

etisalat 

ETISALAT GROUP

Q3 2021 RESULTS PRESENTATION

1st NOVEMBER 2021 - ABU DHABI, UAE

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BUSINESS OVERVIEW

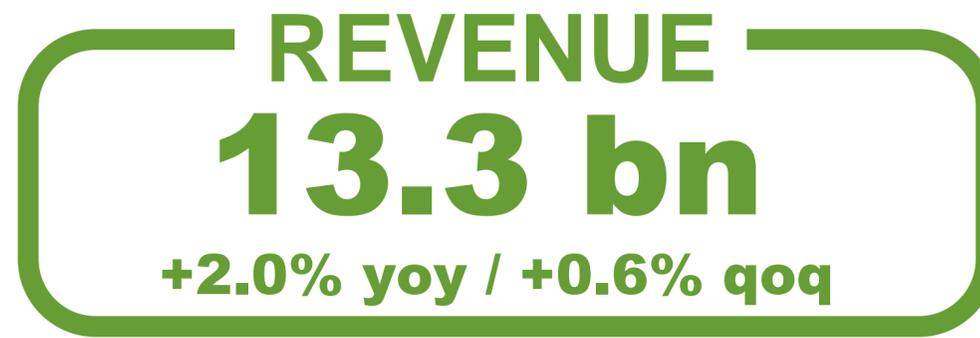
HATEM DOWIDAR

Chief Executive Officer
Etisalat Group



FINANCIAL HIGHLIGHTS Q3 2021

- Revenue increase Y/Y is attributed to international operations
- EBITDA decrease Y/Y is attributed to one-off recognised in previous year. Normalised EBITDA increased Y/Y by 0.1%
- Net profit increase Y/Y mainly due to higher contribution from associates and lower net finance costs supported by optimized borrowing costs
- Capex increase Y/Y on spectrum acquisition. Excluding spectrum, Capex increase Y/Y is 7% and Capex / Revenue up 1pp to 12.4%



ETISALAT GROUP Q3 FINANCIAL HIGHLIGHTS



Financial Highlights

- ▶ Expanding Etisalat Group customer base by 4%
- ▶ Continued to deliver revenue growth despite regulatory challenges in key markets
- ▶ Despite changes in revenue mix, EBITDA Margin remained healthy at 51% level
- ▶ Sustaining profitable growth and operating free cash flow
- ▶ Optimised borrowing costs and debt profile



Domestic Operations

- ▶ Subscriber growth in high value segments, i.e. postpaid and eLife
- ▶ Revenue trend is improving despite ongoing VoIP impact
- ▶ EBITDA Margin impacted by changes in revenue mix
- ▶ Capital spending focused on expanding network capacity and speed



International Operations

- ▶ Maroc Telecom Group performance is influenced by increased regulatory and competitive pressure in the domestic market
- ▶ Etisalat Misr continued to deliver double digit revenue and EBITDA growth supported by mobile data
- ▶ Pakistan operations sustained revenue growth in mobile and fixed segments

