



ETISALAT GROUP Q2 2019 RESULTS PRESENTATION

23 JULY 2019 - ABU DHABI, UAE



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1. Business Overview

Saleh Al Abdooli
Chief Executive Officer
Etisalat Group

ETISALAT GROUP FINANCIAL HIGHLIGHTS

AED Million	Q2 2019	Growth YoY%	Growth QoQ%	H1 2019	Growth YoY%	Growth YoY% Constant Exchange Rates ⁽¹⁾
Revenue	12,879	-2%	-1%	25,869	-1%	+1%
EBITDA	6,722	+2%	2%	13,339	+2%	+4%
<i>EBITDA Margin</i>	<i>52%</i>	<i>+2pp</i>	<i>+1pp</i>	<i>52%</i>	<i>+2pp</i>	<i>+1pp</i>
Net profit	2,232	+1%	+1%	4,444	+3%	
<i>Net profit Margin</i>	<i>17%</i>	<i>+1pp</i>	<i>0pp</i>	<i>17%</i>	<i>+1pp</i>	
Capex	1,442	-32%	-9%	3,028	-11%	
<i>Capex/Revenue</i>	<i>11%</i>	<i>-5pp</i>	<i>-1pp</i>	<i>12%</i>	<i>-1pp</i>	

Q2 2019 Highlights

- Revenue decline Y/Y is attributed to domestic operations and unfavorable exchange rate movements in Pakistani Rupee and Moroccan Dirham; while grew in constant exchange rates
- EBITDA increase Y/Y is driven by lower interconnection cost and handsets, lower network costs and general expenses
- Improvement in EBITDA margin
- Net profit Y/Y increased due to higher EBITDA, lower forex losses, lower impairment charges and royalty charges
- Lower capital expenditure Y/Y attributed to domestic and international operations.

(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.

ETISALAT GROUP Q2'19 FINANCIAL HIGHLIGHTS



Financial Highlights

- Expanding Etisalat Group customer base by +2%
- Improved EBITDA Margin and operating free cash flow
- Interim dividends of 40 fils per share
- Improving full year guidance



Domestic Operations

- Maintained subscriber growth in high quality segments
- Revenue growth impacted by regulatory and competitive environments
- Sustained EBITDA margin
- Launch of eWallet services
- Deployment of 5G network



International Operations

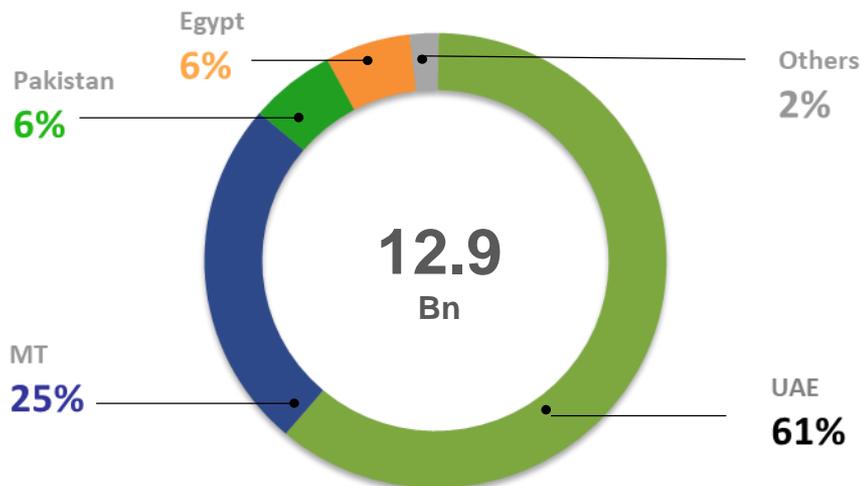
- Int'l portfolio impacted by unfavourable exchange rate movements
- Maroc Telecom Group maintained focus on data monetization in Morocco while expanding international footprint
- Etisalat Misr maintained robust revenue growth
- Pakistan operations grew revenue in local currency and delivered strong mobile revenue growth

2. Financial Overview

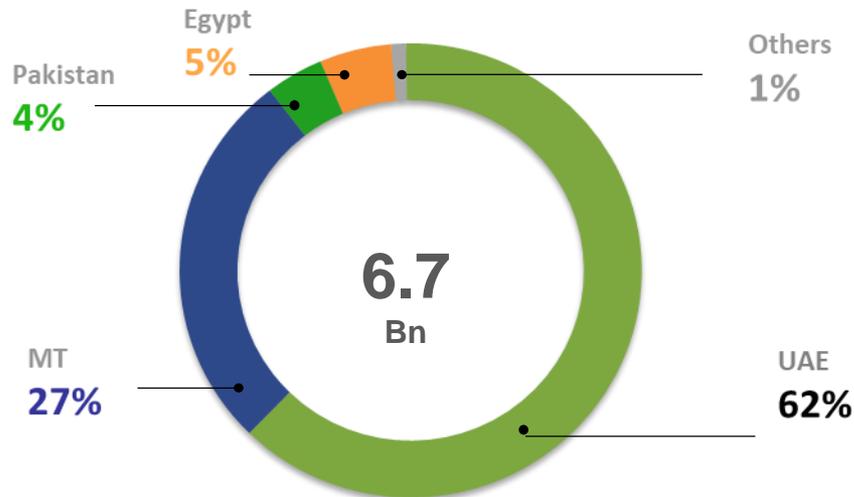
Serkan Okandan
Chief Financial Officer
Etisalat Group

