

ETISALAT GROUP

Q4 2018 RESULTS PRESENTATION - ABU DHABI, UAE

20TH FEBRUARY 2019

## DISCLAIMER

*Emirates Telecommunications Group Company PJSC and its subsidiaries (“Etisalat Group” or the “Company”) have prepared this presentation (“Presentation”) in good faith, however, no warranty or representation, express or implied is made as to the adequacy, correctness, completeness or accuracy of any numbers, statements, opinions or estimates, or other information contained in this Presentation.*

*The information contained in this Presentation is an overview, and should not be considered as the giving of investment advice by the Company or any of its shareholders, directors, officers, agents, employees or advisers. Each party to whom this Presentation is made available must make its own independent assessment of the Company after making such investigations and taking such advice as may be deemed necessary.*

*Where this Presentation contains summaries of documents, those summaries should not be relied upon and the actual documentation must be referred to for its full effect.*

*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.*

## ETISALAT GROUP FINANCIAL HIGHLIGHTS

AED Million	Q4 2018	Growth YoY% <sup>(1)</sup>	FY 2018	Growth YoY% <sup>(1)</sup>
Revenue	13,034	-3%	52,388	+1%
EBITDA	6,222	-3%	25,880	0%
<i>EBITDA Margin</i>	<i>48%</i>	<i>0pp</i>	<i>49%</i>	<i>-1pp</i>
Net profit	2,021	+2%	8,615	+2%
<i>Net profit Margin</i>	<i>16%</i>	<i>+1pp</i>	<i>16%</i>	<i>0pp</i>
Capex	3,363	+28%	8,379	+5%
<i>Capex/Revenue</i>	<i>26%</i>	<i>+6pp</i>	<i>16%</i>	<i>1pp</i>

### Q4 2018 Highlights

- Revenue decline Y/Y is attributed to lower revenue from prepaid mobile segment handsets sales and special ICT project in UAE, currency devaluation in Pakistan & Int'l operations of MT Group
- EBITDA declined Y/Y driven by higher cost of sales, higher impairment for trade receivable and currency devaluation in Pakistan
- Stable EBITDA margin
- Net profit Y/Y positively impacted by lower forex, royalty and impairment
- Higher capital expenditure Y/Y attributed mainly to domestic operations.

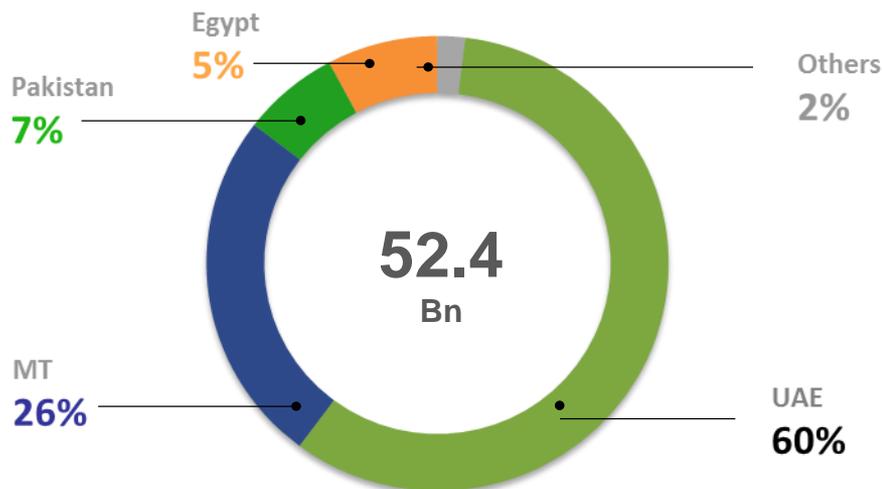
(1) Prior period financial figures are restated to reflect IFRS15 adjustments

### FY 2018 Highlights

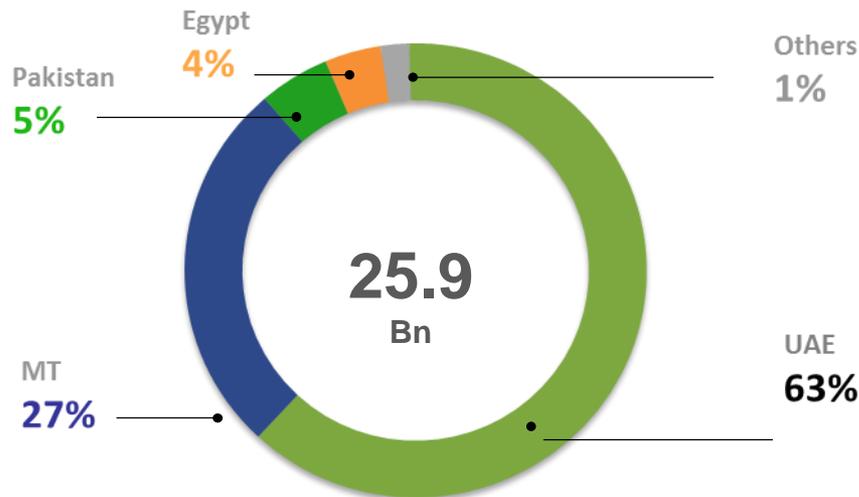
- Revenue growth Y/Y is attributed to both domestic and int'l operations, mainly Morocco and Egypt
- EBITDA stable Y/Y as revenue growth is offset by higher cost of sales and operating expenses
- Lower EBITDA margin due to change in revenue mix
- Net profit Y/Y positively impacted by lower forex losses, royalty, impairment and better share from associates
- Higher capital expenditure Y/Y attributed mainly to domestic operations.