FINANCIAL OVERVIEW

KARIM BENNIS

Chief Financial Officer
Etisalat Group



ETISALAT GROUP FINANCIAL HIGHLIGHTS Q3 2021

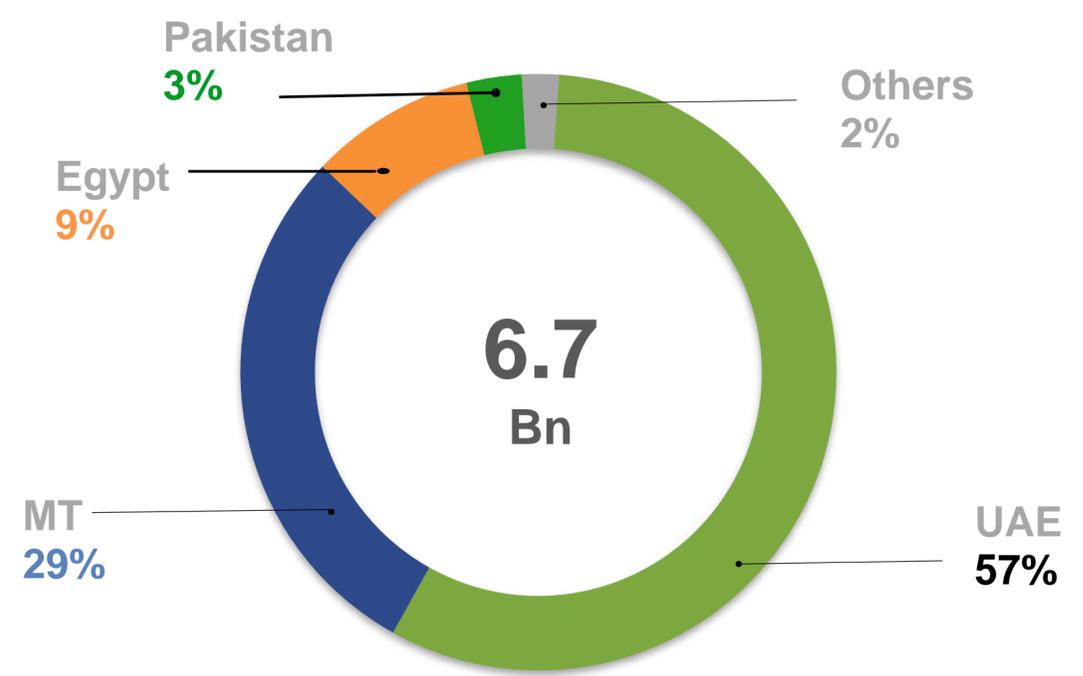
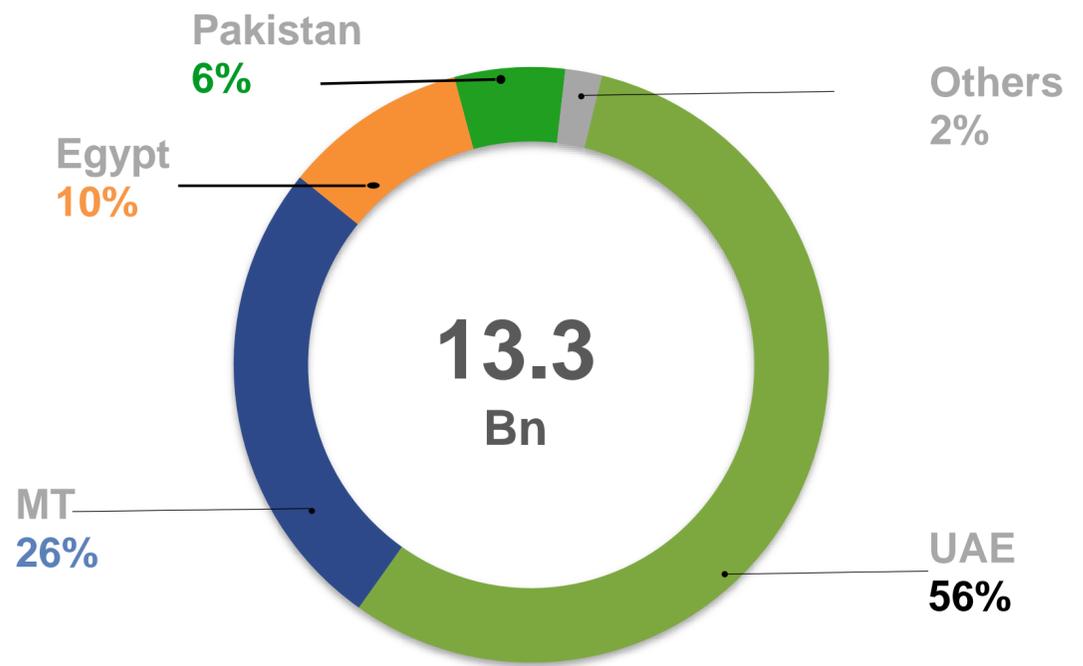
Revenue Growth YoY +2.0%

○ UAE	↔	0%
● MT Group (LC -2%)	↔	+2%
● Egypt (LC +20%)	↔	+21%
● Pakistan (LC +5%)	↔	+7%

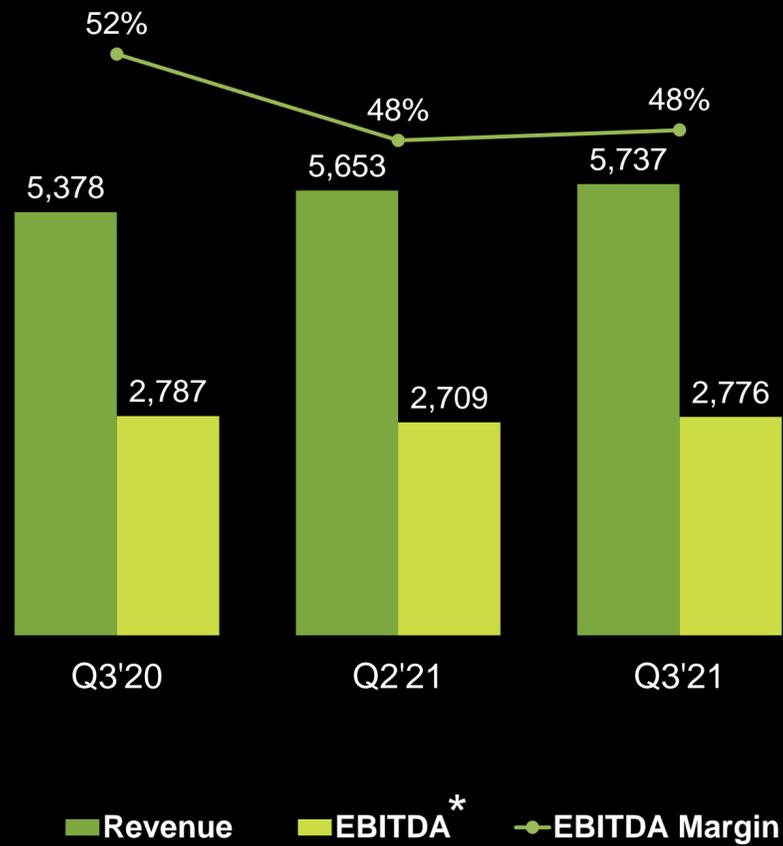
EBITDA Growth YoY -2.4%*

○ UAE	↔	-4%
● MT Group* (LC -10%)	↔	-6%
● Egypt (LC +22%)	↔	+24%
● Pakistan (LC -4%)	↔	-2%

