

**ETISALAT GROUP**  
**Q2 2021 RESULTS PRESENTATION**

2 AUGUST 2021 - ABU DHABI, UAE

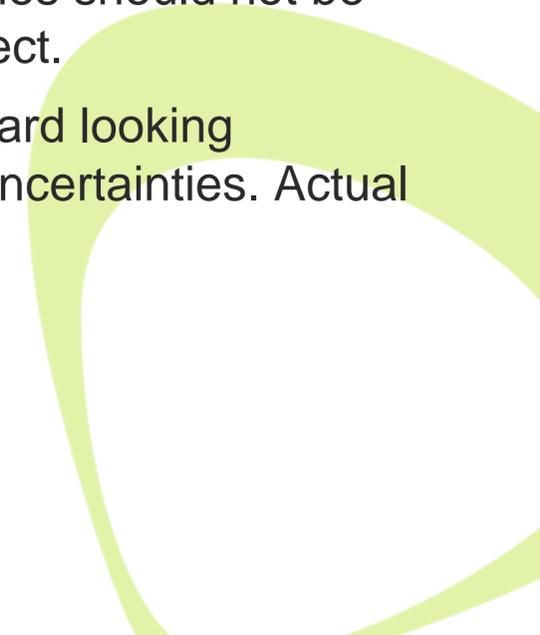
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## **BUSINESS OVERVIEW**

**HATEM DOWIDAR**

Chief Executive Officer  
Etisalat Group

# FINANCIAL HIGHLIGHTS Q2 2021

- Revenue increase Y/Y is attributed to domestic and international operations
- EBITDA increase Y/Y is driven by higher revenue and cost optimisation initiatives
- Net profit increase Y/Y due to higher EBITDA, higher contribution from associates, lower net finance costs, and lower impairment loss on trade receivables
- Capital expenditure increased Y/Y to support growth in traffic and network coverage.



# ETISALAT GROUP Q2 FINANCIAL HIGHLIGHTS



## Financial Highlights

- ▶ Expanding Etisalat Group customer base by 7%
- ▶ Strong revenue growth despite macro and regulatory challenges
- ▶ Maintaining healthy EBITDA Margin at 50% despite changes in revenue mix
- ▶ Sustaining profitable growth and improving operating free cash flow
- ▶ Interim DPS of 40 fils for the first half of 2021



## Domestic Operations

- ▶ Subscriber growth in mobile postpaid and eLife segments
- ▶ Return to Y/Y revenue growth
- ▶ EBITDA Margin impacted by changes in revenue mix
- ▶ More discipline in capital spending with focus on growing digital capabilities



## International Operations

- ▶ Maroc Telecom Group performance is influenced by increased regulatory and competitive pressure in the domestic market that outweighed the growth in int'l operations
- ▶ Etisalat Misr sustained strong revenue growth supported by mobile data
- ▶ Recovery in Pakistan operations sustained with revenue growth in all segments

# FINANCIAL OVERVIEW

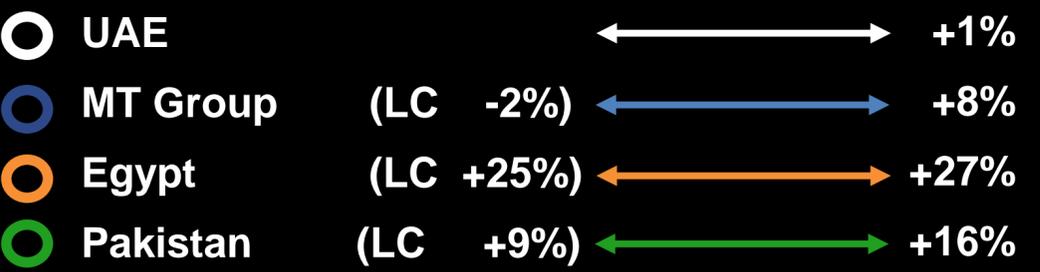
**KARIM BENNIS**

Chief Financial Officer  
Etisalat Group

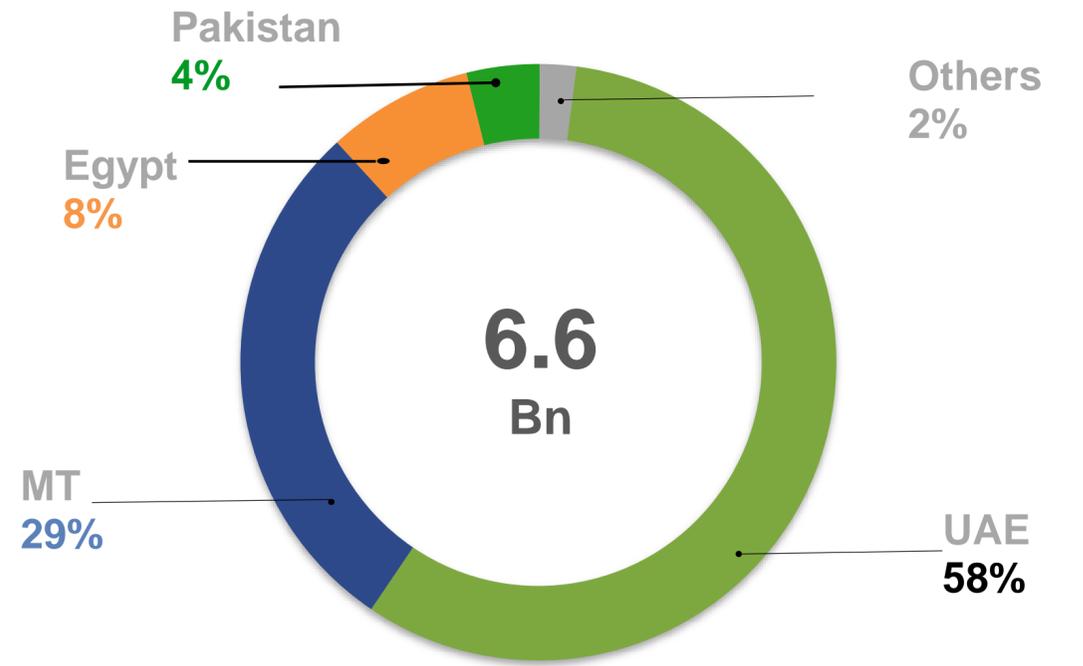
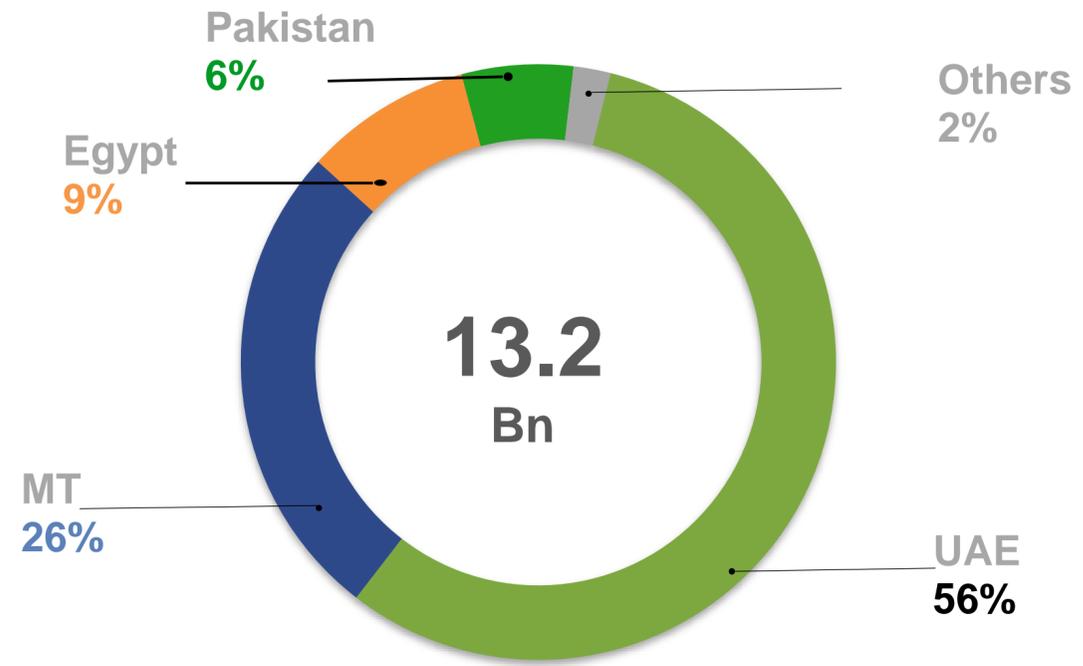
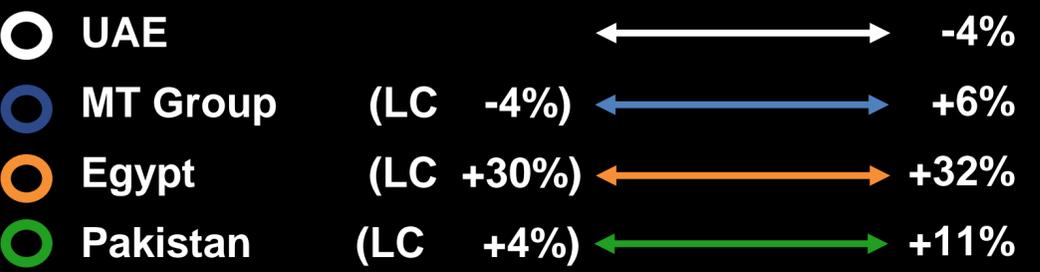


# ETISALAT GROUP FINANCIAL HIGHLIGHTS Q2 2021

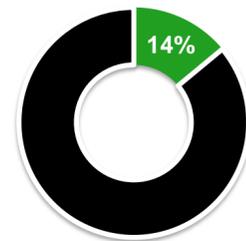
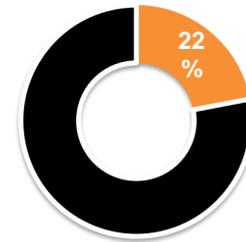
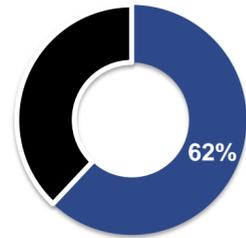
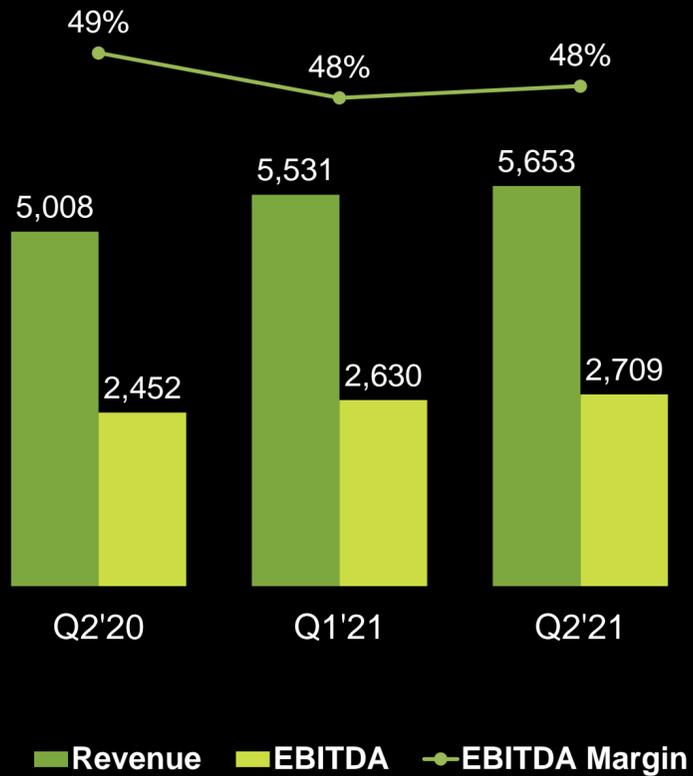
## Revenue Growth YoY +5.8%