ETISALAT GROUP FINANCIAL HIGHLIGHTS

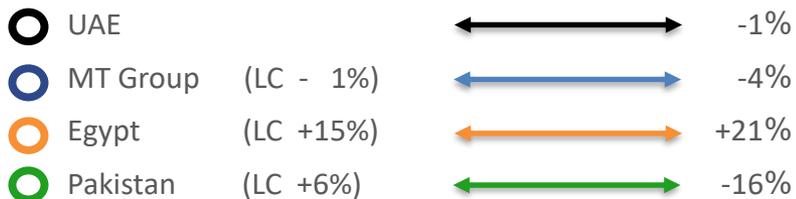
Revenue Breakdown Q2 2019 (AED m)



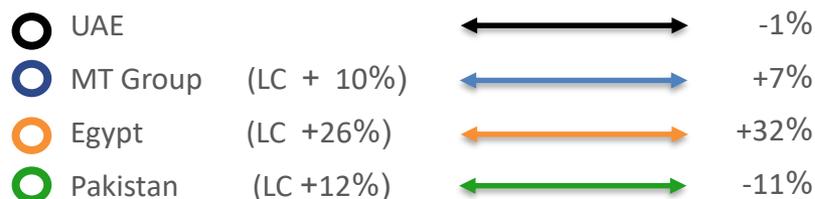
EBITDA Breakdown Q2 2019 (AED m)



YOY Growth -2%



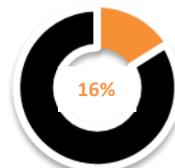
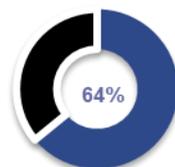
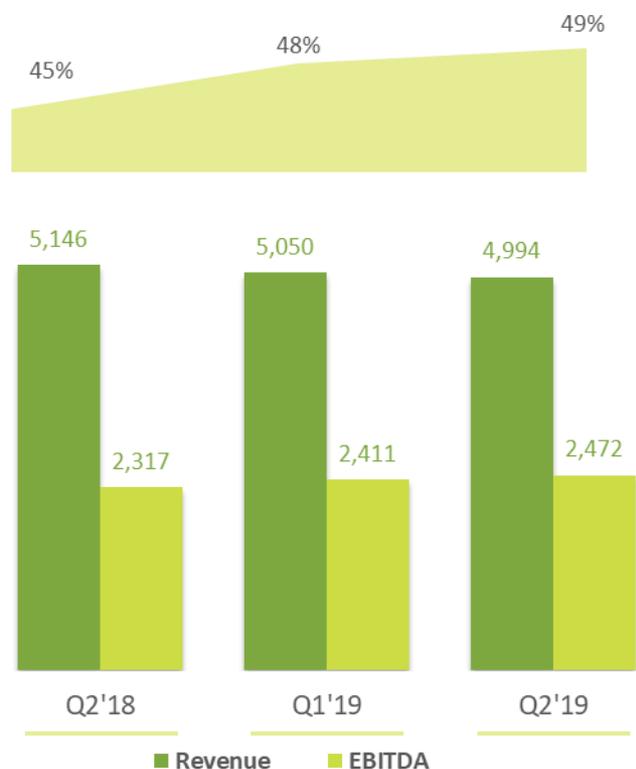
YOY Growth +2%



Represents others

INT'L OPERATIONS FINANCIAL HIGHLIGHTS Q2 2019

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



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

Maroc Telecom	Q2 2019	Growth in AED	Growth in MAD
Revenue	3,209	-4%	-1%
EBITDA	1,825	+7%	+10%
EBITDA Margin	57%	+5pp	+5pp

Pakistan	Q2 2019	Growth in AED	Growth in PKR
Revenue	819	-16%	+6%
EBITDA	282	-11%	+12%
EBITDA Margin	34%	+2pp	+2pp

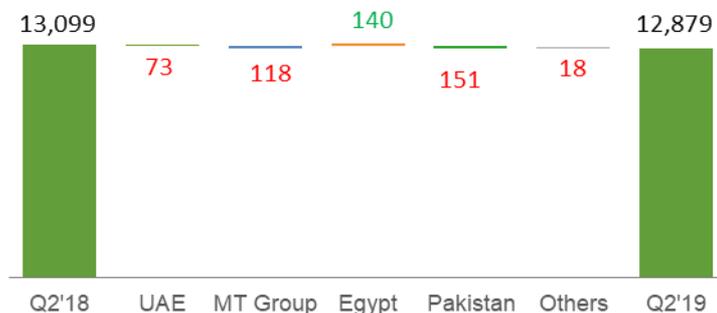
Etisalat Misr	Q2 2019	Growth in AED	Growth in EGP
Revenue	823	+21%	+15%
EBITDA	322	+32%	+26%
EBITDA Margin	39%	+3pp	+3pp