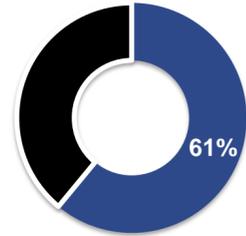
* Excluding one-off from Q3 2020:
 • Group EBITDA growth YoY is +0.1%
 • MT Group EBITDA growth YoY is -1.9% in MAD and +2.3% in AED.



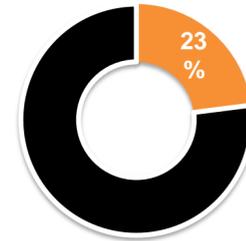
INT'L OPERATIONS FINANCIAL HIGHLIGHTS Q3 2021



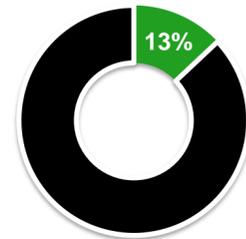
* Excluding one-off from Q3 2020, EBITDA of int'l operations growth YoY is +9.2%



MT Group	Q3 2021 AED m	Growth Y/Y in AED	Growth Y/Y in MAD
Revenue	3,522	+2%	-2%
EBITDA ⁽¹⁾	1,918	-6%	-10%
EBITDA Margin	54%	-5pp	-5pp



Egypt	Q3 2021 AED m	Growth Y/Y in AED	Growth Y/Y in EGP
Revenue	1,303	+21%	+20%
EBITDA	596	+24%	+22%
EBITDA Margin	46%	+1pp	+1pp



Pakistan	Q3 2021 AED m	Growth Y/Y in AED	Growth Y/Y in PKR
Revenue	771	+7%	+5%
EBITDA	226	-2%	-4%
EBITDA Margin	29%	-3pp	-3pp

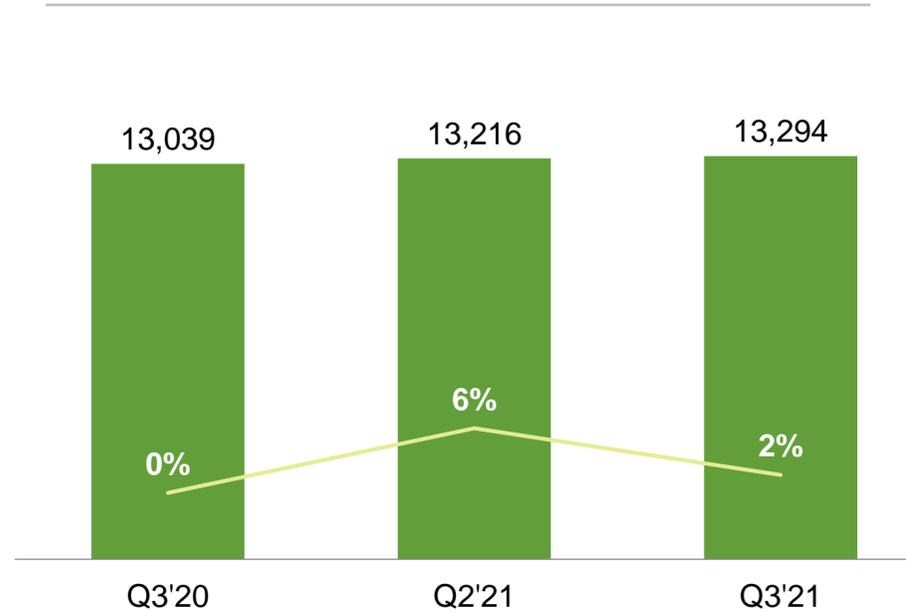
(1) Excluding one-off from Q3 2020, MT Group EBITDA growth YoY is +2.3% in AED and -1.9% in MAD