## EBITDA Growth YoY +1.8%



# INT'L OPERATIONS FINANCIAL HIGHLIGHTS Q2 2021



MT Group	Q2 2021 AED m	Growth Y/Y in AED	Growth Y/Y in MAD
Revenue	3,480	+8%	-2%
EBITDA	1,895	+6%	-4%
<i>EBITDA Margin</i>	54%	-1pp	-1pp

Egypt	Q2 2021 AED m	Growth Y/Y in AED	Growth Y/Y in EGP
Revenue	1,226	+27%	+25%
EBITDA	528	+32%	+30%
<i>EBITDA Margin</i>	43%	+2pp	+2pp

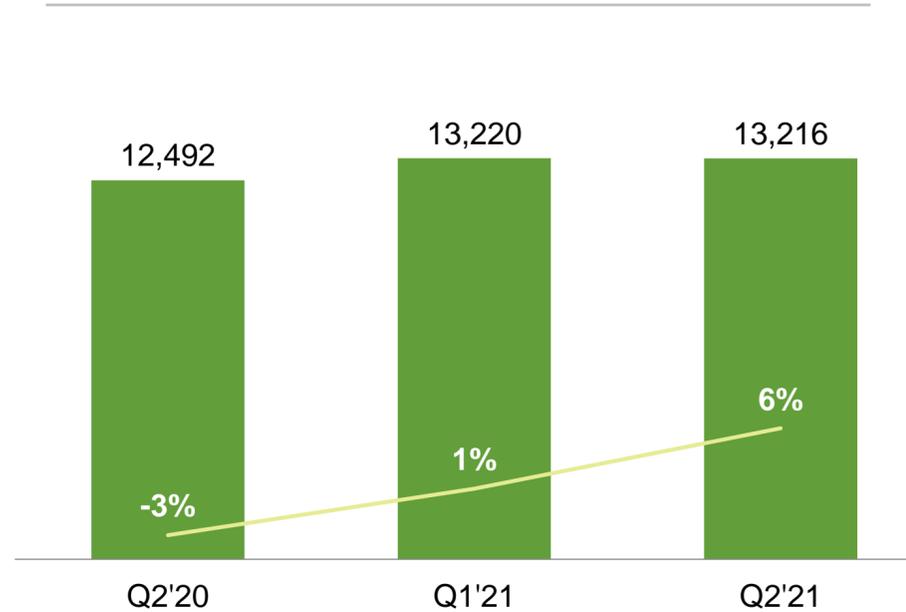
Pakistan	Q2 2021 AED m	Growth Y/Y in AED	Growth Y/Y in PKR
Revenue	808	+16%	+9%
EBITDA	245	+11%	+4%
<i>EBITDA Margin</i>	30%	-1pp	-1pp

# GROUP REVENUE

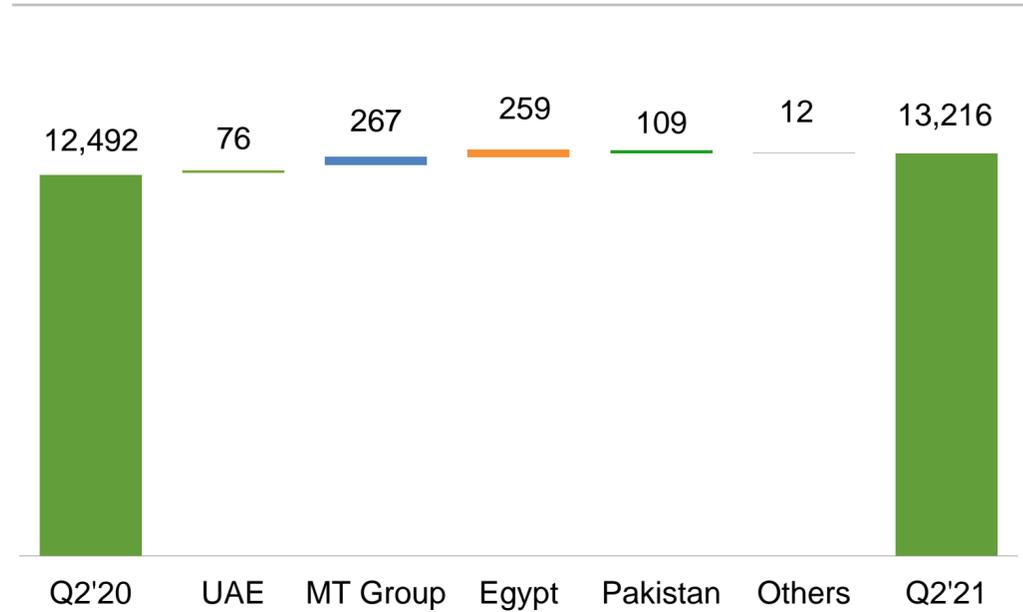
## Highlights

- ▶ In Q2'21 consolidated revenue increased by 5.8% attributed to domestic and international operations
- ▶ UAE revenue growth mainly attributed to data, digital services and handsets revenue that was partially offset by the decline in voice revenue
- ▶ Revenue from international consolidated operations increased by 13% Y/Y resulting in 43% contribution to Group revenue:
  - Revenue growth in MT Group attributed to favorable exchange rate movement, growth in int'l subsidiaries and fixed broadband in Morocco
  - Revenue growth in Egypt mainly attributed to strong growth in mobile data and wholesale
  - Revenue growth in Pakistan attributed to all segments

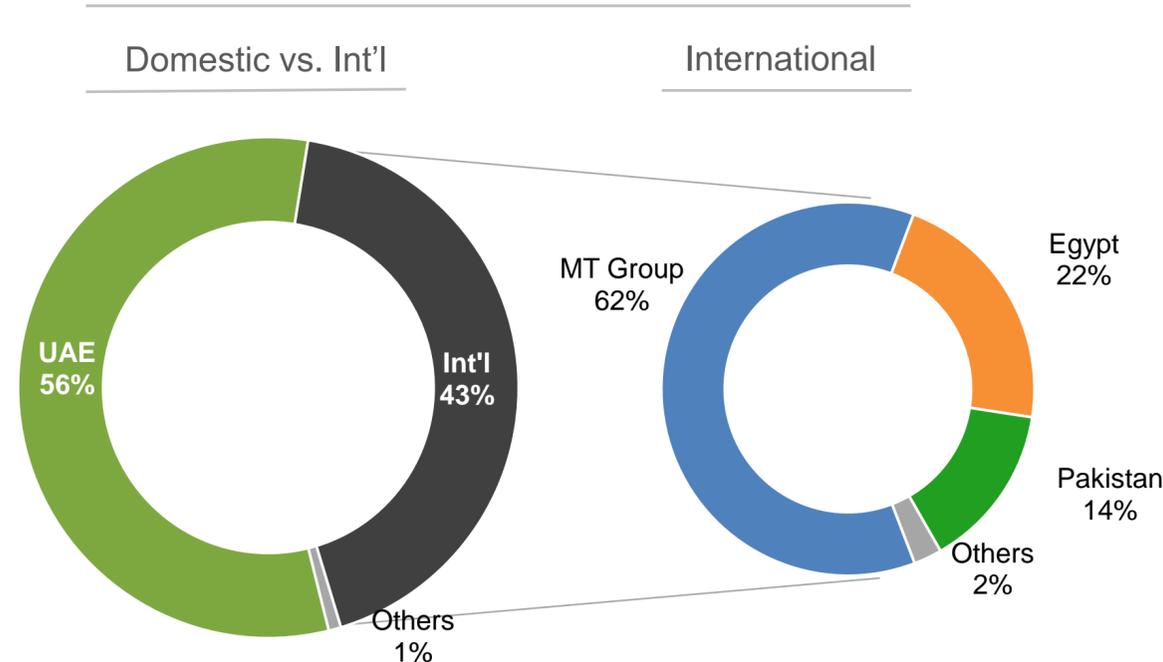
Revenue (AED m) & YoY Growth (%)



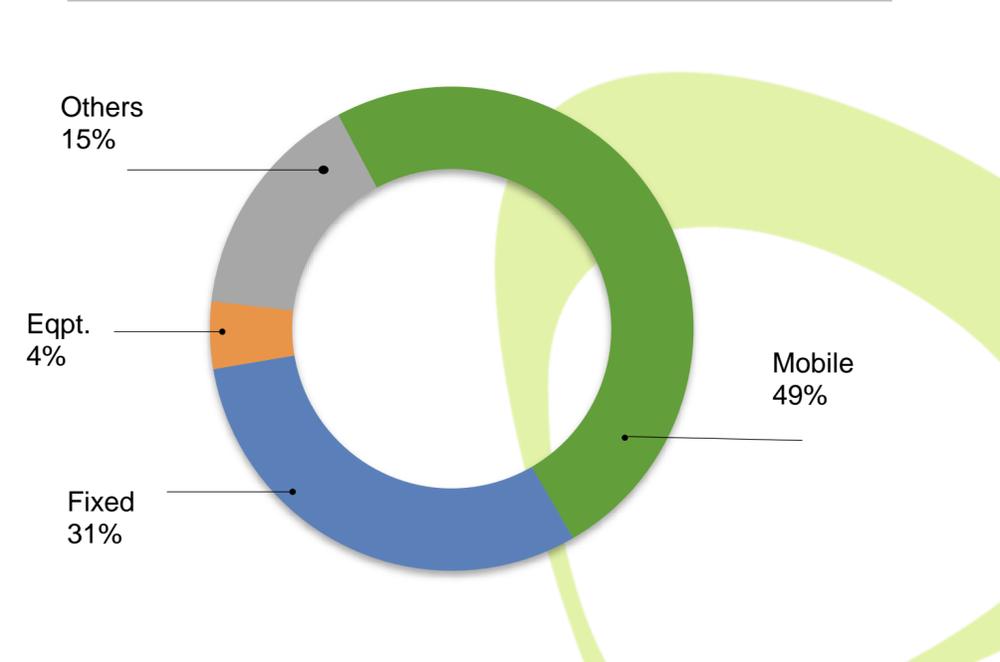
Sources of Revenue Growth – Q2 2021 vs Q2 2020 (AED m)



Revenue by Cluster (Q2 2021)



Revenue by Segment (Q2 2021)