# ETISALAT GROUP FINANCIAL HIGHLIGHTS

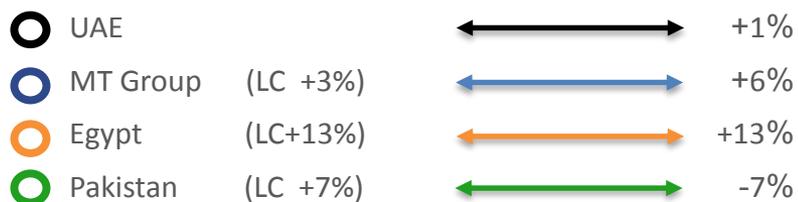
Revenue Breakdown FY 2018 (AED m)



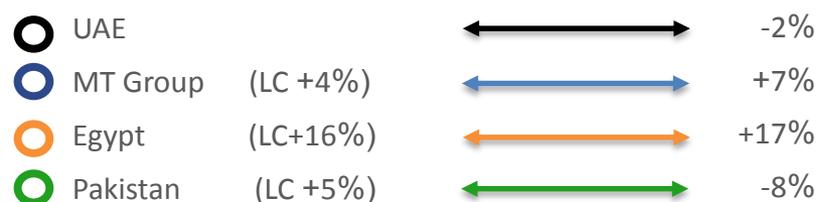
EBITDA Breakdown FY 2018 (AED m)



YOY Growth +1%



YOY Growth 0%

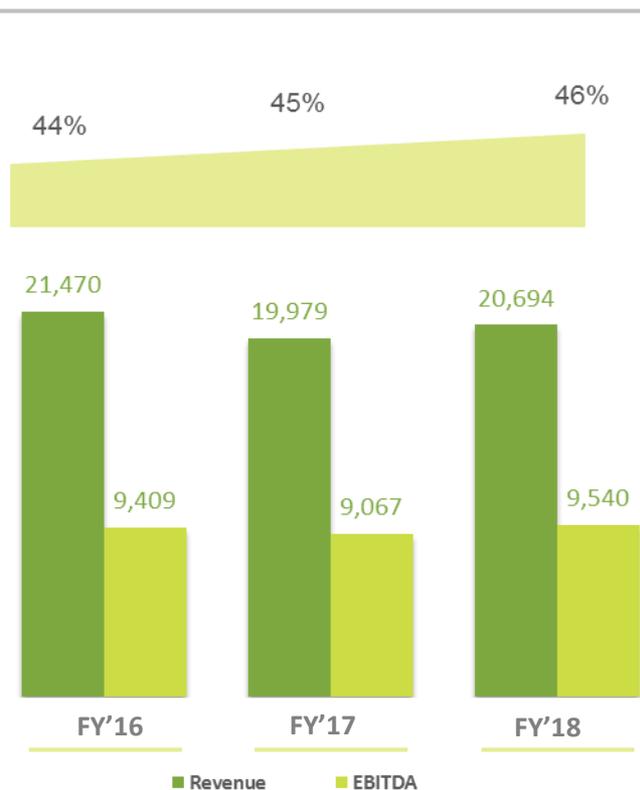


■ Represents others

(1) Prior period financial figures are restated to reflect IFRS15 adjustments

# INT'L OPERATIONS FINANCIAL HIGHLIGHTS FY 2018

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



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

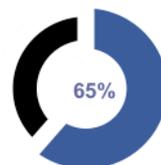
Maroc Telecom	FY 2018	Growth in AED	Growth in MAD
Revenue	13,390	+6%	+3%
EBITDA	6,981	+7%	+4%
EBITDA Margin	52%	+1pp	+1pp

Pakistan	FY 2018	Growth in AED	Growth in PKR
Revenue	3,849	-7%	+7%
EBITDA	1,260	-8%	+5%
EBITDA Margin	33%	0pp	0pp

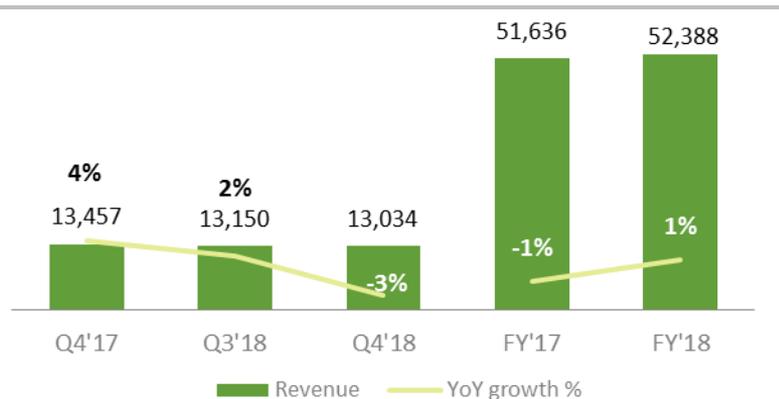
Etisalat Misr	FY 2018	Growth in AED	Growth in EGP
Revenue	2,806	+13%	+13%
EBITDA	1,161	+17%	+16%
EBITDA Margin	41%	+1pp	+1pp



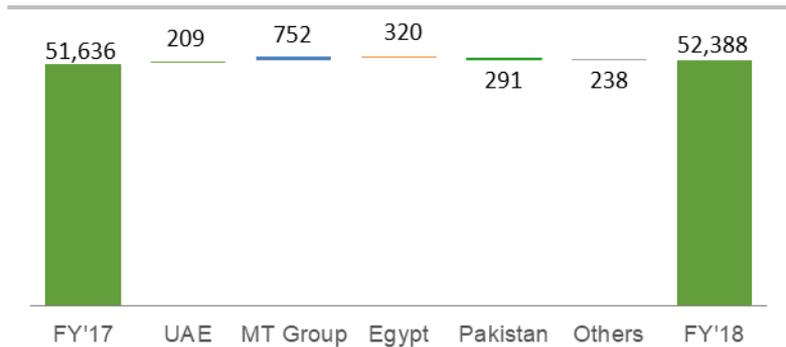
(1) Prior period financial figures are restated to reflect IFRS15 adjustments