GROUP REVENUE

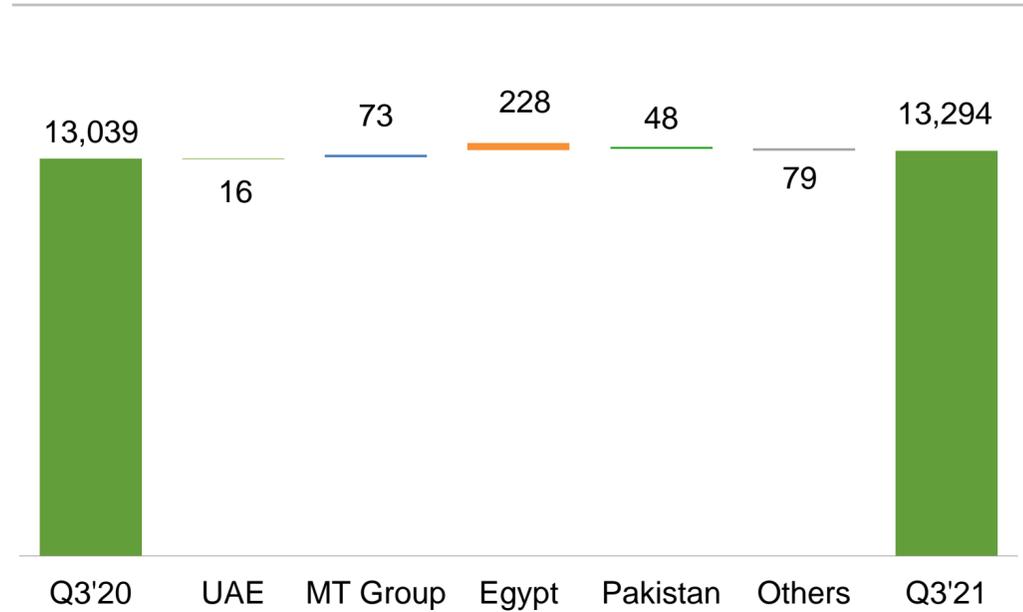
Highlights

- ▶ In Q3'21 consolidated revenue increased by 2.0% attributed to stabilizing revenue trend in the UAE and improvement in international operations
- ▶ UAE positive trend mainly attributed to data, digital services, outbound roaming and handsets revenue that was offset by the decline in voice revenue
- ▶ Revenue from international consolidated operations increased by 7% Y/Y resulting in 43% contribution to Group revenue:
 - Revenue growth in MT Group benefited from favorable exchange rate movement and better Y/Y summer seasonality in Morocco
 - Revenue growth in Egypt mainly attributed to strong growth in mobile data and wholesale
 - Revenue growth in Pakistan attributed to all segments

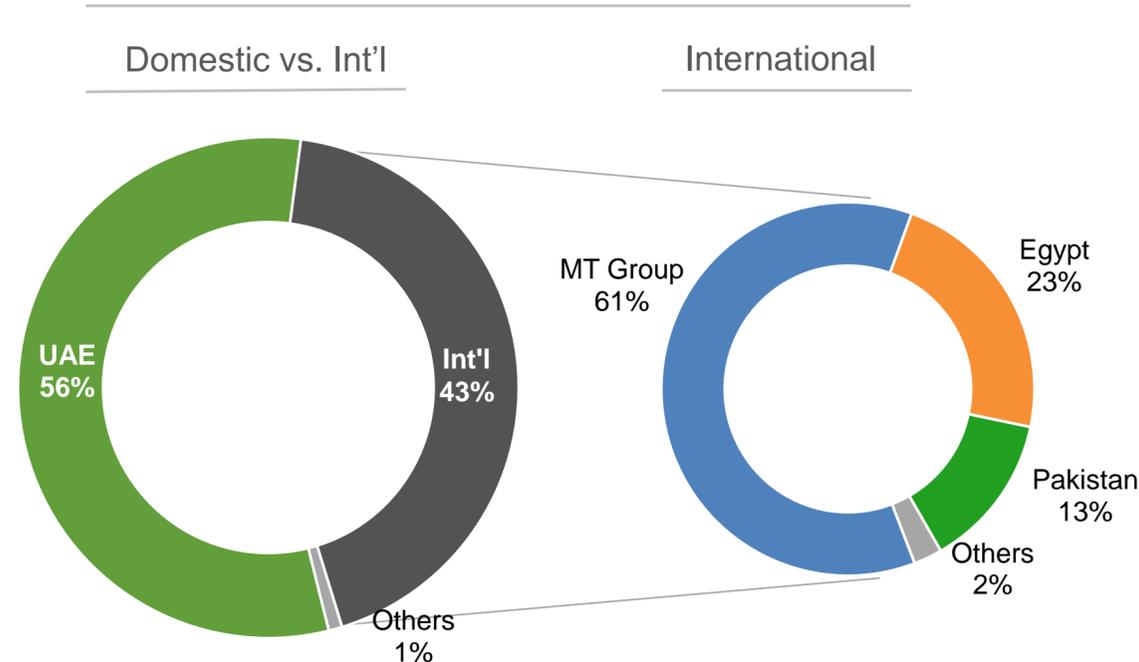
Revenue (AED m) & YoY Growth (%)