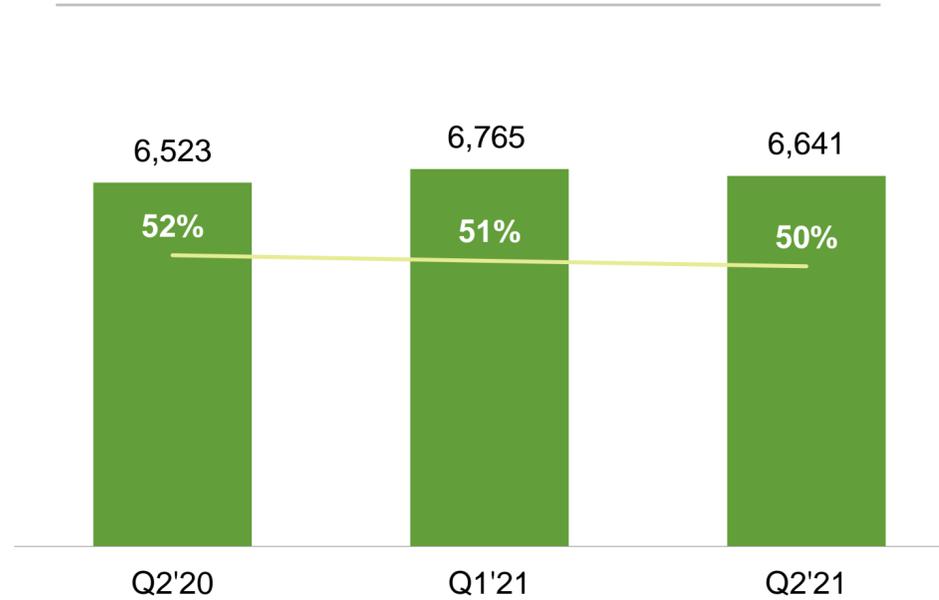


# GROUP EBITDA

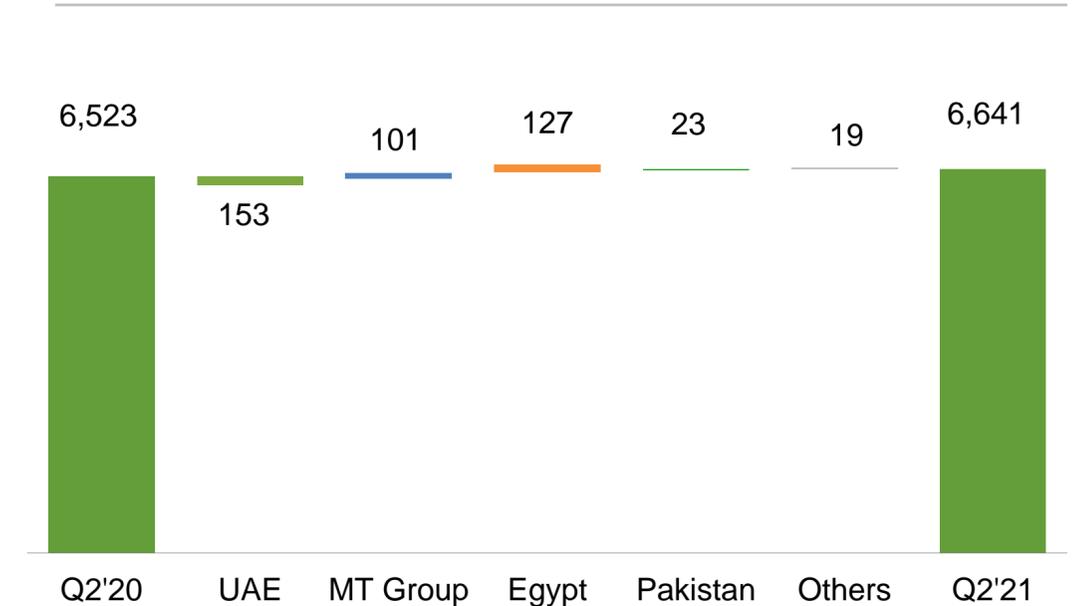
## Highlights

- ▶ In Q2'21 consolidated EBITDA increased by 1.8% attributed to revenue growth and cost optimisation programmes
- ▶ EBITDA in the UAE impacted by higher cost of sales as a result of changes in the revenue mix
- ▶ EBITDA of consolidated international operations increased by 10.5% Y/Y resulting in 41% contribution to Group EBITDA:
  - Positive contribution from Maroc Telecom Group attributed to favorable exchange rate movement and performance of international subsidiaries
  - Positive contribution from Egypt due to robust revenue growth
  - Positive contribution from Pakistan due to higher revenue

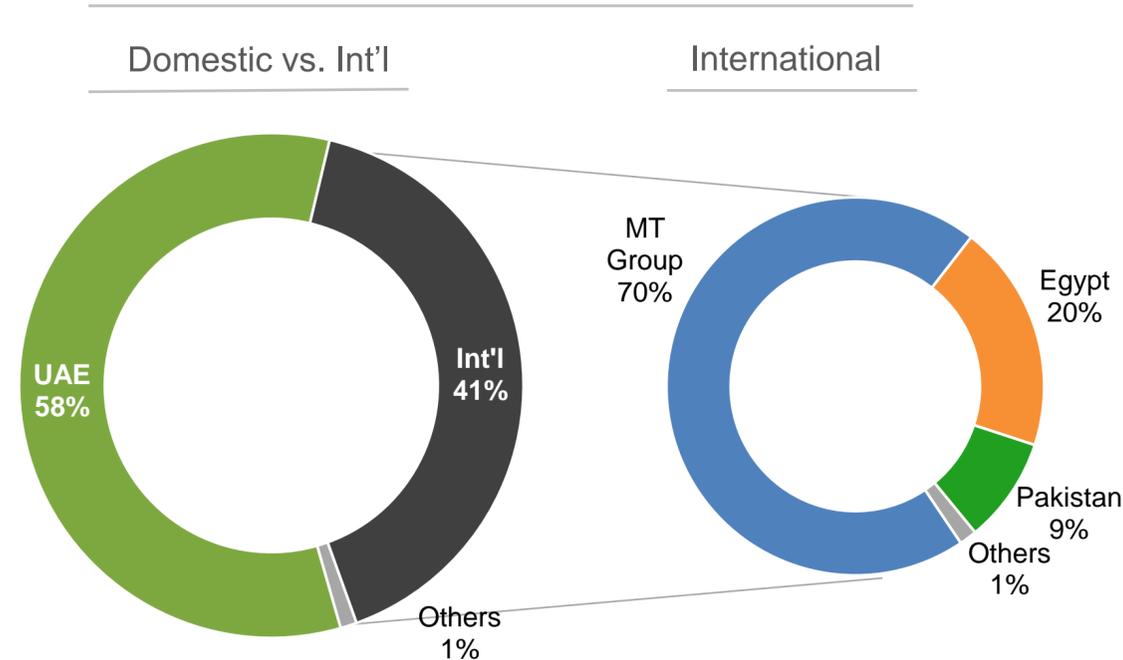
EBITDA (AED m) & EBITDA Margin (%)



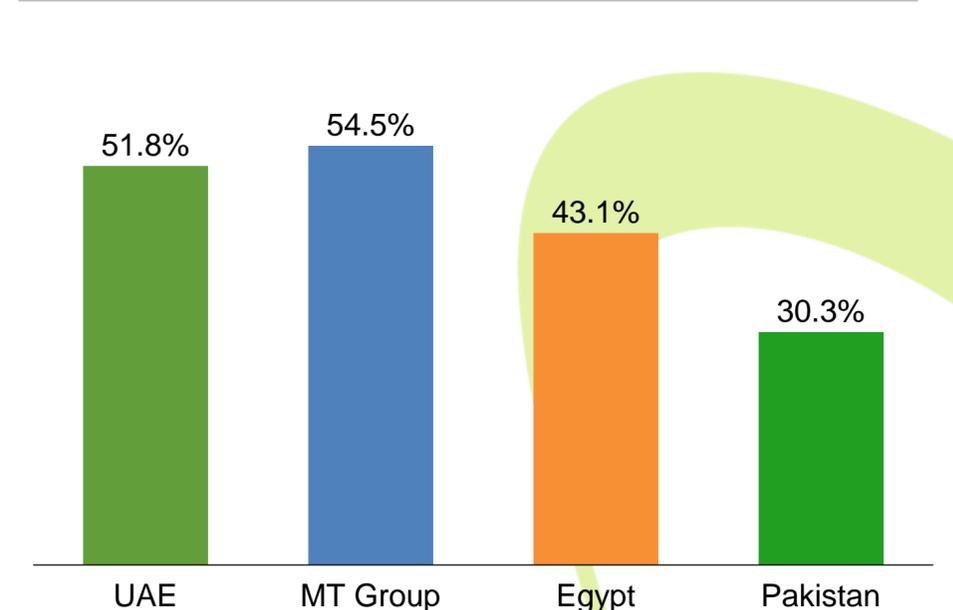
Sources of EBITDA Growth – Q2 2021 vs Q2 2020 (AED m)



EBITDA by Cluster (Q2 2021)



EBITDA Margin (%) Key Operations (Q2 2021)

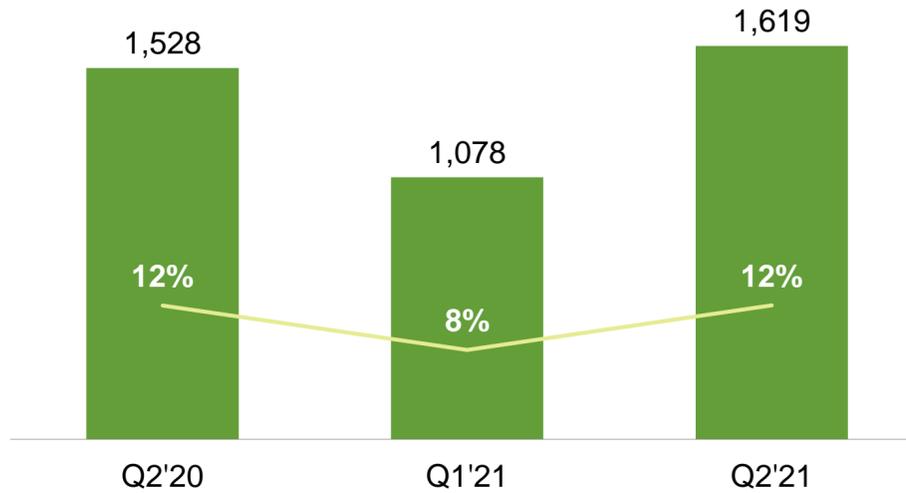


# GROUP CAPEX

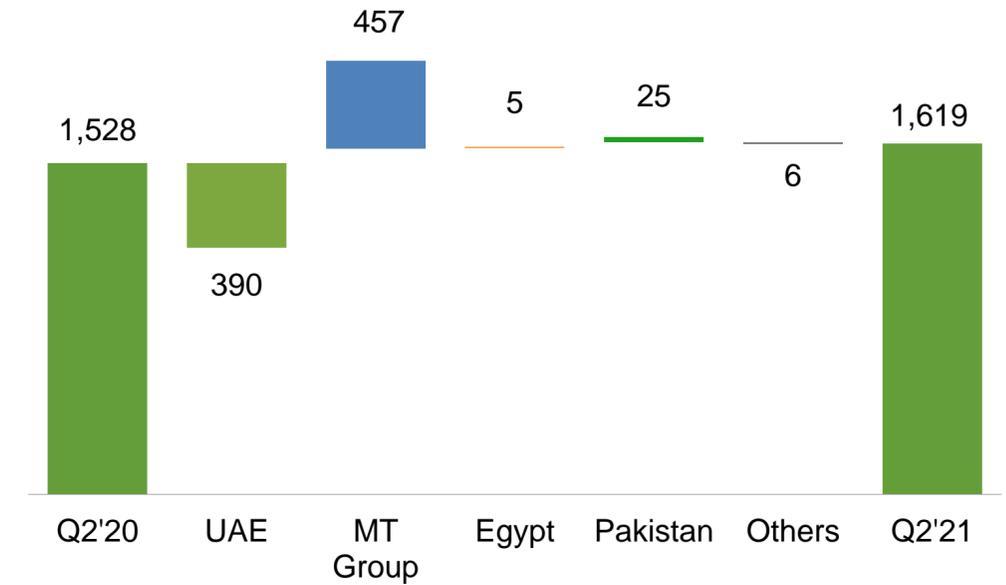
## Highlights

- ▶ In Q2'21 consolidated capex increased by Y/Y 6%, resulting in a Capex / Revenue ratio of 12%
- ▶ Lower capital spend in the UAE focused on network maintenance and capacity extension
- ▶ Capital expenditure in international operations increased Y/Y by 80% and contributed 68% to consolidated Group capex:
  - Higher capex spend in both domestic and international operations of MT Group
  - Marginal increase in capex spend in Egypt focused on network deployment
  - Higher capex spend in Pakistan focused on mobile network enhancement