GROUP REVENUE

Revenue (AED m) and YoY growth (%)



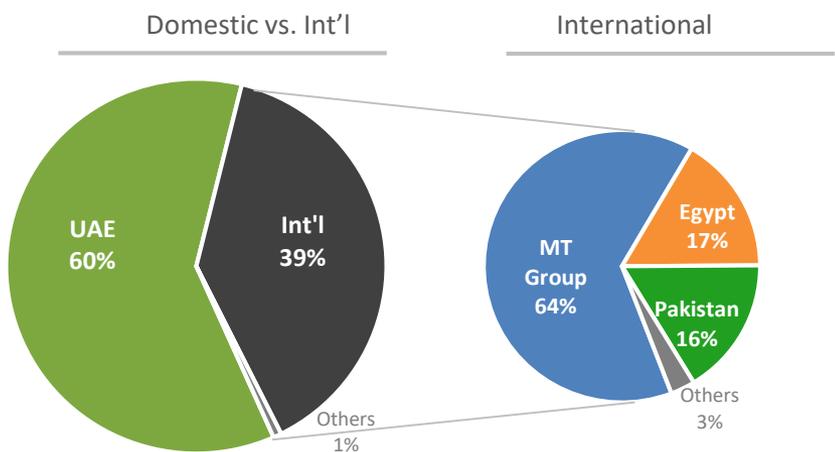
Sources of Revenue growth Q2 2019 Vs. Q2 2018 (AEDm)



Highlights

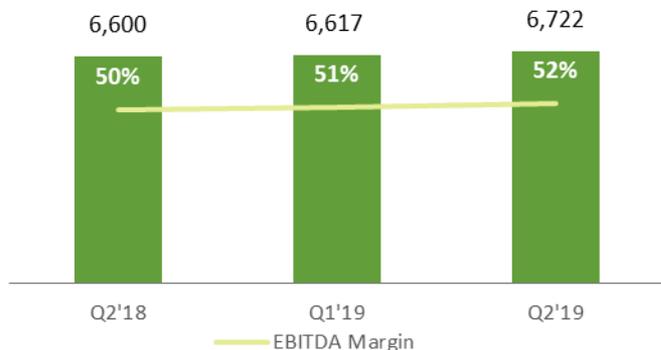
- In Q2'19 consolidated revenue decreased Y/Y by 2% attributed mainly to unfavorable exchange rate movements while grew in constant currency
- Growth in the UAE impacted by mobile prepaid segment and lower handset sales
- Revenues from international consolidated operations decreased by 3%, resulting in 39% contribution to Group revenues, 1pp lower than prior year:
 - Revenue growth in MT Group negatively impacted by currency and performance of International operations
 - Revenue growth in Egypt mainly attributed to strong growth in mobile broadband
 - Revenue growth in Pakistan negatively impacted by currency devaluation while grew in local currency

Revenue by Cluster (Q2 2019)



GROUP EBITDA

EBITDA (AED m) & EBITDA Margin



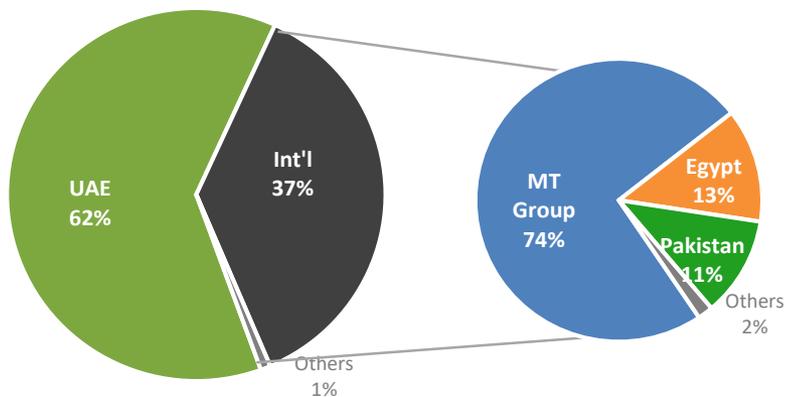
Sources of EBITDA growth – Q2 2019 vs Q2 2018 (AED m)



EBITDA by Cluster (Q2 2019)