# GROUP REVENUE

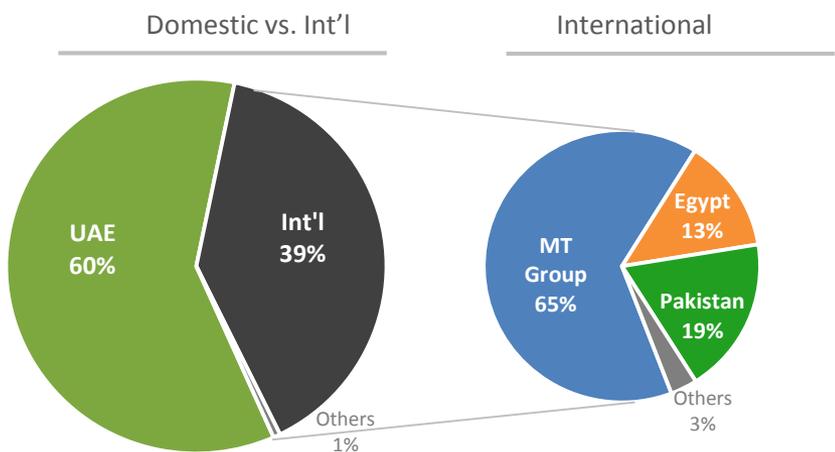
Revenue (AED m) and YoY growth (%)



Sources of Revenue growth FY 2018 Vs. FY 2017 (AEDm)



Revenue by Cluster (FY 2018)



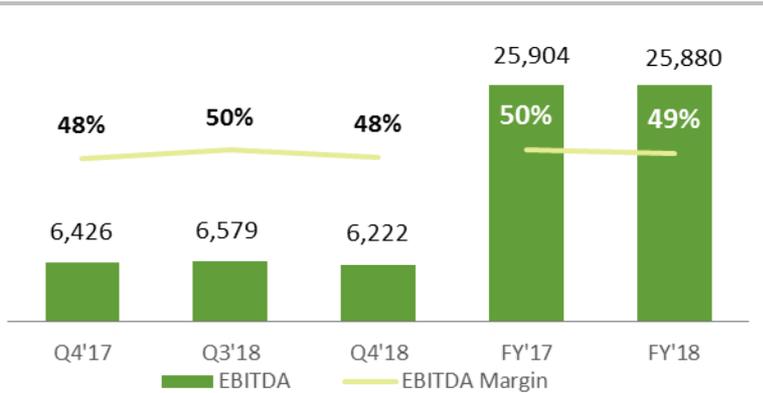
## Highlights

- In FY'18 consolidated revenue increased Y/Y by 1% attributed to domestic and Int'l operations
- Growth in the UAE mainly due to higher Internet and TV services, handsets and wholesale revenues
- Revenues from international consolidated operations increased by 4%, resulting in 39% contribution to Group revenues, 1pp higher than prior year :
  - Revenue growth in MT Group attributed to strong data growth in Moroccan operations
  - Revenue growth in Egypt attributed to voice, mobile broadband and national roaming
  - Revenue growth in Pakistan negatively impacted by currency devaluation while grew in local currency

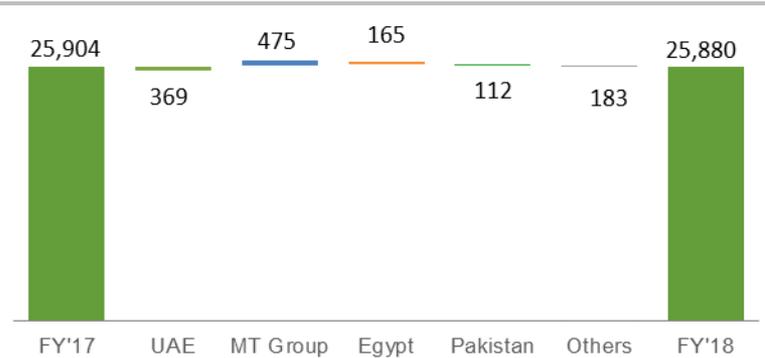
(1) Prior period financial figures are restated to reflect IFRS15 adjustments

# GROUP EBITDA

EBITDA (AED m) & EBITDA Margin



Sources of EBITDA growth – FY 2018 vs FY 2017 (AED m)



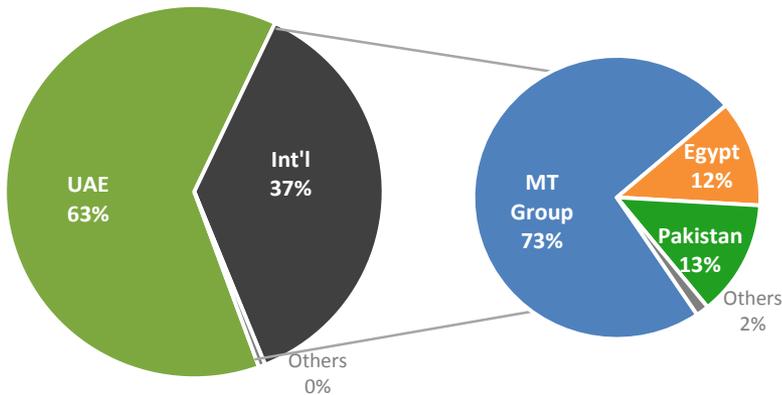
## Highlights

- In FY'18 consolidated EBITDA was stable Y/Y at AED 25.9 billion.
- EBITDA in the UAE negatively impacted by higher interconnection, roaming cost, handsets cost and operating costs
- EBITDA of consolidated international operations increased Y/Y by 5%, resulting in 37% contribution to Group EBITDA, 2pp higher than prior year:
  - Positive contribution from Maroc Telecom Group attributed to Moroccan operations
  - Positive contribution from Egypt due to higher revenues
  - Negative contribution from Pakistan impacted by currency devaluation while grew in local currency

EBITDA by Cluster (FY 2018)