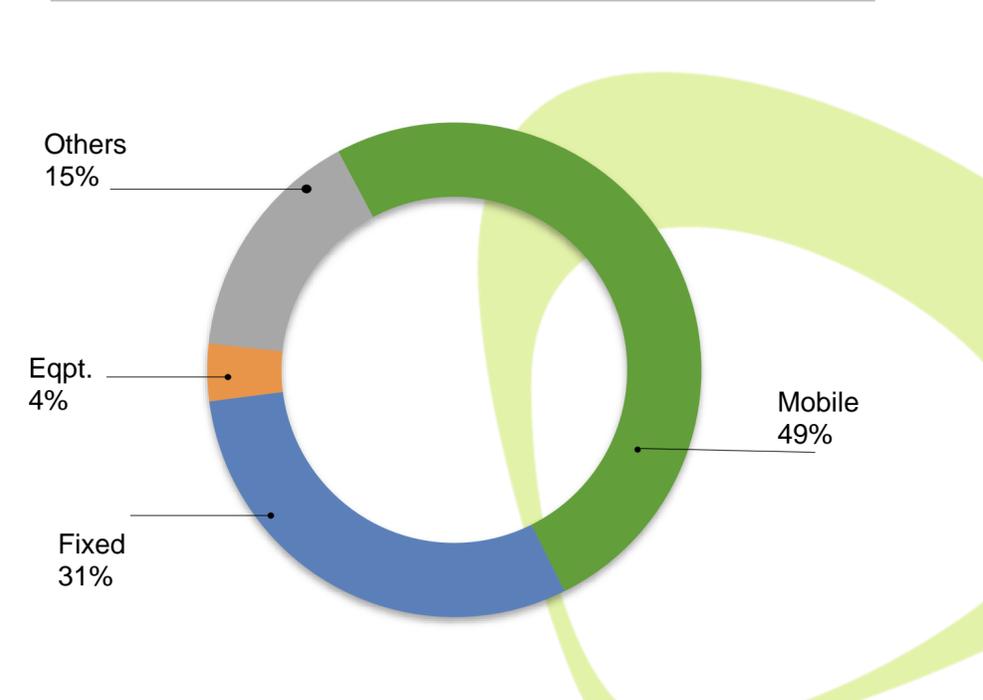
Sources of Revenue Growth – Q3 2021 vs Q3 2020 (AED m)



Revenue by Cluster (Q3 2021)



Revenue by Segment (Q3 2021)