Domestic vs. Int'l

International

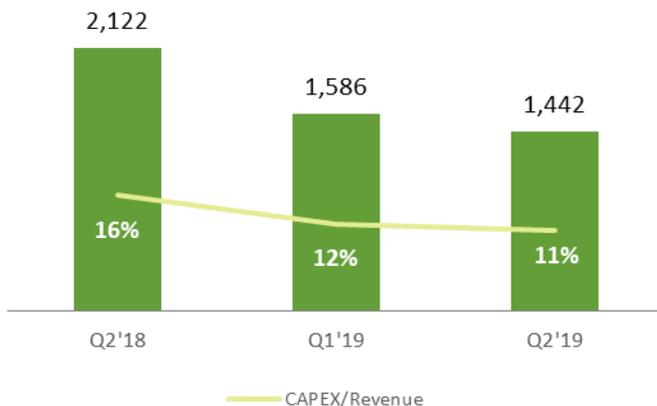


Highlights

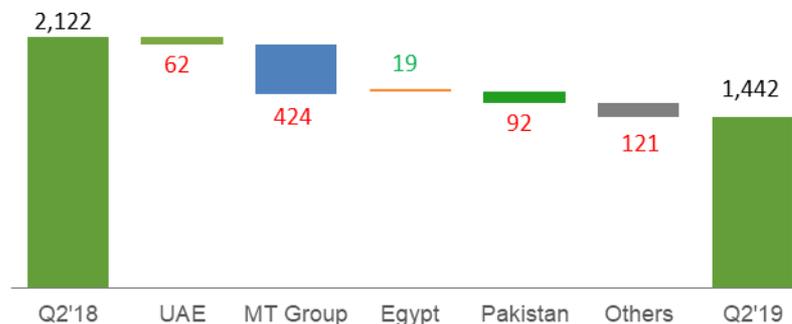
- In Q2'19 consolidated EBITDA increased Y/Y by 2% to AED 6.7 billion.
- EBITDA in the UAE negatively impacted by lower revenue and higher operating costs
- EBITDA of consolidated international operations increased Y/Y by 7%, resulting in 37% contribution to Group EBITDA, 2pp higher than prior year:
 - Positive contribution from Maroc Telecom Group attributed mainly to performance of domestic operations
 - Positive contribution from Egypt due to higher revenues
 - Negative contribution from Pakistan impacted by currency devaluation while grew in local currency

GROUP CAPEX

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



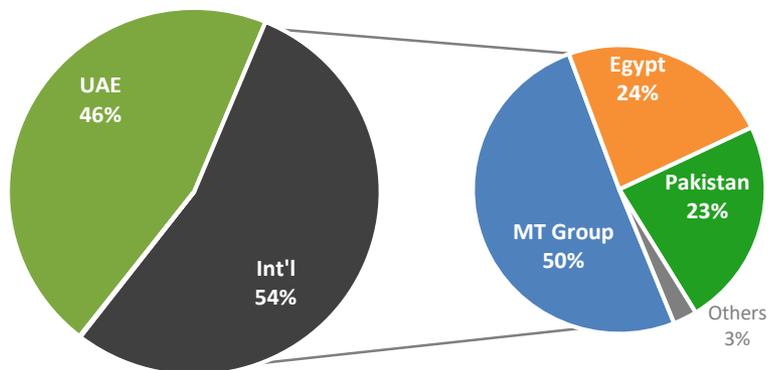
Sources of Capex growth – Q2 2019 vs Q2 2018 (AED m)



CAPEX by Cluster (Q2 2019)

Domestic vs. Int'l

International



Highlights

- In Q2'19 consolidated capex decreased Y/Y by 32% resulting in a Capex / Revenue ratio of 11%
- Lower capital spend in the UAE focused on 5G network rollout, network modernization and maintenance
- Capital expenditure in international operations decreased by 38% and contributed 54% to consolidated Group Capex
 - Lower capex in MT Group attributed to domestic and international operation
 - Higher capex in Egypt with focus on 4G deployment and enhancing network capacity
 - Lower capex spend in Pakistan with spend focused on fixed network modernization

GROUP BALANCE SHEET & CASH FLOWS

Balance Sheet (AED m)	Dec-18	Jun-19
Cash & bank Balances	28,361	26,014
Total Assets	125,243	124,103
Total Debt	23,526	25,319
Net Cash / (Debt)	4,835	695
Total Equity	57,245	56,627

Cash flow (AED m)	Jun-18	Jun-19
Operating	4,404	4,277
Investing	(3,101)	(3,022)
Financing	(4,223)	(3,658)
Net change in cash	(2,921)	(2,402)
<i>Effect of FX rate changes</i>	(29)	85
Reclassified as held for sales	(9)	(30)
Ending cash balance	24,167	26,014

Investment Grade Credit Ratings



AA-/Stable



Moody's

Aa3/Stable

Highlights

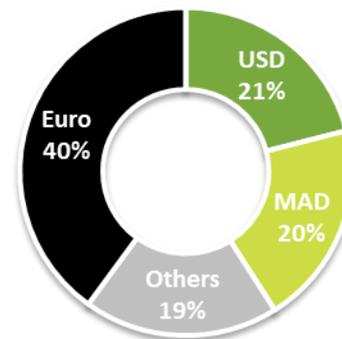
- Lower cash balance attributed to final dividend and royalty payments related to FY2018
- Maintained net cash position
- Slightly lower operating cash flow due to changes in working capital
- Lower financing cash outflow mainly attributed to higher proceeds from bank borrowings.