Domestic vs. Int'l

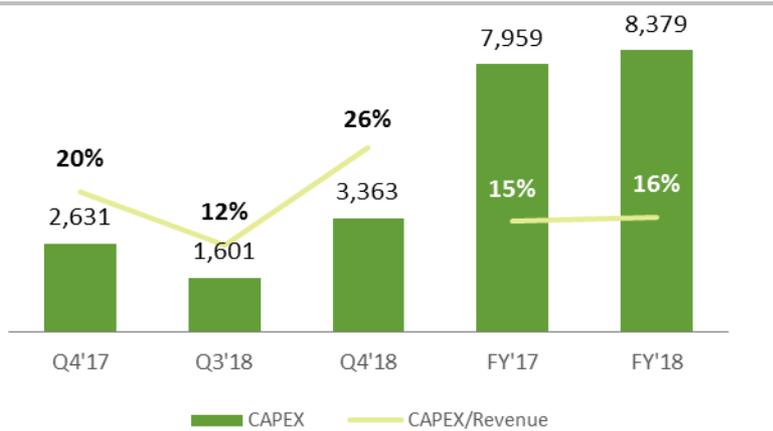
International



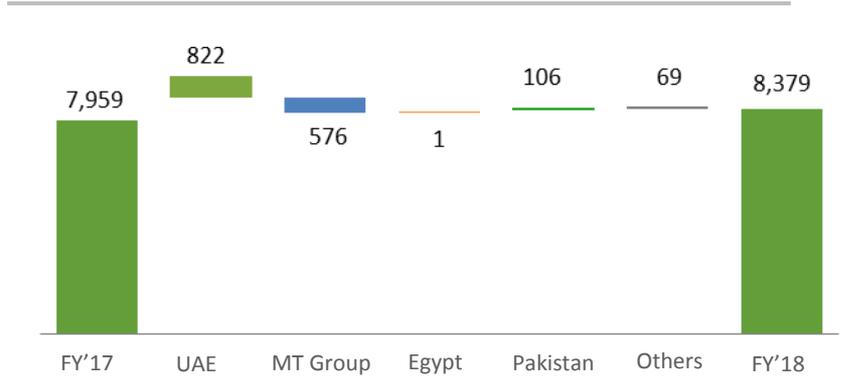
(1) Prior period financial figures are restated to reflect IFRS15 adjustments

# GROUP CAPEX

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

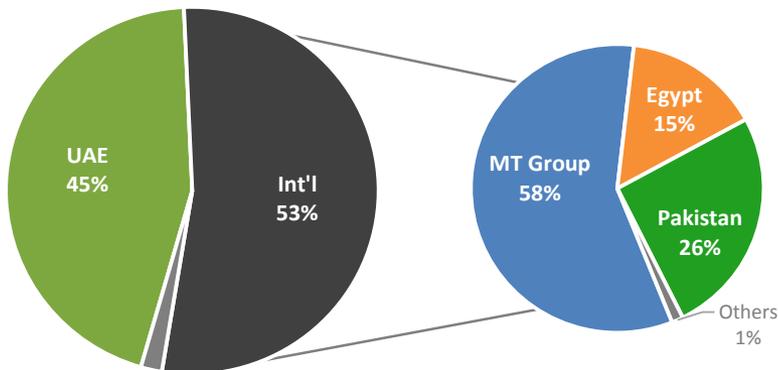


Sources of Capex growth – FY 2018 vs FY 2017 (AED m)



CAPEX by Cluster (FY 2018)

Domestic vs. Int'l	International
--------------------	---------------



## Highlights

- FY'18 consolidated capex increased Y/Y by 5% resulting in a Capex / Revenue ratio of 16%
- Higher capital spend in the UAE focused on maintenance, ICT/Digital capabilities and network modernization
- Capital expenditure in international operations decreased by 10% and contributed 53% of consolidated Group Capex
  - Lower capex in MT Group attributed to domestic operation
  - Stable capex in Egypt with focus on 4G deployment
  - Higher capex spend in Pakistan attributed to fixed network modernization

(1) Prior period financial figures are restated to reflect IFRS15 adjustments

## GROUP BALANCE SHEET & CASH FLOWS

Balance Sheet (AED m)	Dec-17	Dec-18
Cash & bank Balances	27,125	28,361
Total Assets	128,842	125,243
Total Debt	24,705	23,526
Net Cash / (Debt)	2,420	4,835
Total Equity	58,090	57,245

Cash flow (AED m)	Dec-17	Dec-18
Operating	20,227	19,039
Investing	(7,488)	(7,764)
Financing	(9,027)	(10,122)
Net change in cash	3,712	1,154
<i>Effect of FX rate changes</i>	<i>(289)</i>	<i>132</i>
Reclassified as held for sales	25	(50)
Ending cash balance	27,125	28,361

### Investment Grade Credit Ratings



AA-/Stable



Moody's

Aa3/Stable

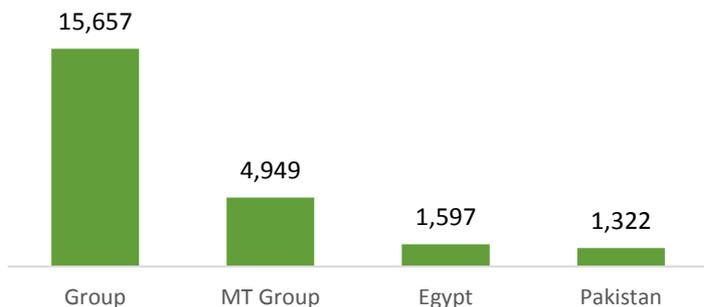
### Highlights

- Strengthened liquidity position with record cash balance and net cash position
- Share buyback delayed to 2019
- Lower operating cash flow due to changes in working capital
- Higher financing cash flow due to repayments of borrowings