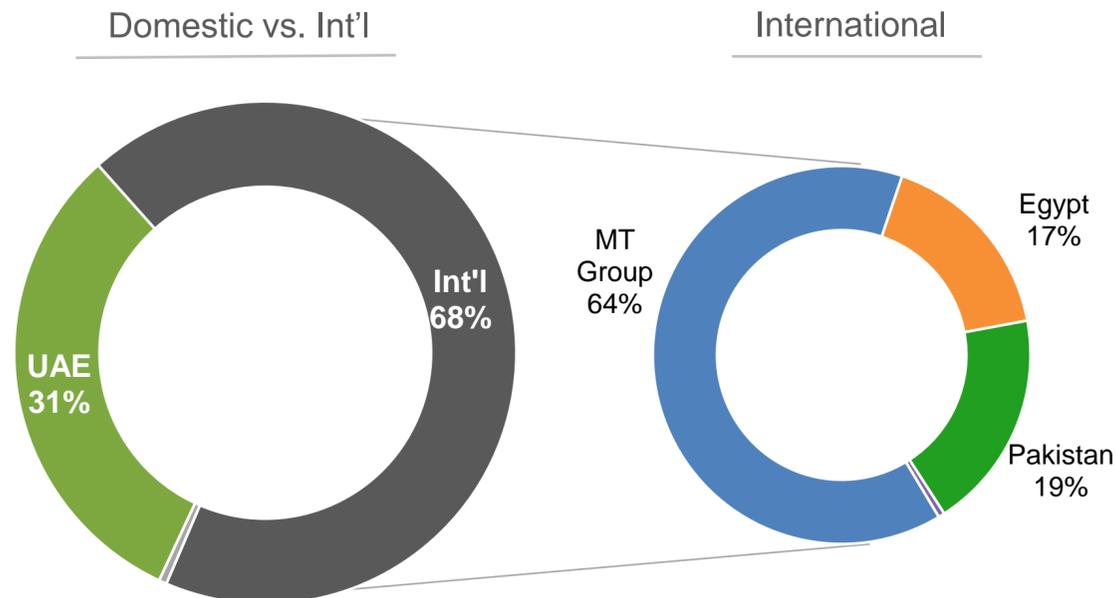
Capex (AED m) & Capex Intensity Ratio (%)



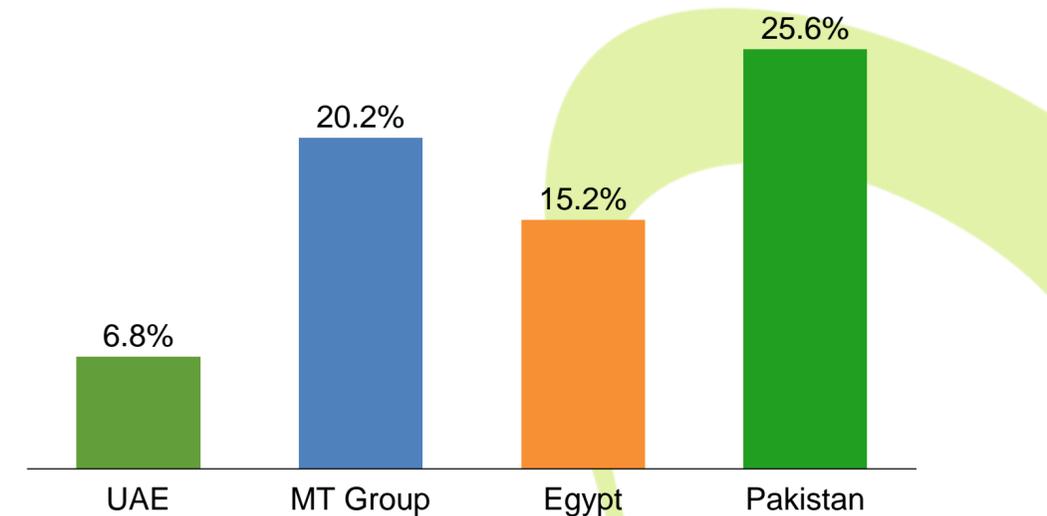
Sources of Capex Growth – Q2 2021 vs Q2 2020 (AED m)



Capex by Cluster (Q2 2021)



Capex Intensity Ratio (%) Key Operations (Q2 2021)



# GROUP BALANCE SHEET & CASH FLOWS

## STRONG BALANCE SHEET WITH LOW LEVERAGE

### Highlights

- ▶ Maintained strong liquidity position with small net debt balance
- ▶ Improvement in operating cash flow
- ▶ Lower investing cash outflow attributed to higher proceeds from investment
- ▶ Higher financing cash outflow mainly attributed to payment of special dividends and repayment of second tranche Euro bond
- ▶ Credit Ratings agencies affirmed Etisalat Group's credit ratings with stable outlook

Balance Sheet (AED m)	Dec-20	Jun-21
Cash & bank Balances	31,345	24,280
Total Assets	133,018	125,233
Total Debt	26,701	24,478
Net Cash / (Debt)	4,644	(198)
Total Equity	60,550	58,358

Cash Flow (AED m)	Jun-20	Jun-21
Operating	3,545	3,999
Investing	(2,432)	(1,480)
Financing	(6,415)	(9,982)
Net change in cash	(5,302)	(7,463)
Effect of FX rate changes	94	392
Others	(27)	6
Ending cash balance	24,421	24,280

### Investment Grade Credit Ratings

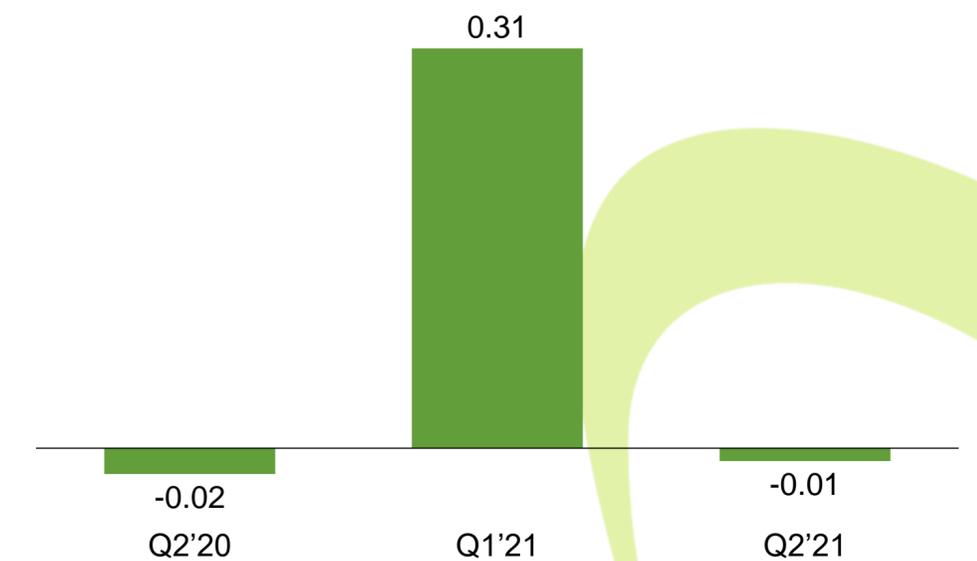
AA-/Stable



**Moody's**

Aa3/Stable

### Net Cash (Debt) / EBITDA (x)



Note: Debt represents interest bearing debt i.e. bonds, banks borrowings, vendor financing and other financial obligations. It excludes lease obligations.

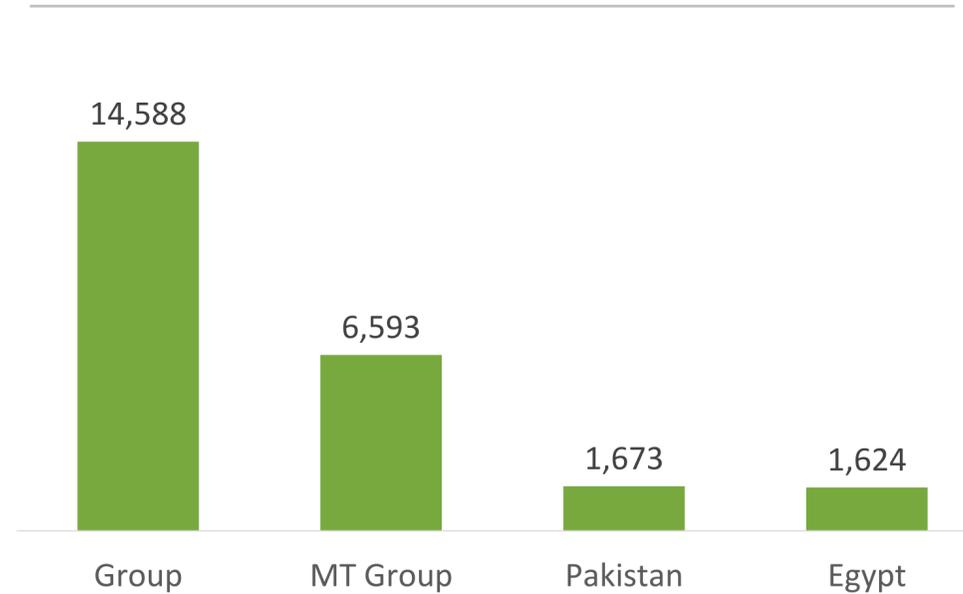
# GROUP DEBT PROFILE

## DIVERSIFIED DEBT PROFILE

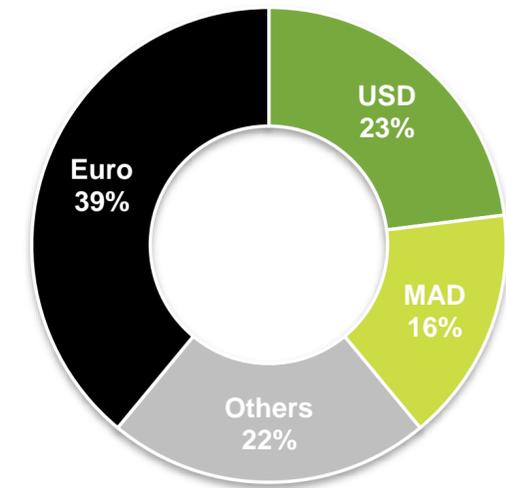
### Highlights

- ▶ New bonds issuance of 1.0 billion Euro consisting of two tranches:
  - 7 years tranche of 500 million Euro with annual yield of 0.4%
  - 12 years tranche of 500 million Euro with annual yield of 1%
- ▶ The bonds issuance was 6X oversubscribed