DEBT PROFILE: DIVERSIFIED DEBT PORTFOLIO

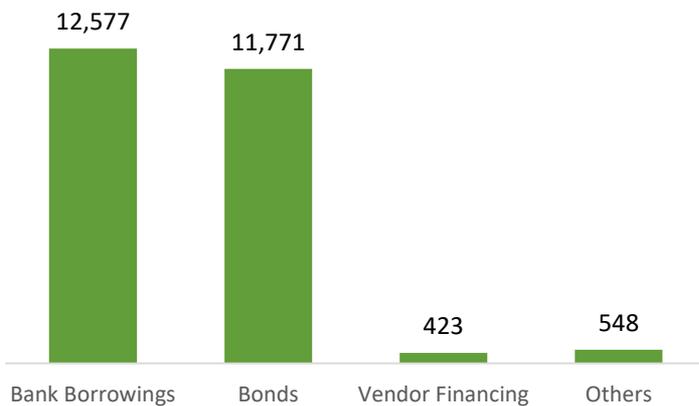
Borrowings by Operation Q2 2019 (AED m)



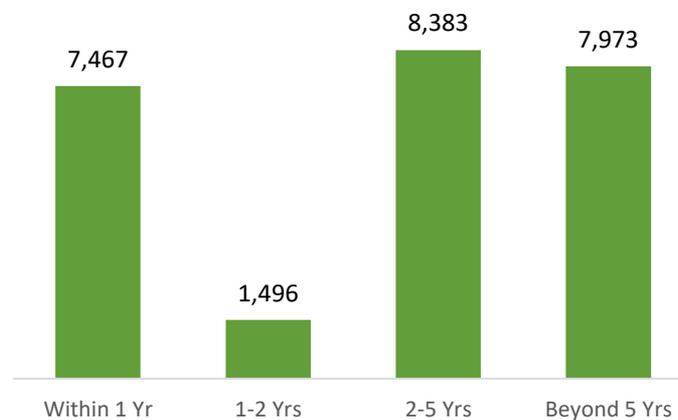
Borrowings by Currency Q2 2019 (%)



Debt by Source Q2 2019 (AED m)

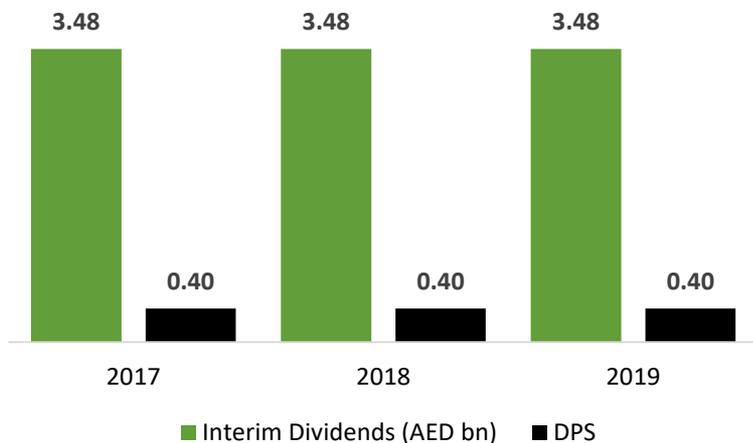


Repayment Schedule Q2 2019 (AED m)

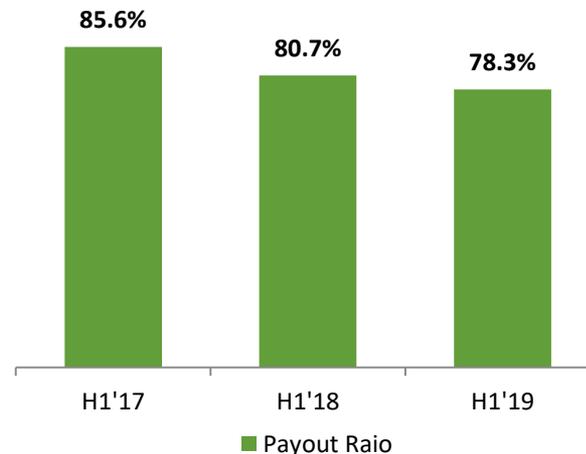


GROUP DIVIDENDS: PROPOSED DPS OF AED 40 FILS FOR H1 2019

Interim Dividends and Dividends Per Share



Interim Dividend Payout Ratio



Interim Dividend & Earnings Per Share (AED)

	H1'17	H1'18	H1'19
DPS	0.40	0.40	0.40
EPS ⁽¹⁾	0.47	0.50	0.51

Highlights

Etisalat’s Board approved interim dividends of 40 fils per share to be distributed to the shareholders registered in the shareholders’ register on 4 August 2019.