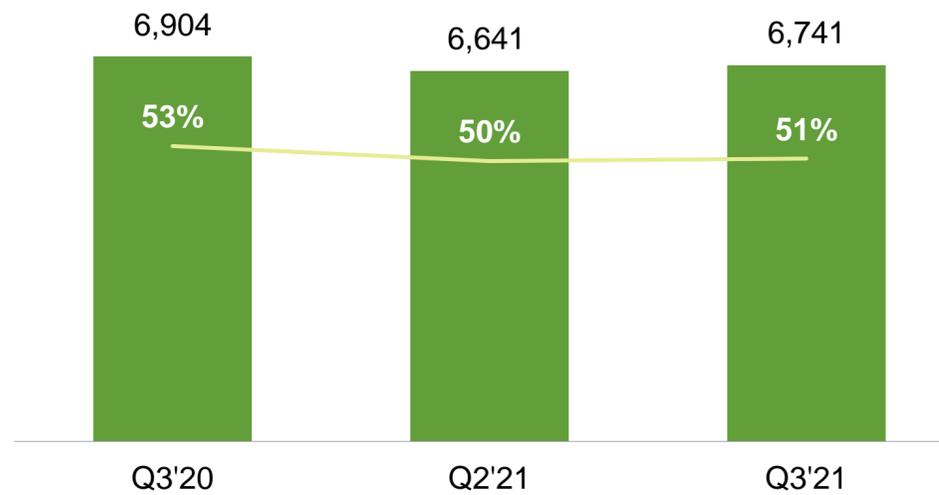


GROUP EBITDA

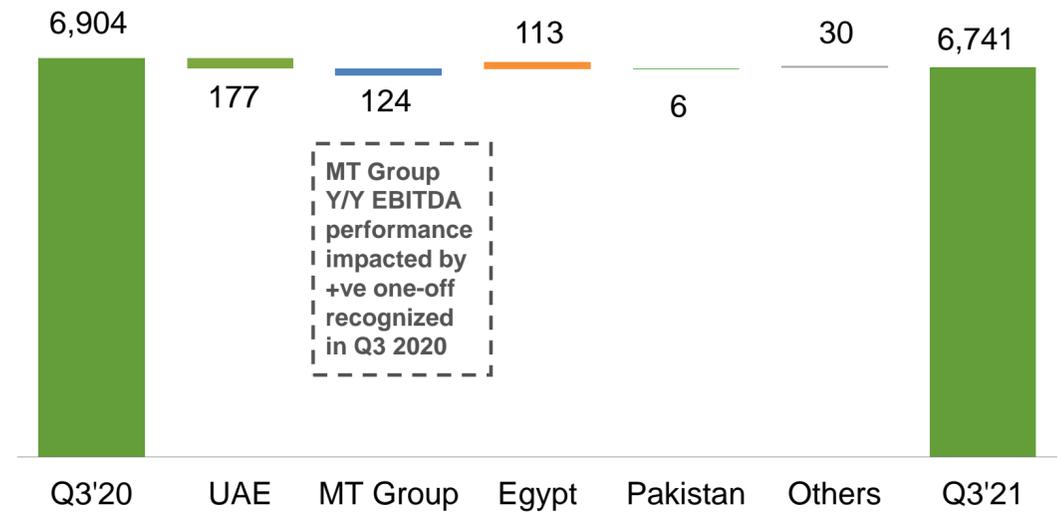
Highlights

- ▶ In Q3'21 consolidated EBITDA decreased by 2.4% attributed to positive one-off booked in Q3 2020. On a normalised basis, EBITDA increased by 0.1%
- ▶ EBITDA in the UAE was impacted by higher cost of sales as a result of changes in the revenue mix
- ▶ EBITDA of consolidated international operations decreased by 0.4% Y/Y resulting in 41% contribution to Group EBITDA:
 - Negative contribution from Maroc Telecom Group attributed to positive one-off in prior year
 - Positive contribution from Egypt due to robust revenue growth
 - Slightly lower contribution from Pakistan due to higher operating costs supporting revenue growth

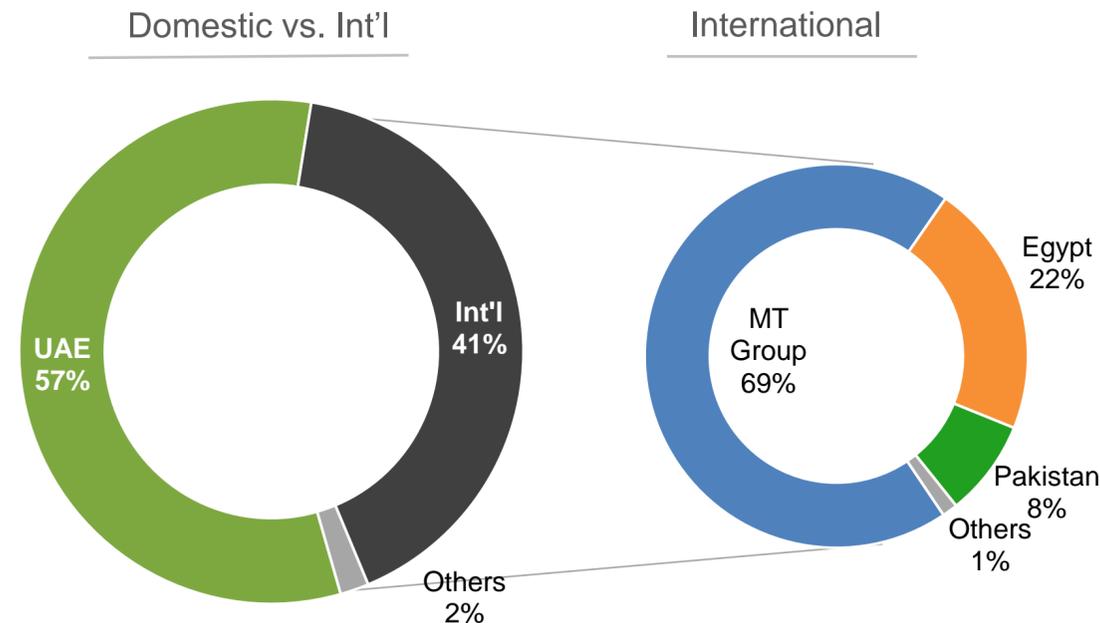
EBITDA (AED m) & EBITDA Margin (%)



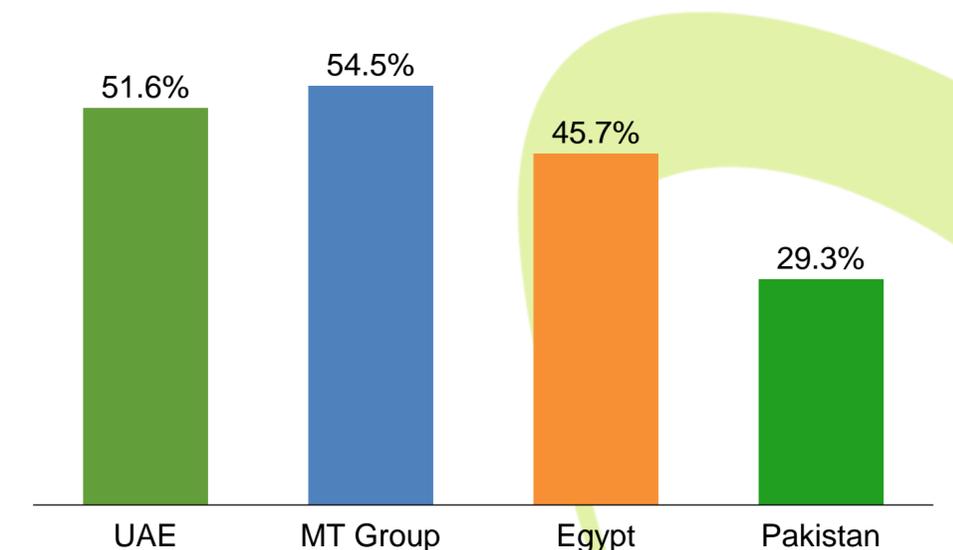
Sources of EBITDA Growth – Q3 2021 vs Q3 2020 (AED m)



EBITDA by Cluster (Q3 2021)