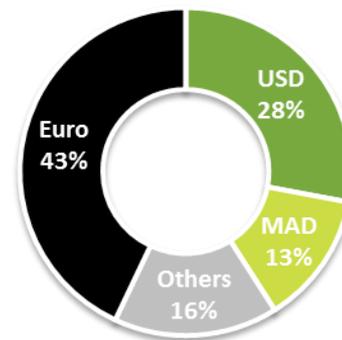
(1) Prior period financial figures are restated to reflect IFRS15 adjustments

# DEBT PROFILE: DIVERSIFIED DEBT PORTFOLIO

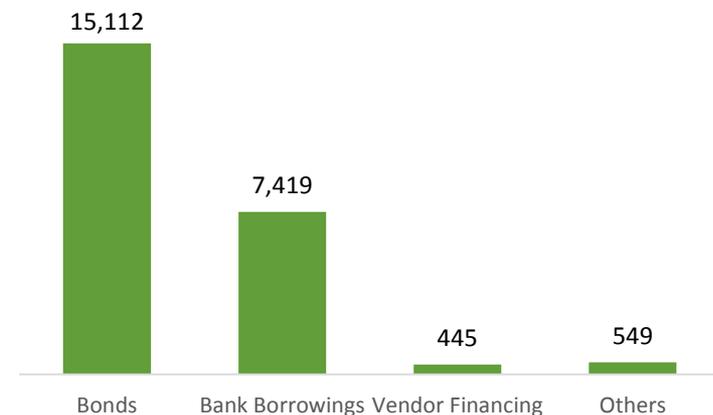
Borrowings by Operation Q4 2018 (AED m)



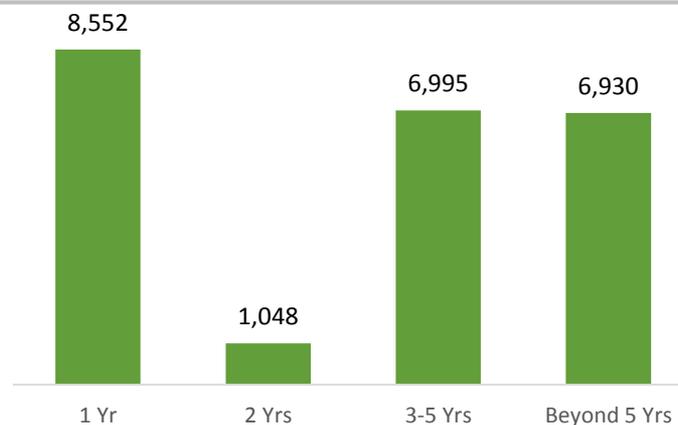
Borrowings by Currency Q4 2018 (%)



Debt by Source Q4 2018 (AED m)

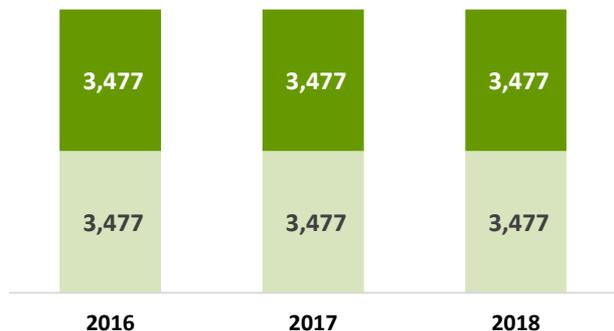


Repayment Schedule Q4 2018 (AED m)

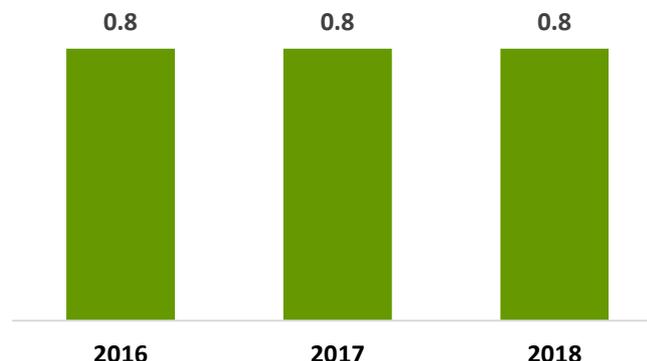


# DIVIDENDS: Proposed dividend for 2018 of 80 fils per share

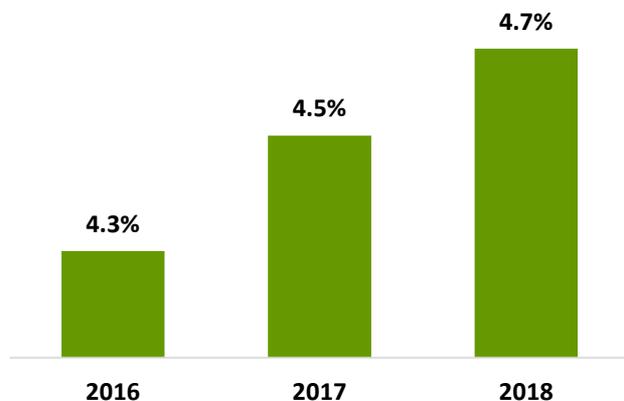
Cash Dividends (AED m)



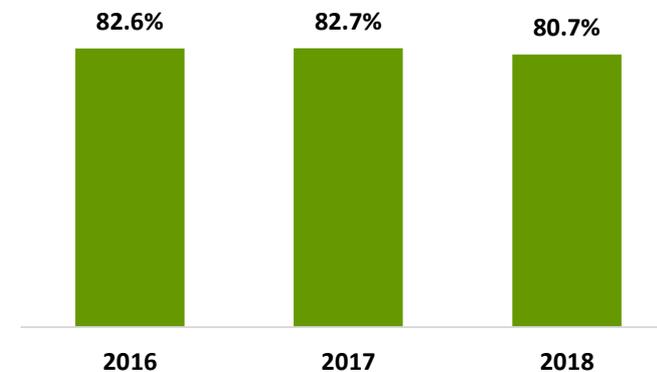
Dividends Per Share (AED)