(1) Represents diluted earnings per share

COUNTRY BY COUNTRY FINANCIAL REVIEW

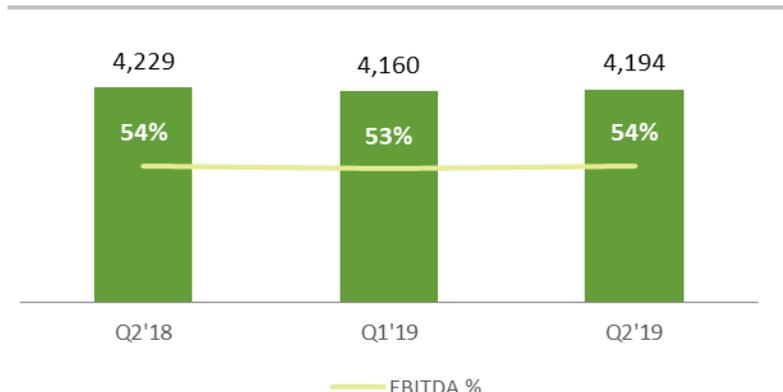


UAE: MAINTAINING PROFITABILITY MARGINS WHILE INVESTING IN NEW TECHNOLOGIES

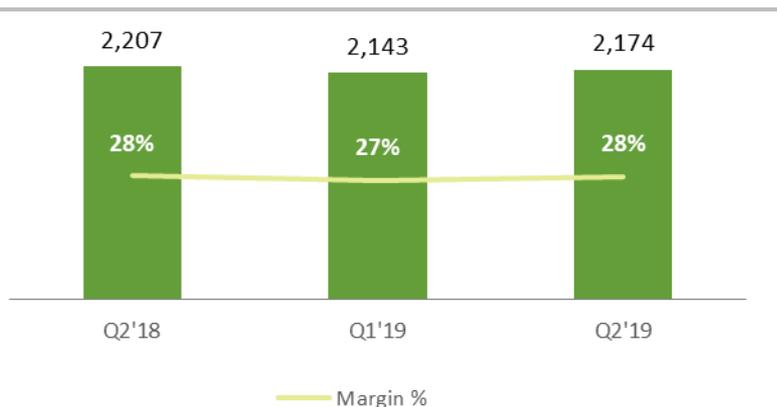
Revenue (AED m) / YoY Growth (%)



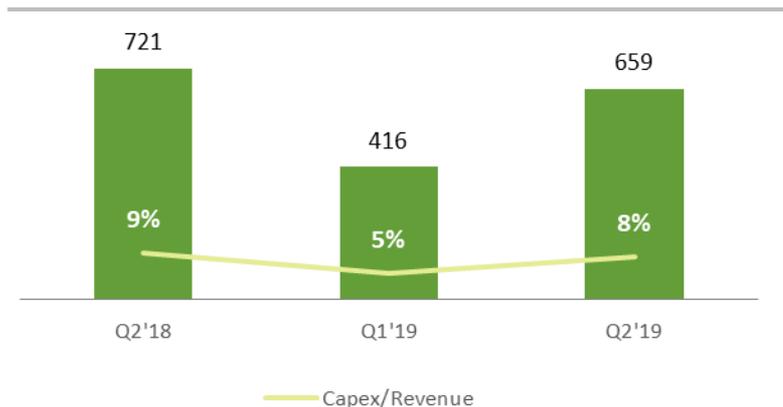
EBITDA (AED m) / EBITDA %



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

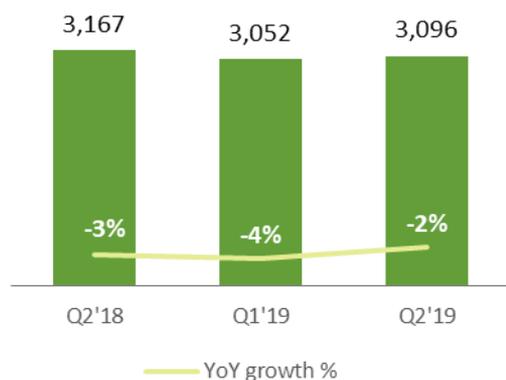


CAPEX (AED m) & CAPEX / Revenue Ratio (%)



UAE: REVENUE BREAKDOWN AND KEY KPI'S

Mobile Revenues⁽¹⁾ (AED m)



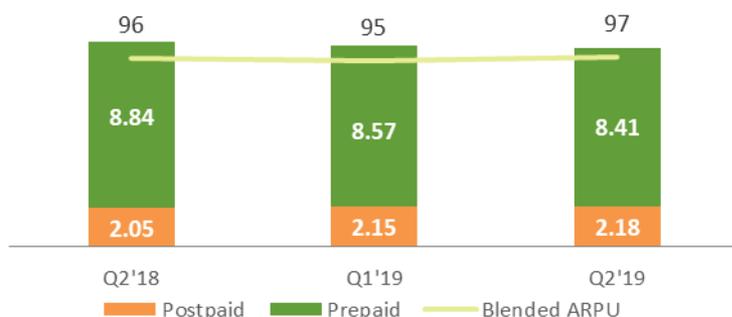
Fixed Revenues⁽²⁾ (AED m)



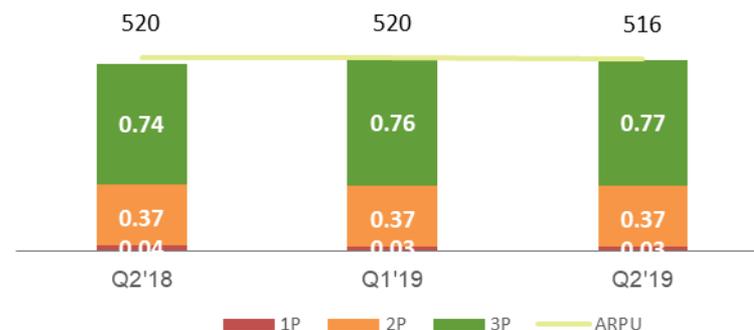
Other Revenues⁽³⁾ (AED m)



