
Other Revenues <sup>(3)</sup> (AED m)



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



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



- (1) Mobile revenues includes mobile voice, data, rental, outbound roaming, visitor roaming, VAS, and 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), 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 line revenues divided by the average fixed subscribers.



# Maroc Telecom: Challenging regulatory and competitive environment

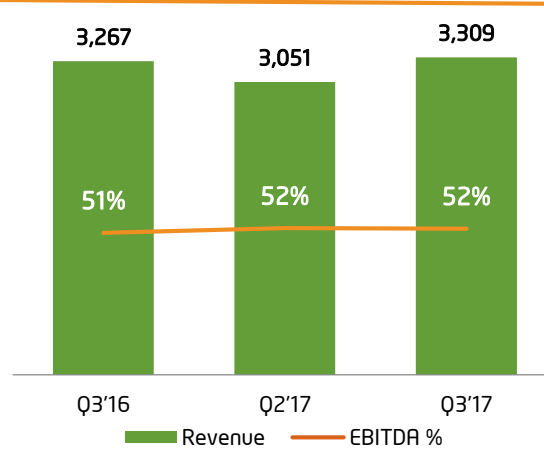
Morocco, Benin, Burkina Faso, CAR, CDI, Gabon, Mali, Mauritania, Niger and Togo



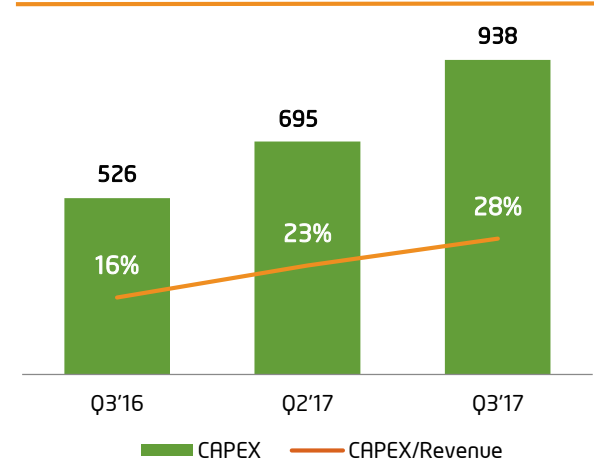
Subscribers (m)



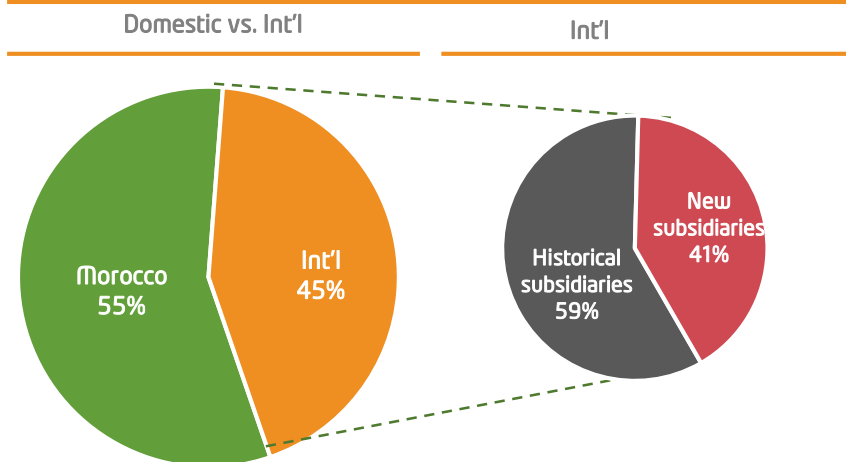
Revenue (AED m) / EBITDA Margin



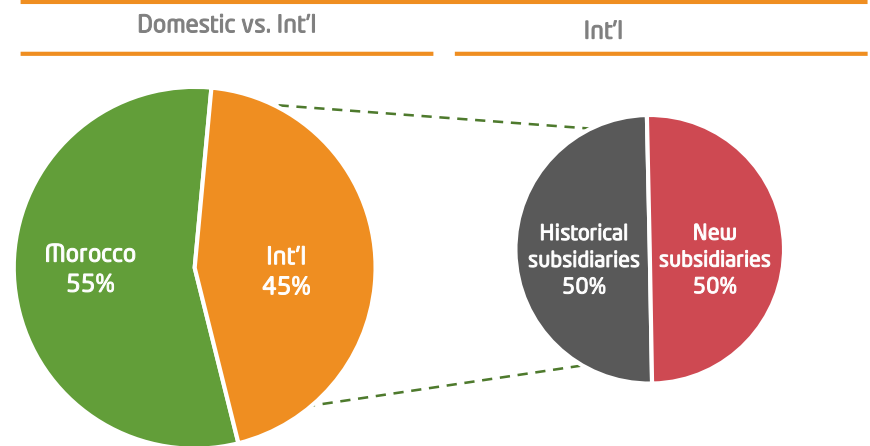
CAPEX (AED m) & CAPEX/Revenue Ratio (%)