Dividend Yield <sup>(1)</sup> (%)



Dividend Payout Ratio (%)



Proposed final dividends of 40 fils per share bringing the full year dividend to 80 fils per share is subject to shareholders approval on the AGM scheduled March 20<sup>th</sup>, 2019

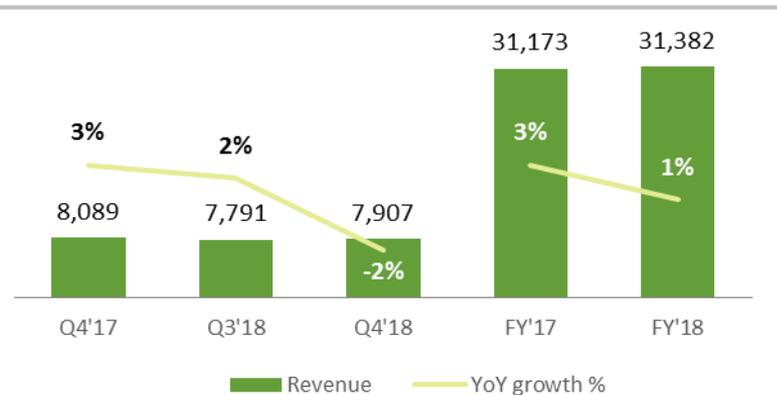
(1) Dividend yield if based on share price as of 16 August 2018 and 18 February 2019

# COUNTRY BY COUNTRY FINANCIAL REVIEW

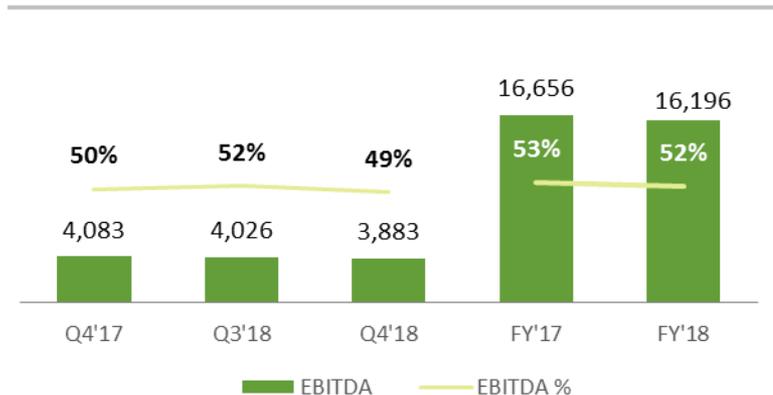


# UAE: FOCUS ON PROFITABILITY WHILE INVESTING IN NETWORK CAPABILITIES

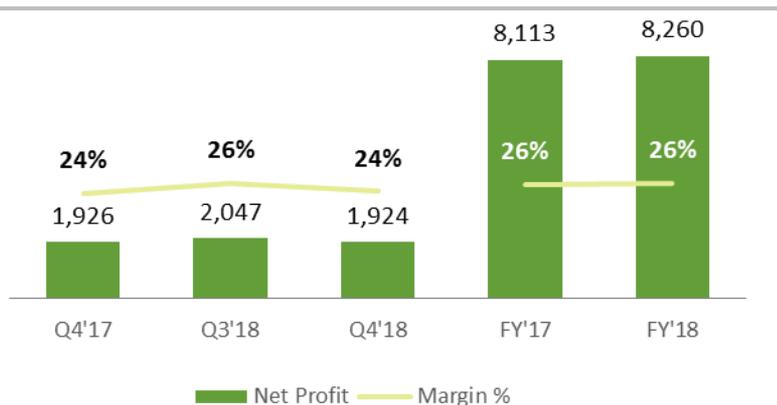
Revenue (AED m) / YoY Growth (%)



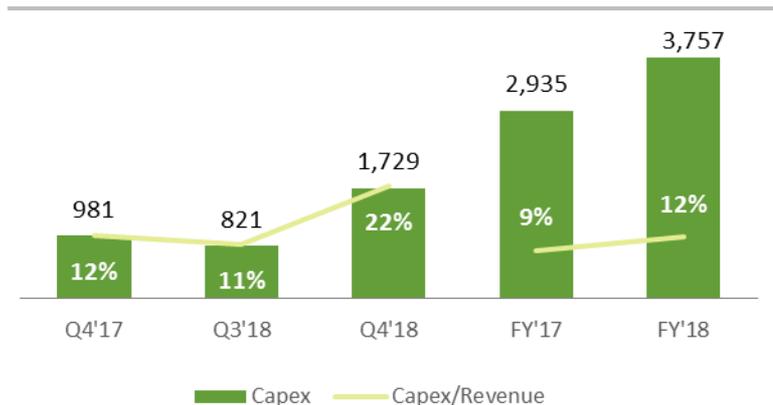
EBITDA (AED m) / EBITDA %



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



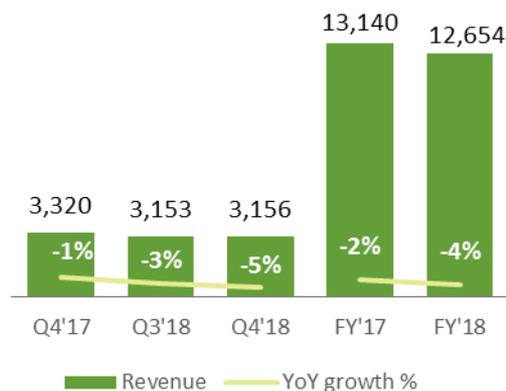
CAPEX (AED m) & CAPEX / Revenue Ratio (%)