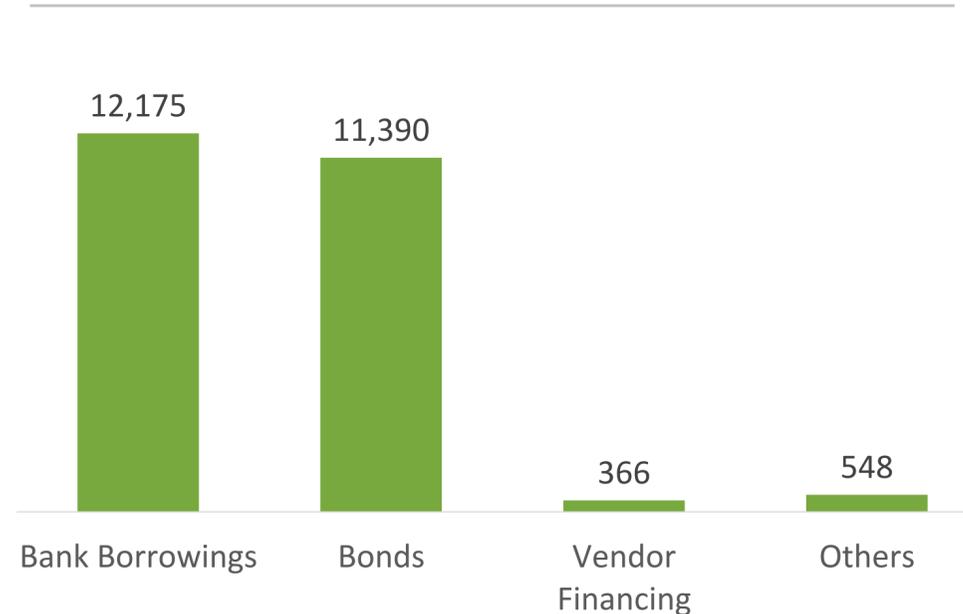
Borrowings by Operations (AED m)



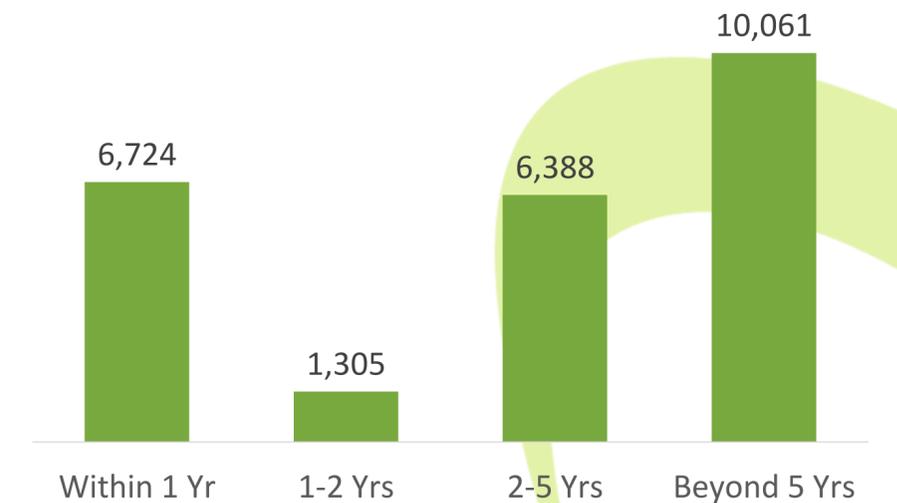
Borrowings by Currency (%)



Debt by Source (AED m)



Repayment Schedule (AED m)



Note: Debt represents interest bearing debt i.e. bonds, banks borrowings, vendor financing and other financial obligations. It excludes lease obligations.

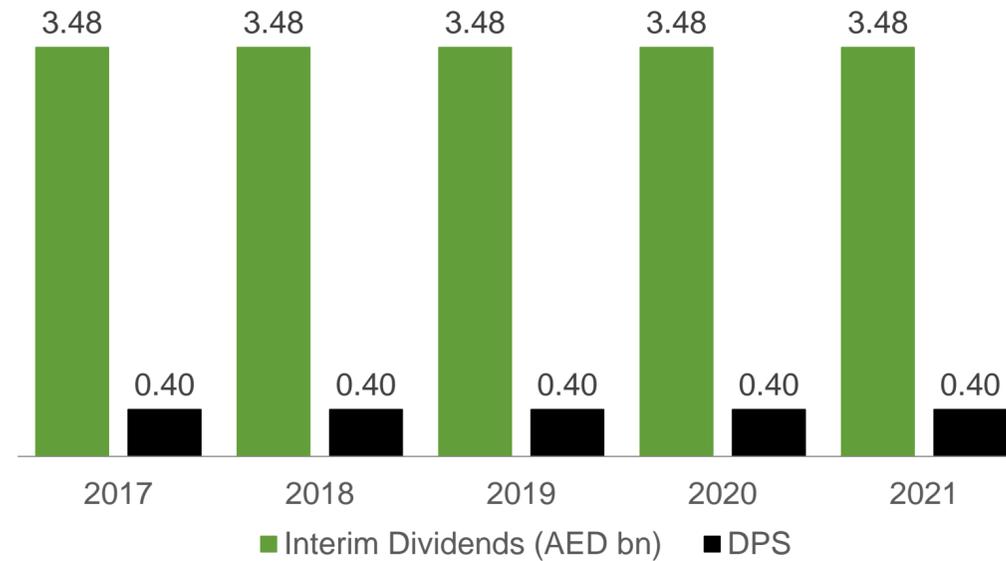
# GROUP DIVIDENDS

## CONSISTENT TRACK RECORD OF SHAREHOLDER REMUNERATION

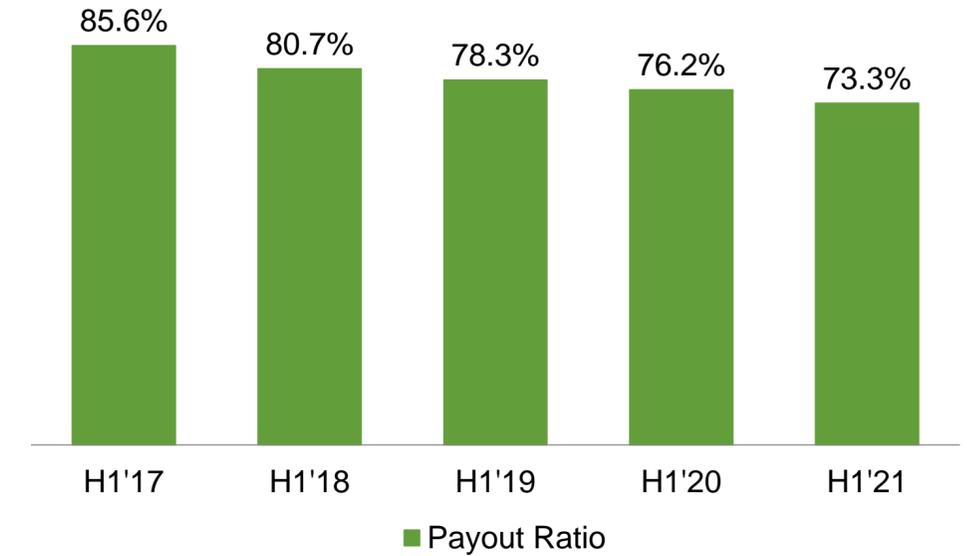
### Highlights

- ▶ Etisalat Group's Board approved interim DPS of 40 fils for H1 2021
- ▶ To be distributed to the shareholders registered in the shareholders' register on August 8, 2021
- ▶ Dividend payment will occur in August 2021

Interim Dividends (AED bn) / Dividends Per Share (AED)



Interim Dividend Payout Ratio (%)



Interim Dividends & Earnings Per Share (AED)

	H1'17	H1'18	H1'19	H1'20	H1'21
<b>DPS</b>	0.40	0.40	0.40	0.40	0.40
<b>EPS</b>	0.47	0.50	0.51	0.53	0.55



# UAE OPERATION Q2 2021

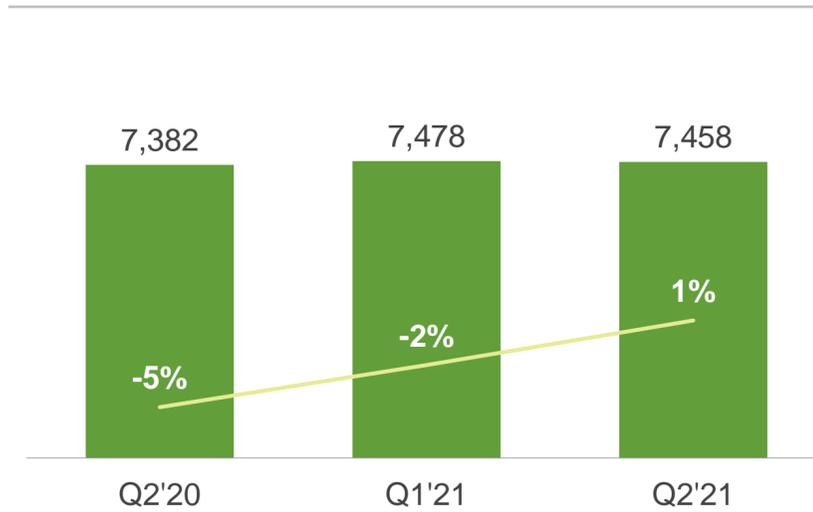
## Highlights

- ▶ Revenue increase is attributed to the recovery in the mobile segment despite commercial activities remaining below pre-COVID-19 levels
- ▶ Changes in revenue mix impacted EBITDA margin
- ▶ Net profit decrease Y/Y due to lower EBITDA and higher depreciation and amortization
- ▶ More discipline in capital spending focused on enhancing network capacity and maintenance

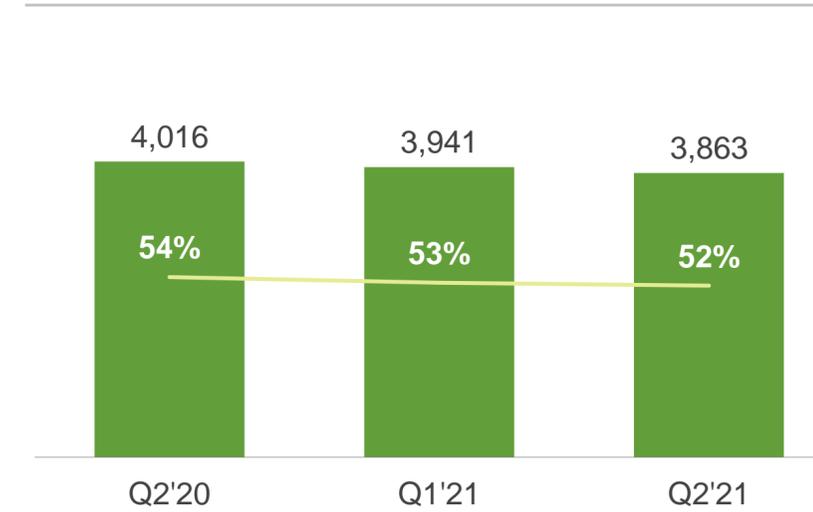


- Improvement in Y/Y revenue trend (1<sup>st</sup> Y/Y revenue growth since Q1 2020)
- Higher CoS impacted profitability despite cost optimisation initiatives