Revenue Breakdown Q3'17



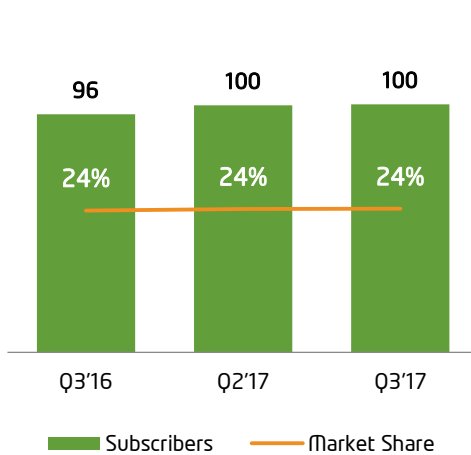
Capex Breakdown Q3'17



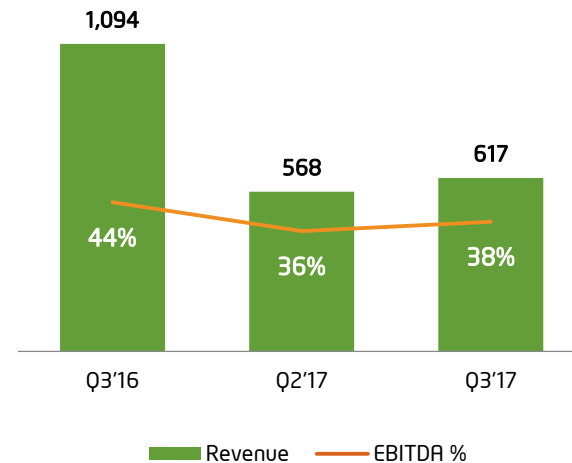
# Egypt: Launch of 4G Services and entrance of 4<sup>th</sup> mobile operator



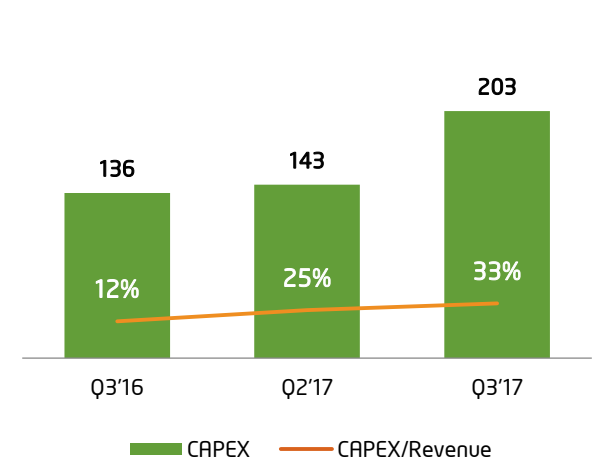
Total Subscribers (1) (m)



Revenue (AED m) / EBITDA Margin



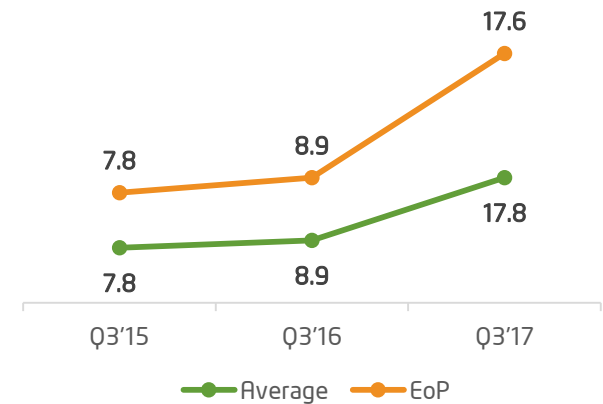
CAPEX (AED m) & CAPEX/Revenue Ratio (%)



## Highlights

- 4G services launched in September
- Incumbent fixed operator launched mobile services
- Y/Y revenue growth impacted by steep currency devaluation
  - Strong revenue growth Y/Y in local currency
  - Revenue growth across all segments with major contribution from data revenues
- Lower Y/Y EBITDA margin as cost structure impacted by inflationary pressure on opex
- Higher capital spending focusing on 4G deployment