(1) Prior period financial figures are restated to reflect IFRS15 adjustments

# UAE: REVENUE BREAKDOWN AND KEY KPI'S

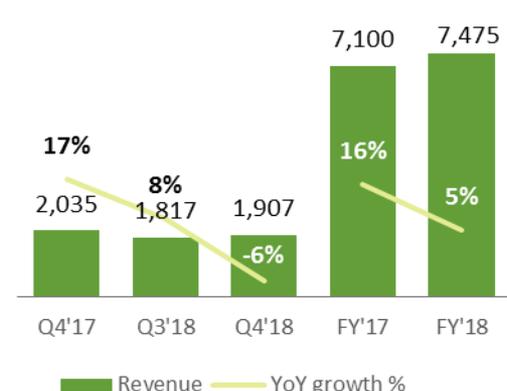
Mobile Revenues<sup>(1)</sup> (AED m)



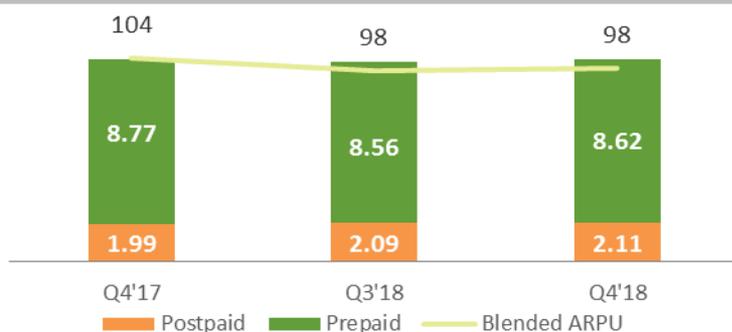
Fixed Revenues<sup>(2)</sup> (AED m)



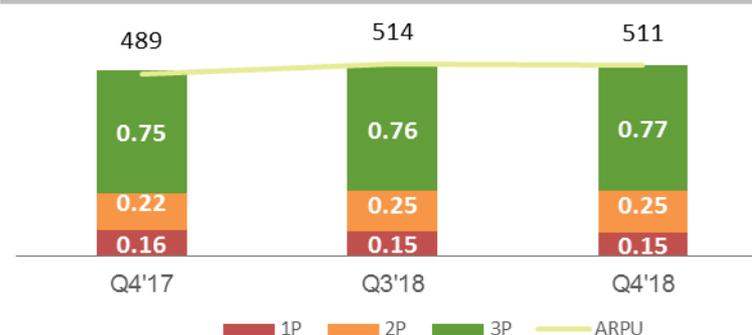
Other Revenues<sup>(3)</sup> (AED m)



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, 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.

# MAROC TELECOM: REVENUE AND EBITDA TRENDS IMPROVE

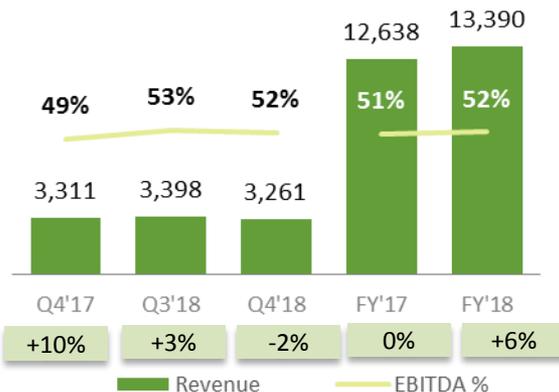
Morocco, Benin, Burkina Faso, CAR, CDI, Gabon, Mali, Mauritania, Niger & Togo

Subscribers (m)

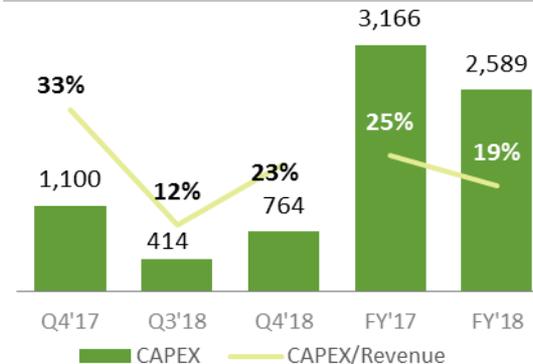


Y/Y % growth

Revenue (AED m) / EBITDA Margin

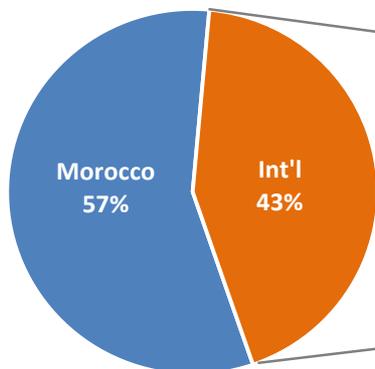


CAPEX (AED m) & CAPEX/Revenue Ratio (%)