Revenue (AED m) / YoY Growth (%)

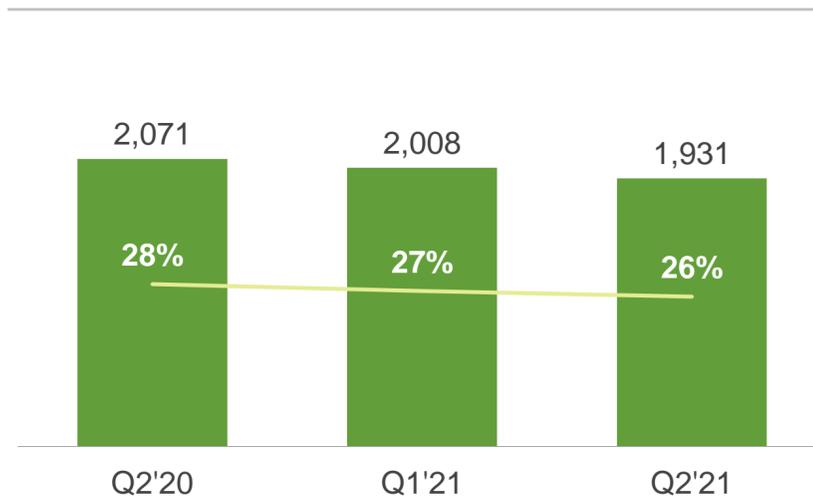


EBITDA (AED m) / EBITDA Margin (%)

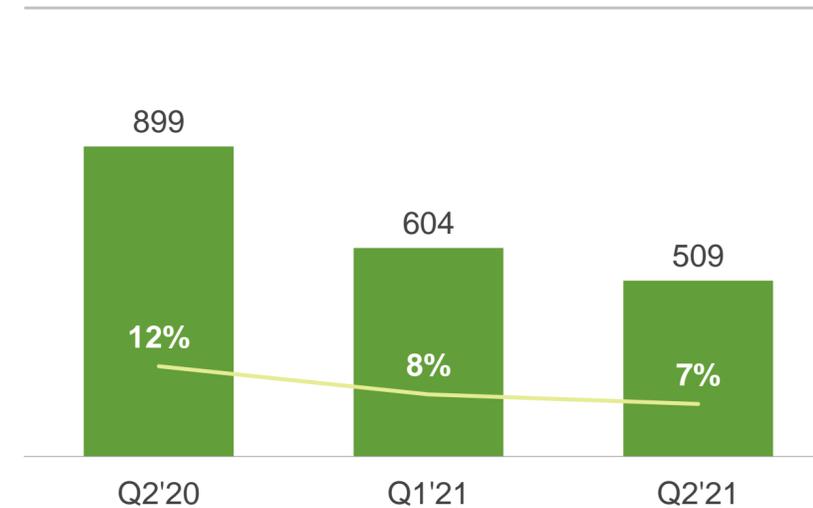


- More discipline in capex spending
- OFCF improved Y/Y by 8%

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



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

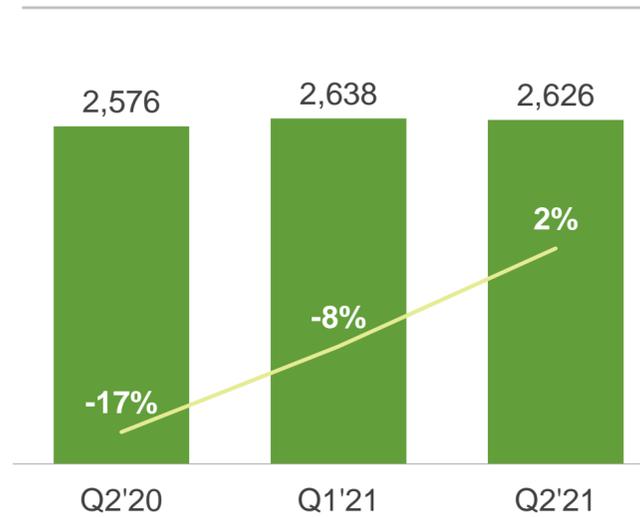


# UAE: REVENUE BREAKDOWN AND KEY KPIs

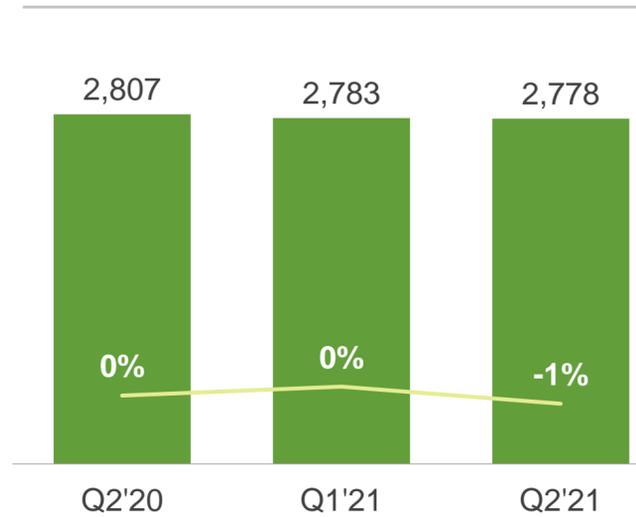
- Recovery in mobile segment with 1<sup>st</sup> Y/Y revenue growth in the last 8 quarters
- VoIP impacts mobile and fixed voice revenue

- Maintained subscriber growth in postpaid and eLife triple play segment

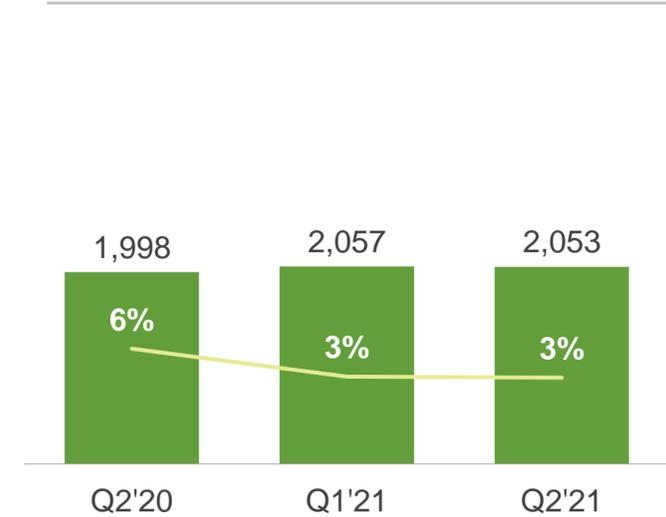
Mobile Revenue<sup>(1)</sup> (AED m)



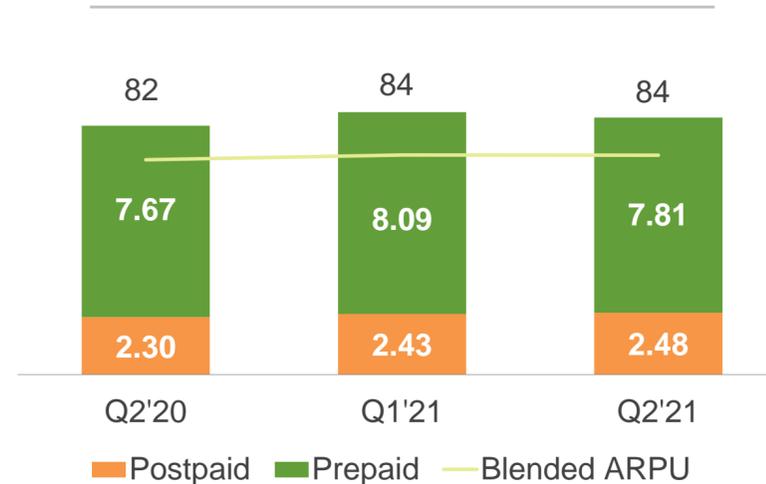
Fixed Revenue<sup>(2)</sup> (AED m)



Other Revenue<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

## Q2 2021

### Highlights

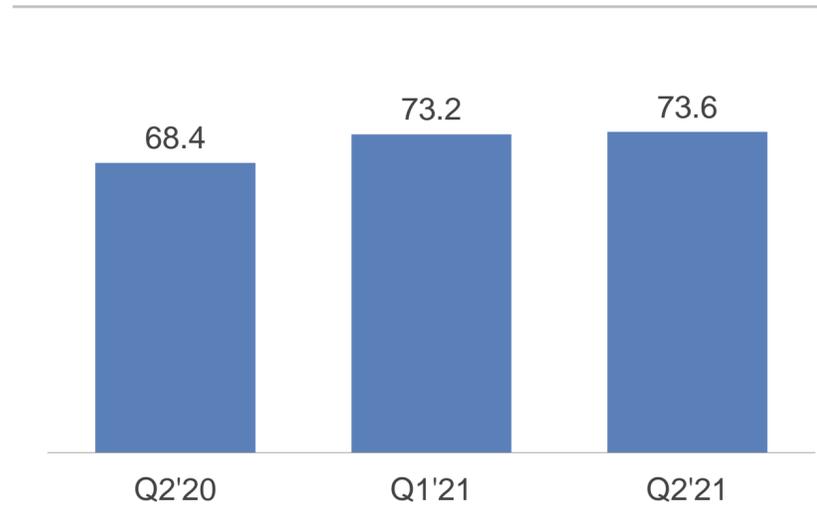
- ▶ Subscriber growth is mainly driven by the international operations
- ▶ Revenue increase is mainly attributed to growth in international operations, fixed broadband in Morocco and currency appreciation
- ▶ EBITDA increase is driven by international operations, cost optimisations and currency appreciation
- ▶ Higher capital expenditure due to investing in networks to support the increase in data traffic and networks coverage



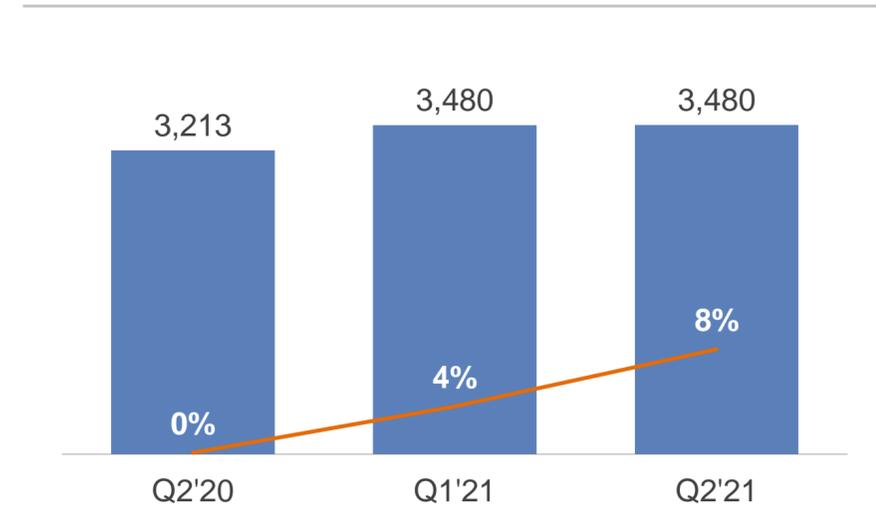
- Regulatory and competitive pressure impacted revenue growth of domestic operations
- Sustaining growth in Int'l operations

- EBITDA decrease in Morocco is partially offset by EBITDA growth in the Int'l subsidiaries
- Capex investment focused on networks to support traffic & subscribers growth