Mobile Subs⁽⁴⁾ (m) & ARPU⁽⁵⁾ (AED)



Fixed Broadband⁽⁶⁾ Subs (m) & ARPU⁽⁷⁾ (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: EXPANDING INTERNATIONAL FOOTPRINT

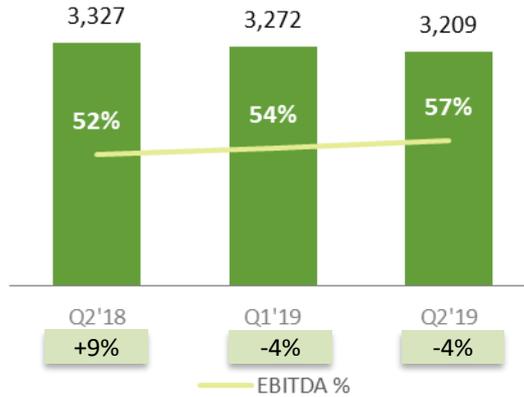
Morocco, Benin, Burkina Faso, CAR, CDI, Chad, Gabon, Mali, Mauritania, Niger & Togo

Subscribers (m)

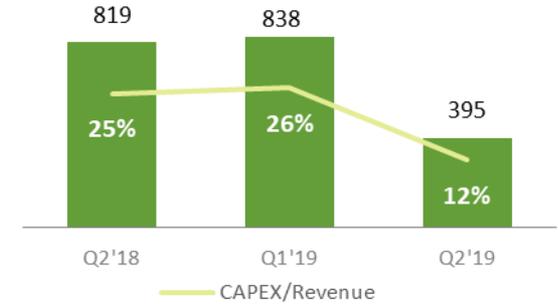


Y/Y % growth

Revenue (AED m) / EBITDA Margin



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



Revenue Breakdown Q2 2019

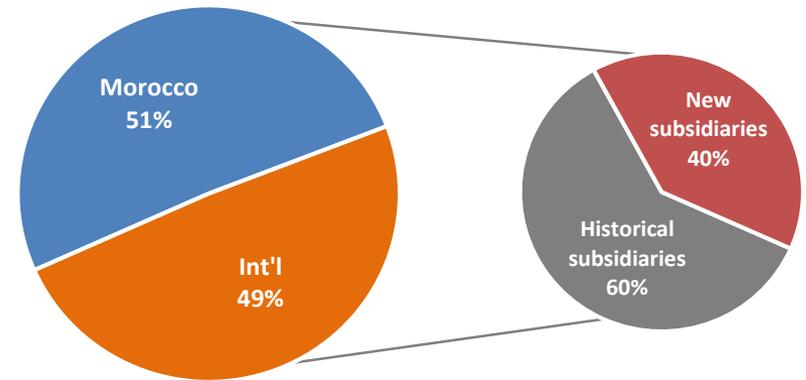
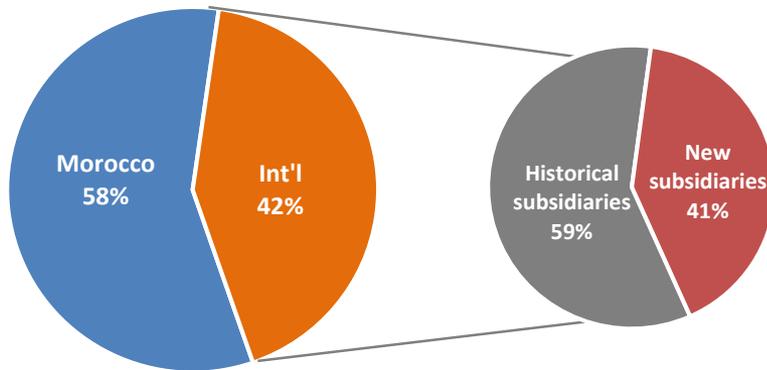
CAPEX Breakdown Q2 2019

Domestic vs. Int'l

International

Domestic vs. Int'l

International



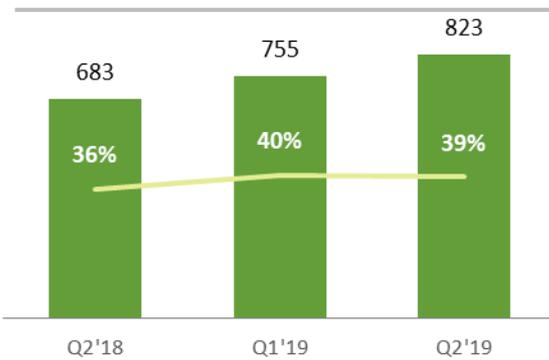
EGYPT: STRONG REVENUE GROWTH & PROFITABILITY

Subscribers⁽¹⁾ (m)