USD / EGP FX Rate (EGP)



(1) Subscribers and market share data as per statistic published by the Ministry of Information and Technology

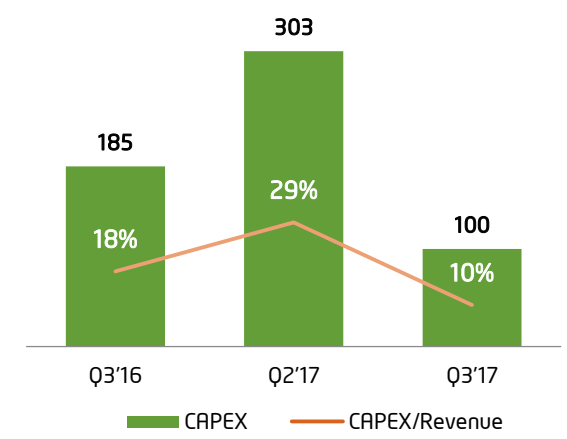
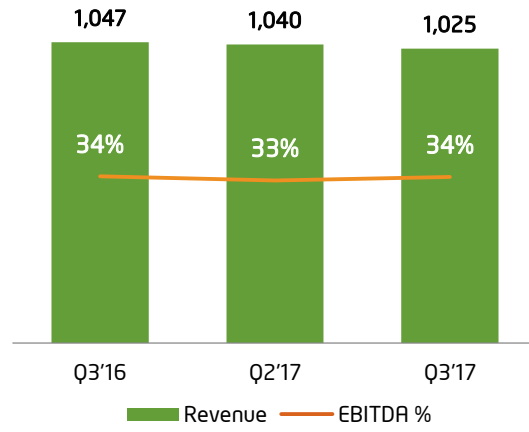
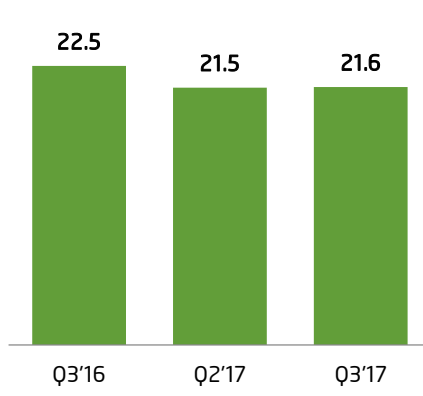
# Pakistan: Stable operating margins while investing in fixed broadband network modernization



Subscribers (m)

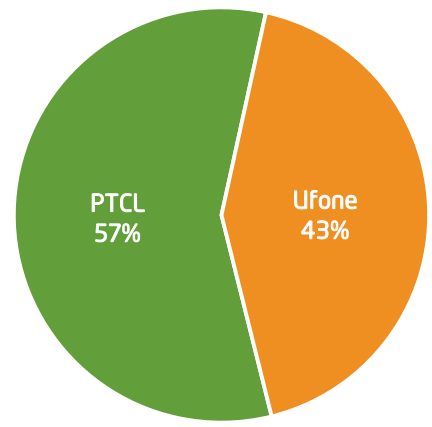
Revenue (AED m) / EBITDA Margin

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



Revenue Breakdown Q3'17

Highlights



- Q/Q growth in total subscribers driven by mobile segment
- Slightly lower Y/Y revenue impacted by lower subscriber base, lower usage and higher competition facing EVO segment
- Stable EBITDA margin with focus on optimizing network costs
- Lower capex spend focused on fixed network modernization

# 2017 Actual Against Guidance: Improving the full year guidance



Financial KPI	Guidance 2017 In AED	Guidance 2017 Constant Currencies <sup>(1)</sup>	Revised Guidance 2017 In AED	Revised Guidance 2017 Constant Currencies <sup>(1)</sup>	Actual 9M 2017 In AED	Actual 9M 2017 Constant Currencies <sup>(1)</sup>
Revenue Growth %	Slightly Lower	1% - 2%	-2.5% to -3.0%	+1.5% to +2.0%	-3.1%	+1.6%
EBITDA Margin%	around 50%		50.0% to 51.0%		51.2%	
CAPEX / Revenue %	18% - 19%		15.5% - 16.5%		14.1%	

(1) Constant currency: Financial results assuming constant foreign currency exchange rates used for translation based on the rates in effect for the comparable prior-year period. In order to compute our constant currency results, we multiple or divide, as appropriate, our current AED results by the current year monthly average foreign exchange rates and then multiply or divide, as appropriate, those amounts by the prior year monthly average foreign exchange rates.

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