EBITDA Margin (%) Key Operations (Q3 2021)

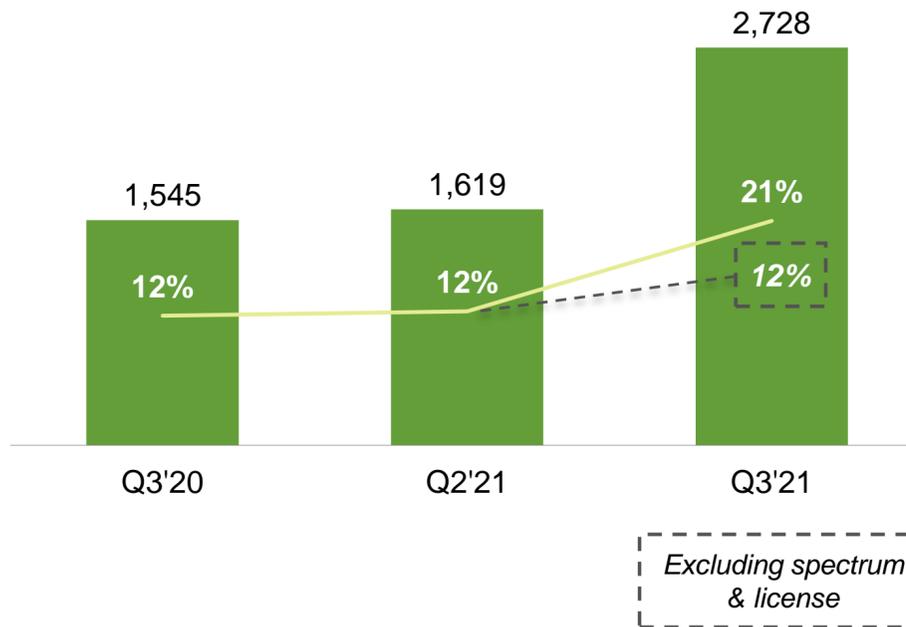


GROUP CAPEX

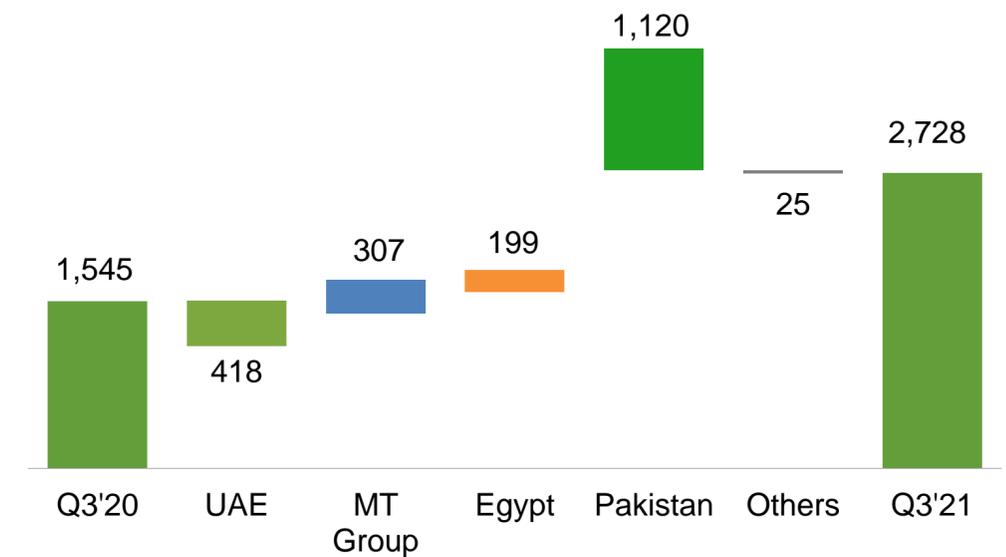
Highlights

- ▶ In Q3'21 consolidated capex increased Y/Y by 77%, resulting in a Capex / Revenue ratio of 21%. Excluding spectrum and license costs, capex increased Y/Y by 7% with capex intensity 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 2.8X and contributed 80% to consolidated Group capex:
 - Higher capex spend in both domestic and international operations of MT Group
 - Higher capex spend in Egypt focused on network deployment
 - Higher capex spend in Pakistan mostly attributed to Ufone spectrum acquisition