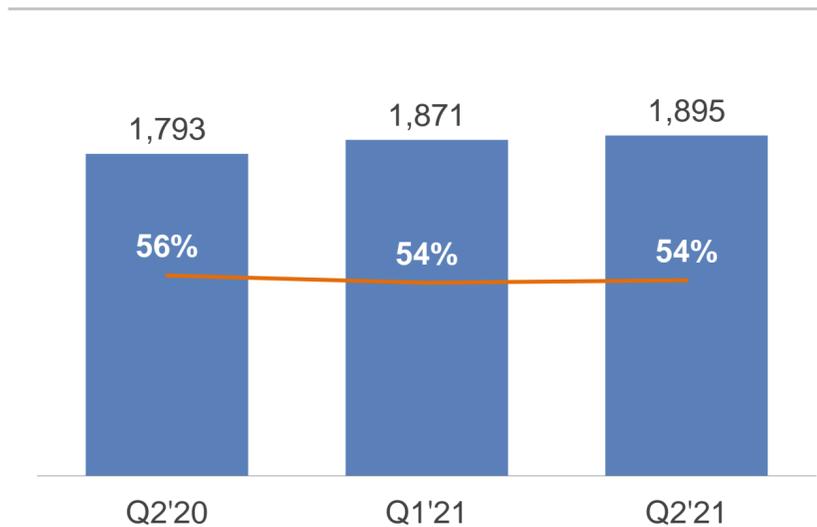
Subscribers (m)



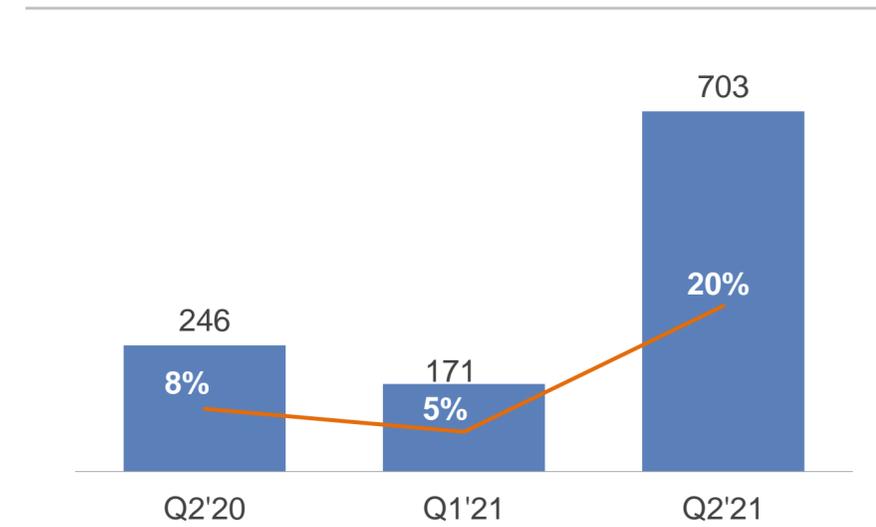
Revenue (AED m) / YoY Growth (%)



EBITDA (AED m) / EBITDA Margin (%)



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



(1) Maroc Telecom Group operates in Morocco, Benin, Burkina Faso, CAR, CDI, Chad, Gabon, Mali, Mauritania, Niger & Togo

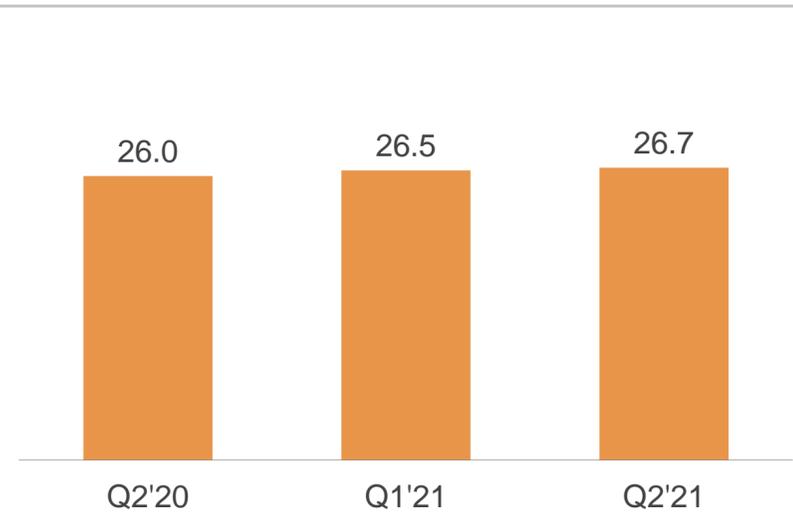
## Highlights

- ▶ Improvement in subscriber base
- ▶ Revenue growth attributed to strong growth in data and wholesale
- ▶ Higher EBITDA mainly attributed to higher revenue
- ▶ Marginal increase in capital spending focused on network coverage and capacity

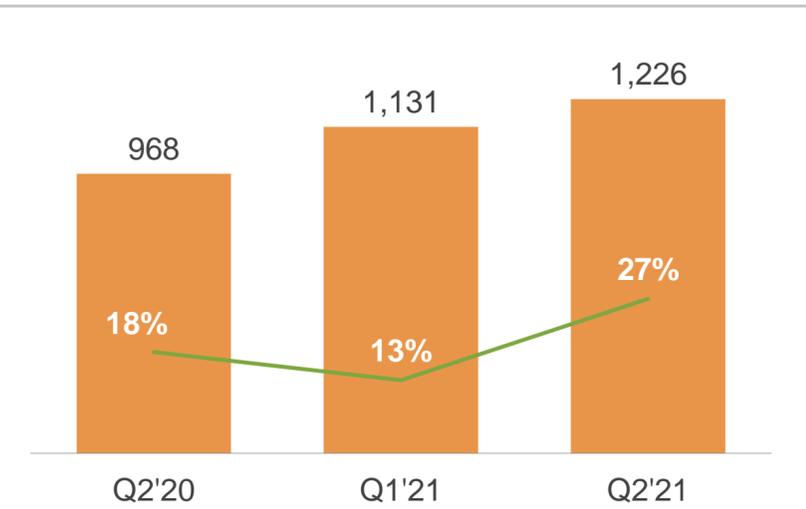


- Maintaining strong revenue growth driven by higher demand for data and overall market growth

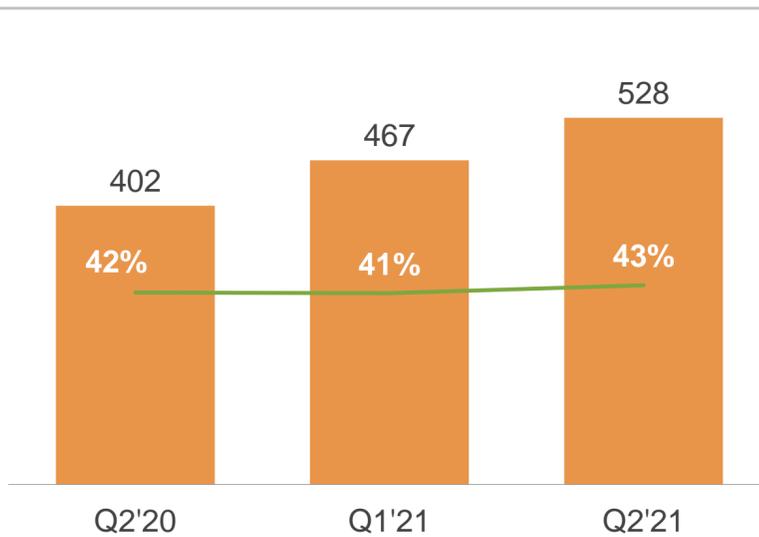
### Subscribers (m)



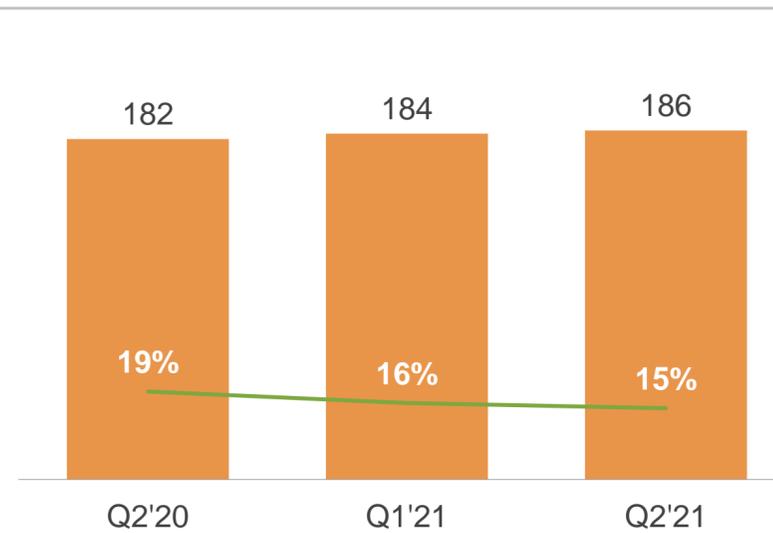
### Revenue (AED m) / YoY Growth (%)



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



### Capex (AED m) & Capex/Revenue Ratio (%)



- EBITDA growth and margin improvement supported by higher revenue and cost control measures



# PAKISTAN Q2 2021

## Highlights

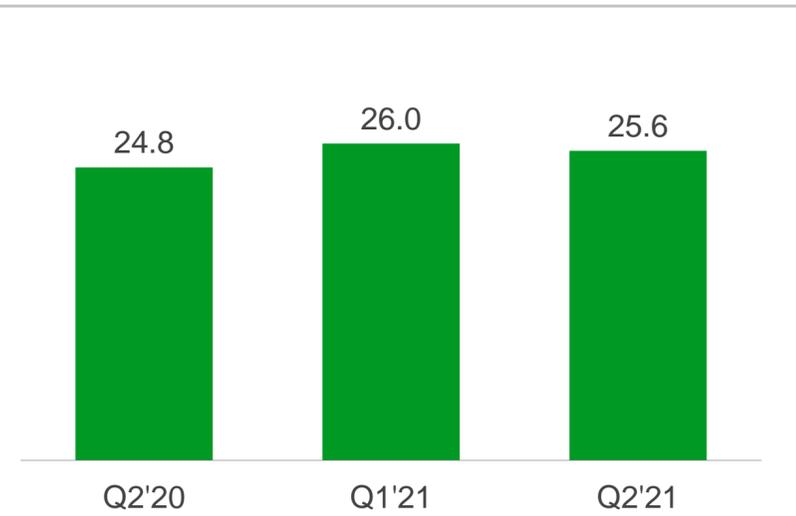
- ▶ Growing mobile and fixed broadband subscribers
- ▶ Strong revenue growth supported by growth in mobile, fixed and Ubank segments
- ▶ EBITDA growth mainly attributed to higher revenue and lower cost of sales
- ▶ EBITDA margin impacted by changes in revenue mix
- ▶ Higher capital spending focused on fixed network