Y/Y % growth

Revenue (AED m) / EBITDA



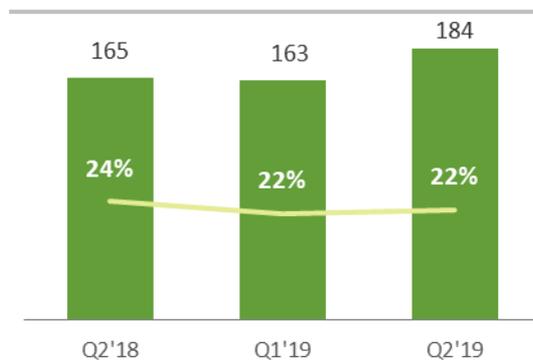
+20%

+14%

+21%

EBITDA %

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



CAPEX/Revenue

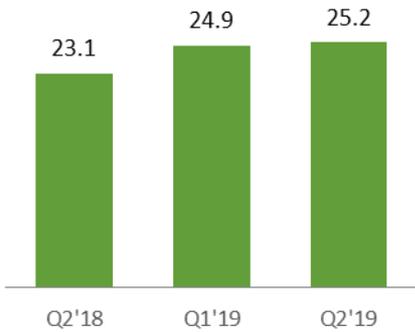
HIGHLIGHTS

- Regulatory restrictions continue to negatively impact customer acquisitions
- Y/Y revenue growth across all segments
- Y/Y EBITDA growth with improvement in margin
- Capital spending increased and focused on 4G deployment and enhancement of network capacity

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

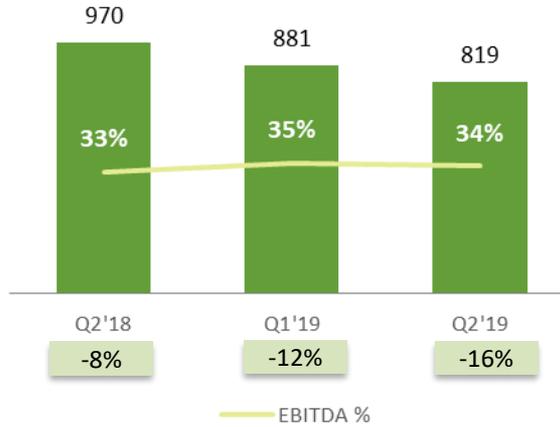
PAKISTAN: GROWTH IN LOCAL CURRENCY WITH IMPROVED MARGINS

Subscribers (m)

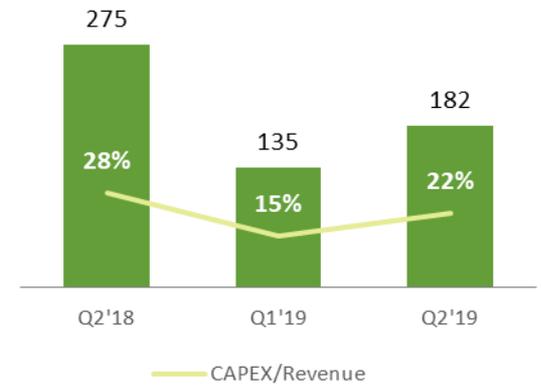


Y/Y % growth

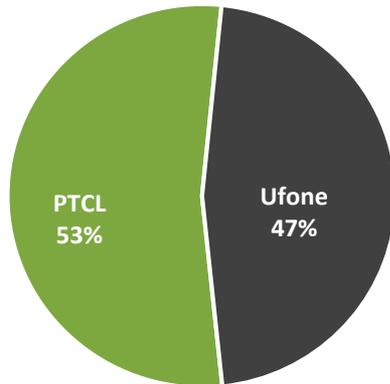
Revenue (AED m) / EBITDA Margin



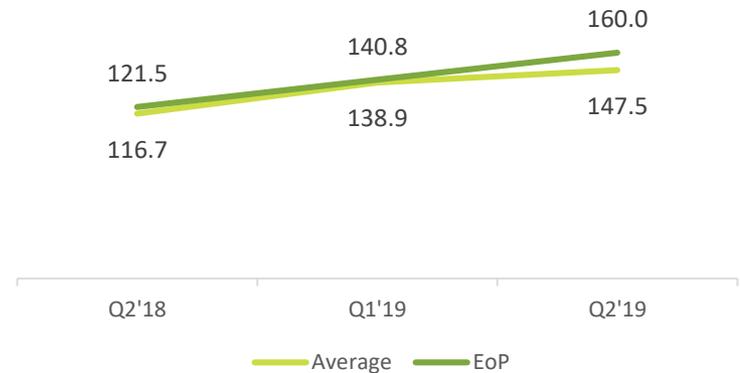
CAPEX (AED m) & CAPEX/Revenue Ratio (%)



REVENUE BREAKDOWN Q2 2019



USD / PKR FX Rate (PKR)



2019 ACTUAL AGAINST GUIDANCE: IMPROVING THE FULL YEAR GUIDANCE

Financial KPI	Guidance 2019 in AED	Revised Guidance 2019 in AED	Actual H1 2019 in AED
Revenue Growth %	Slightly lower	Around -1.0%	-1.3%
EBITDA Margin%	48% - 49%	49.5% - 50.5%	51.6%
EPS ⁽¹⁾ (AED)	0.99 – 1.02	0.99 – 1.02	0.51
CAPEX / Revenue %	18% - 19%	16% - 17%	11.7%

(1) EPS guidance excludes the impact of a potential share buyback

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

Introducing Etisalat Investor Relations App



ETISALAT GROUP INVESTOR RELATIONS

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