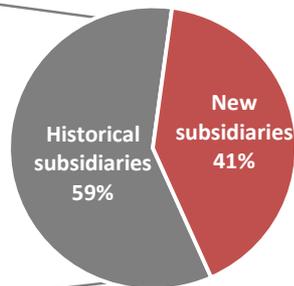


Revenue Breakdown FY 2018

Domestic vs. Int'l

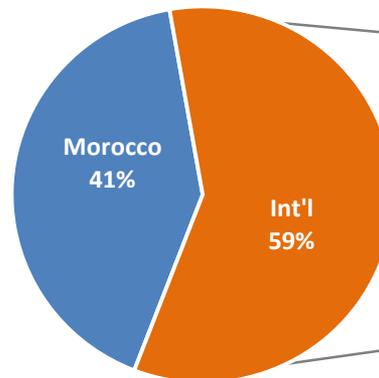


International

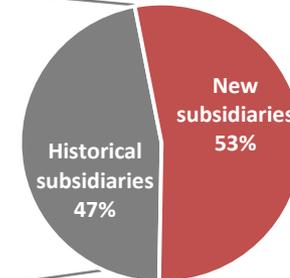


CAPEX Breakdown FY 2018

Domestic vs. Int'l



International



(1) Prior period financial figures are restated to reflect IFRS15 adjustments

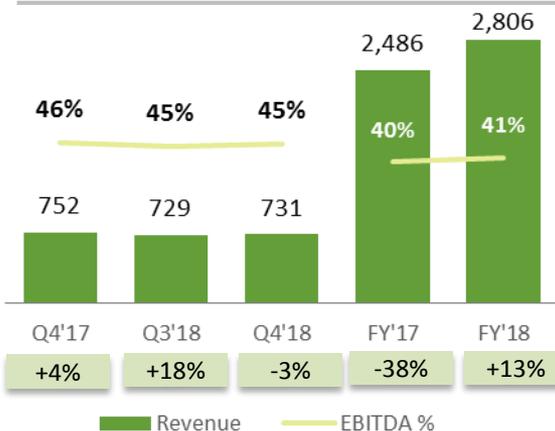
# EGYPT: STRONG REVENUE GROWTH & PROFITABILITY INCREASE

Subscribers<sup>(1)</sup> (m)

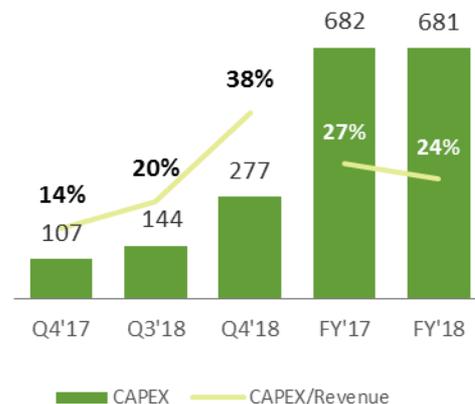


Y/Y % growth

Revenue (AED m) / EBITDA



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



## HIGHLIGHTS

- Regulatory restriction negatively impacted customer acquisitions
  - Continued to grow the post-paid segment
- Y/Y revenue growth across all segments
- Y/Y EBITDA growth with higher margin
- Full year capital spending consistent with prior year and focused on 4G deployment

(1) Subscribers figures are restated to fully align with Etisalat Group definition based on 90 days active

(2) Prior period financial figures are restated to reflect IFRS15 adjustments

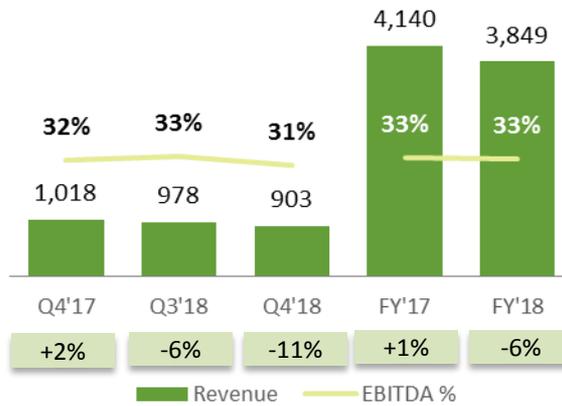
# PAKISTAN: GROWTH IN LOCAL CURRENCY, STABLE MARGINS & INVESTING IN NETWORK TRANSFORMATION

Subscribers (m)

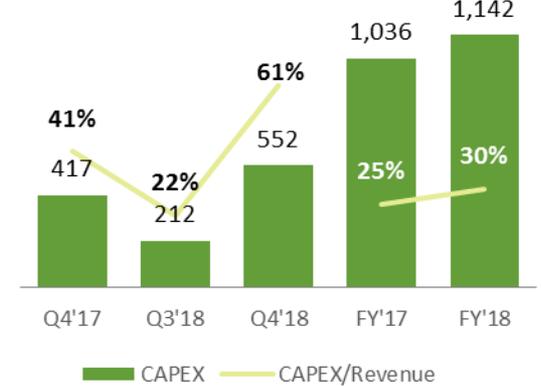


Y/Y % growth

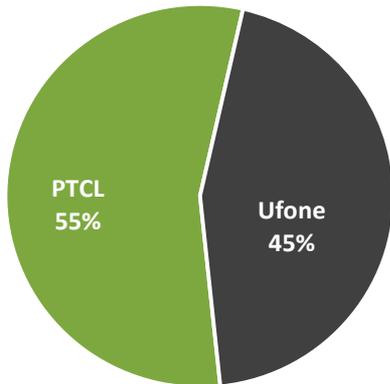
Revenue (AED m) / EBITDA Margin



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



REVENUE BREAKDOWN FY'18



USD / PKR FX Rate (PKR)



# 2018 ACTUAL AGAINST GUIDANCE: Met 2018 GUIDANCE

Financial KPI	Original Guidance 2018 in AED	Revised Guidance 2018 in AED	Actual 2018 in AED
Revenue Growth %	Slightly lower	Slightly higher	+1.5%
EBITDA Margin%	49% - 50%	49% - 50%	49.4%
CAPEX / Revenue %	18% - 19%	15.5% - 16.5%	16.0%

(1) Prior period financial figures are restated to reflect IFRS15 adjustments

# 2019 GUIDANCE: FOCUS ON SHAREHOLDERS' VALUE & INVESTING IN THE FUTURE

Financial KPI	Actual 2018 in AED	Guidance 2019 in AED
Revenue Growth %	+1.5%	Slightly lower
EBITDA Margin%	49.4%	48% - 49%
EPS <sup>(1)</sup> (AED)	0.99	0.99 – 1.02
CAPEX / Revenue %	16.0%	18% - 19%

(1) EPS guidance exclude the impact of share buyback

Etisalat's financial and corporate  
information **in one click**

Introducing Etisalat Investor Relations App



ETISALAT GROUP INVESTOR RELATIONS

Email: [ir@etisalat.ae](mailto:ir@etisalat.ae)

Website: [www.etisalat.com/en/ir/index.jspr](http://www.etisalat.com/en/ir/index.jspr)