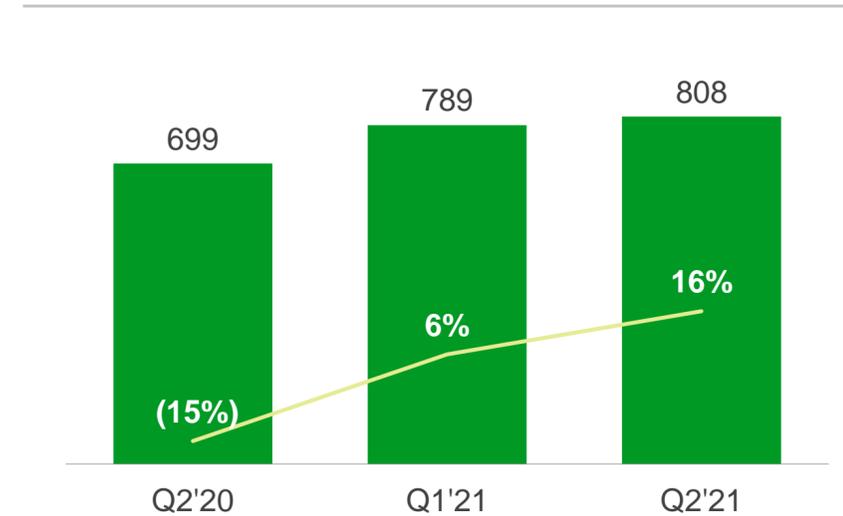
- Maintained topline growth with revenue growth in all segments

- Lower EBITDA margin due to change in revenue mix
- Stable capital intensity ratio with spend focus on fixed networks

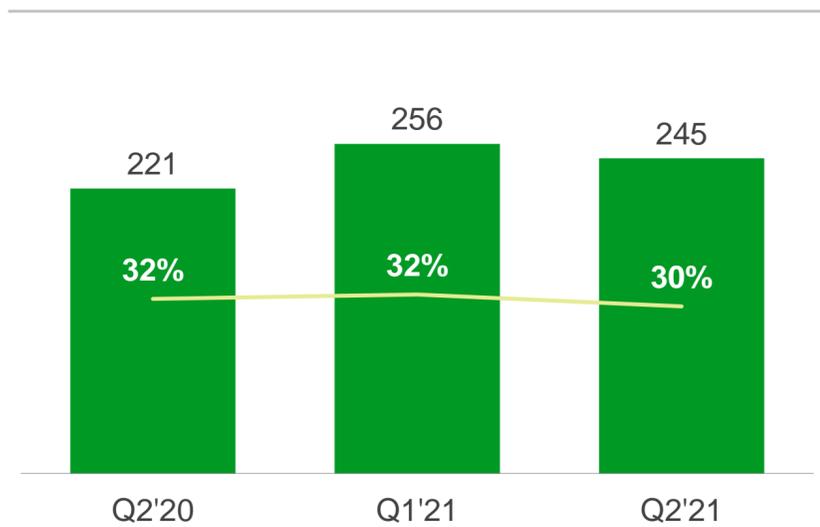
Subscribers (m)



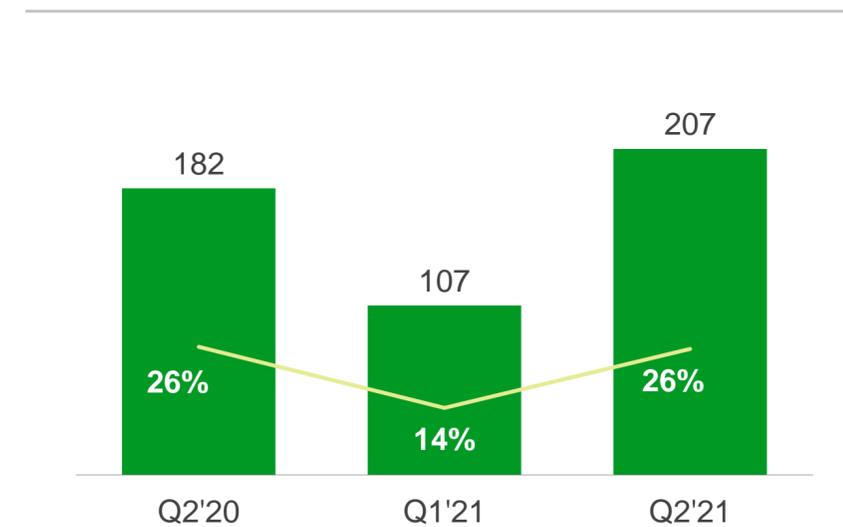
Revenue (AED m) / YoY Growth (%)



EBITDA (AED m) / EBITDA Margin (%)

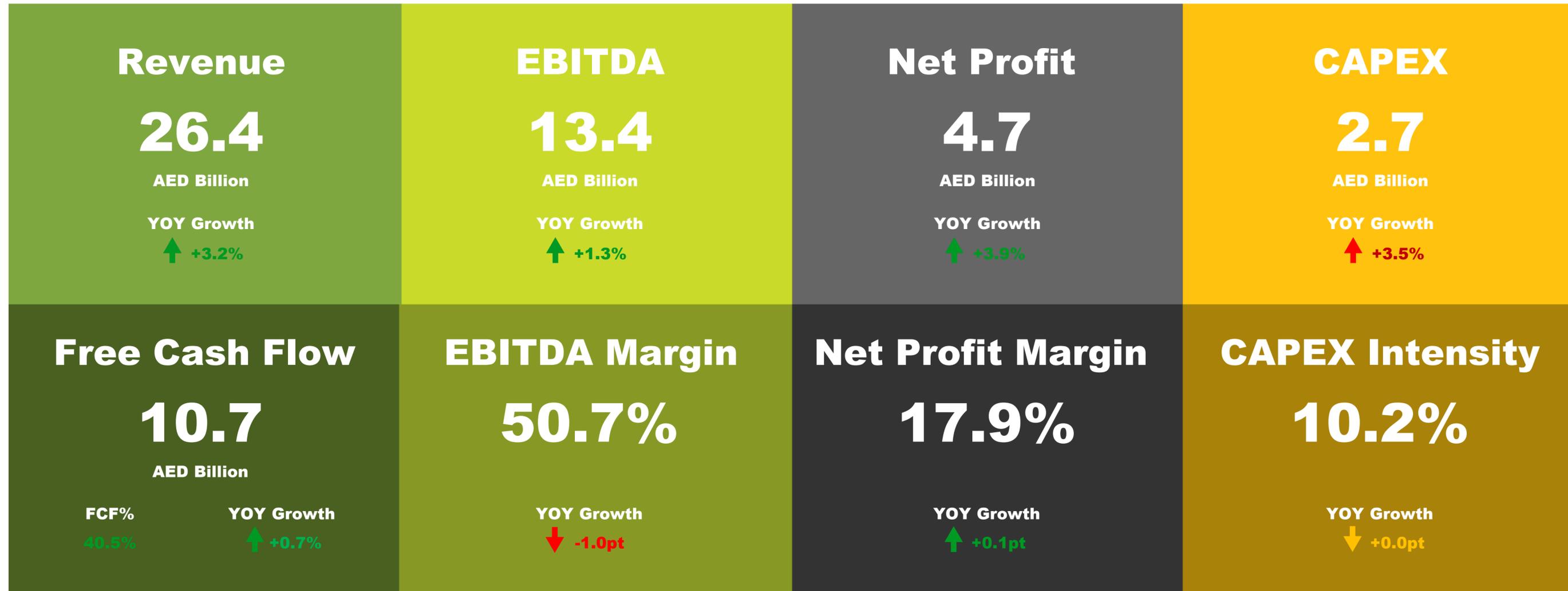


Capex (AED m) & Capex/Revenue Ratio (%)



# ETISALAT GROUP FINANCIAL HIGHLIGHTS H1 2021

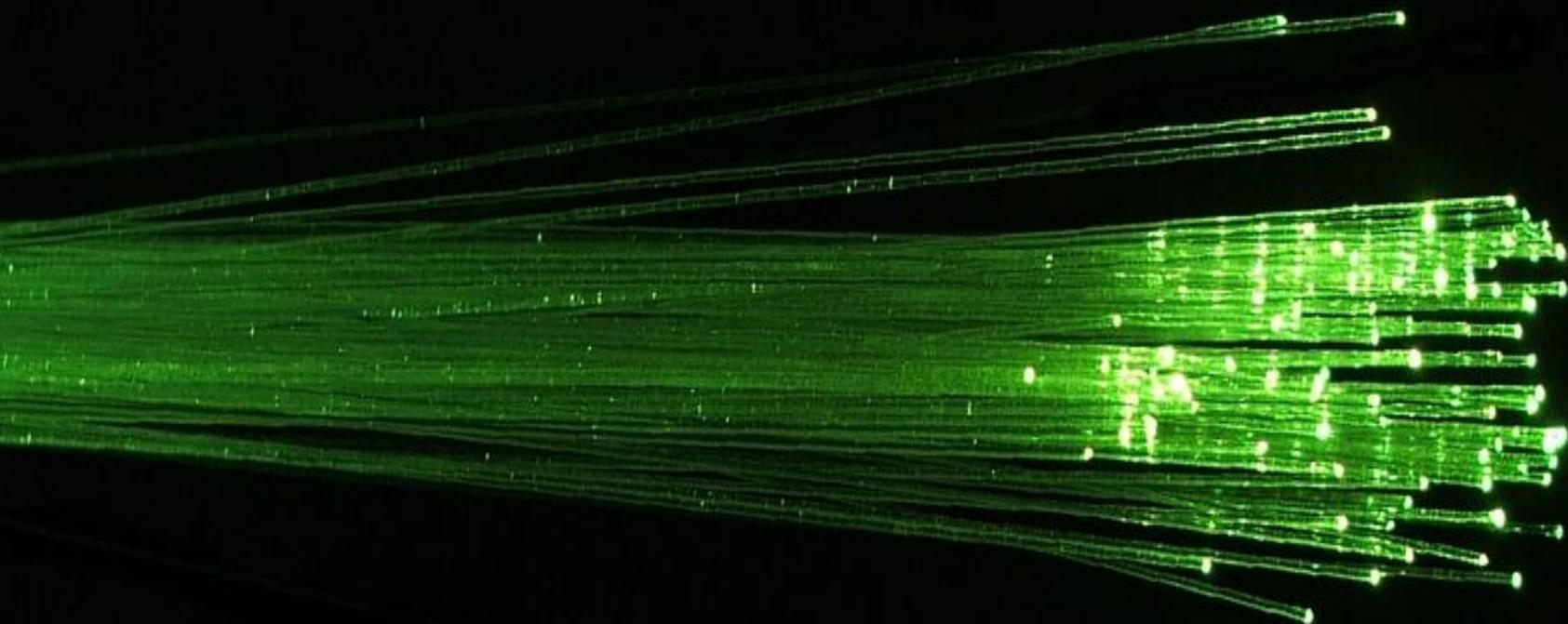
IMPROVED PROFITABILITY AND FCF EVEN WITH REVENUE MIX CHALLENGES



# 2021 ACTUAL AGAINST GUIDANCE: BETTER PERFORMANCE THAN GUIDANCE

<b>Financial KPI</b>	<b>Guidance FY 2021</b>	<b>Actual H1 2021</b>
<b>Revenue Growth %</b>	<b>Stable</b>	<b>+3.2%</b>
<b>EBITDA Margin%</b>	<b>49%-50%</b>	<b>50.7%</b>
<b>EPS (AED)</b>	<b>Stable</b>	<b>0.55</b>
<b>CAPEX / Revenue %</b>	<b>16%-18%</b>	<b>10.2%</b>





ETISALAT GROUP INVESTOR RELATIONS

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Website: [www.etisalat.com](http://www.etisalat.com)