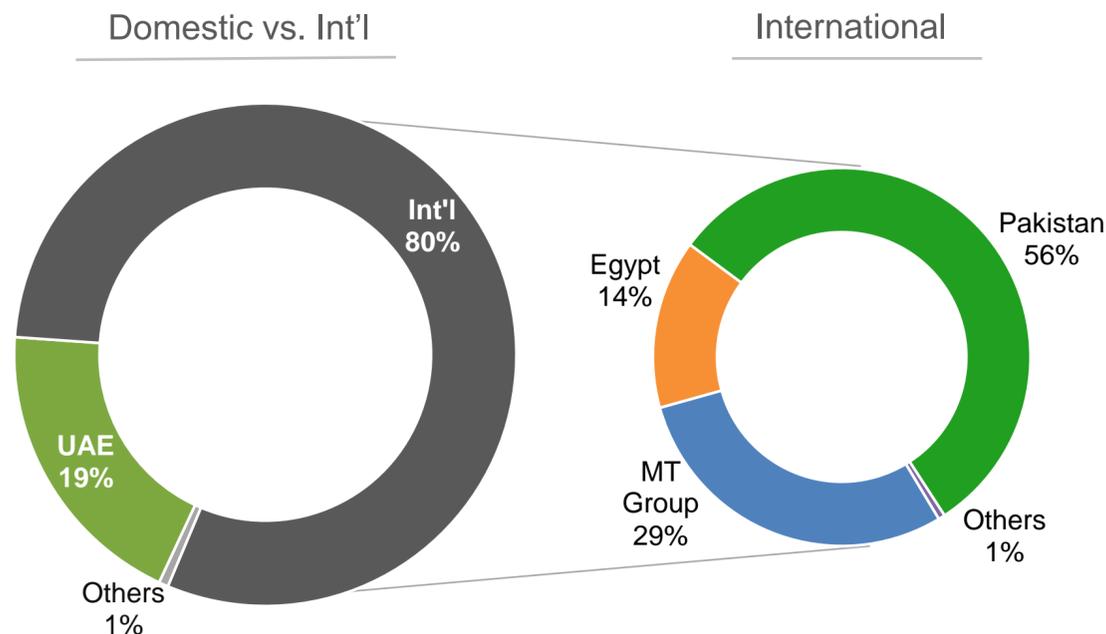
Capex (AED m) & Capex Intensity Ratio (%)



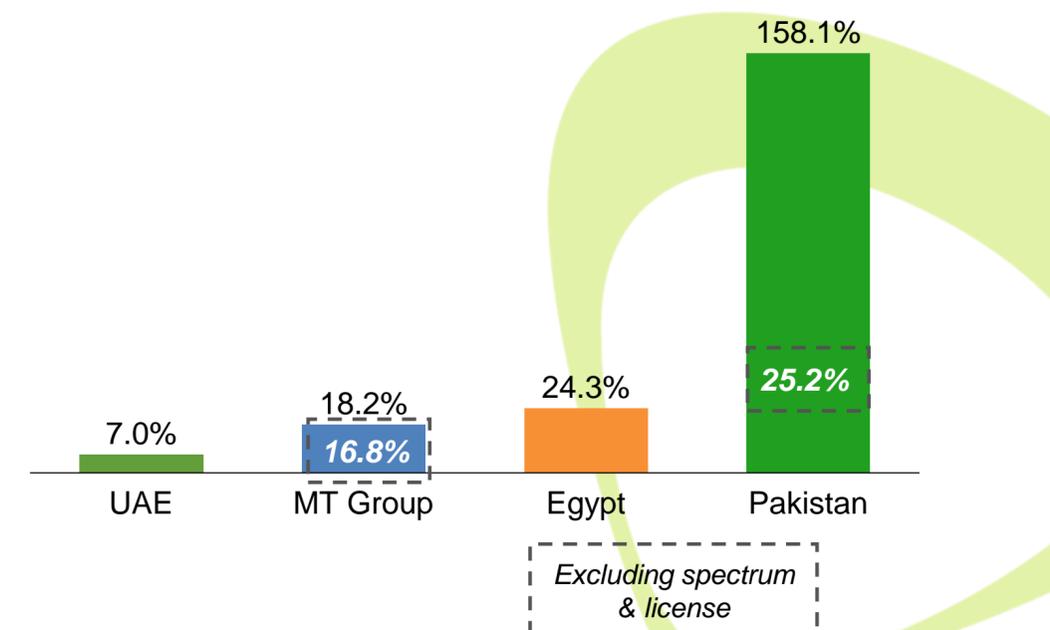
Sources of Capex Growth – Q3 2021 vs Q3 2020 (AED m)



Capex by Cluster (Q3 2021)



Capex Intensity Ratio (%) Key Operations (Q3 2021)



GROUP BALANCE SHEET & CASH FLOWS

STRONG BALANCE SHEET WITH LOW LEVERAGE

Highlights

- Maintained strong liquidity position with net cash balance
- Improvement in operating cash flow
- Lower investing cash outflow attributed to higher proceeds from disposal of investment
- Higher financing cash outflow mainly attributed to payment of special dividends and repayment of second tranche Euro bond
- Sustained low leverage ratio

Balance Sheet (AED m)	Dec-20	Sep-21
Cash & bank Balances	31,345	24,917
Total Assets	133,018	125,437
Total Debt	26,701	24,548
Net Cash / (Debt)	4,644	369
Total Equity	60,550	57,132

Cash Flow (AED m)	Sep-20	Sep-21
Operating	10,506	10,795
Investing	(4,317)	(4,034)
Financing	(8,681)	(13,930)
Net change in cash	(2,492)	(7,168)
Effect of FX rate changes	(187)	781
Others	(26)	(41)
Ending cash balance	26,952	24,917

Investment Grade Credit Ratings

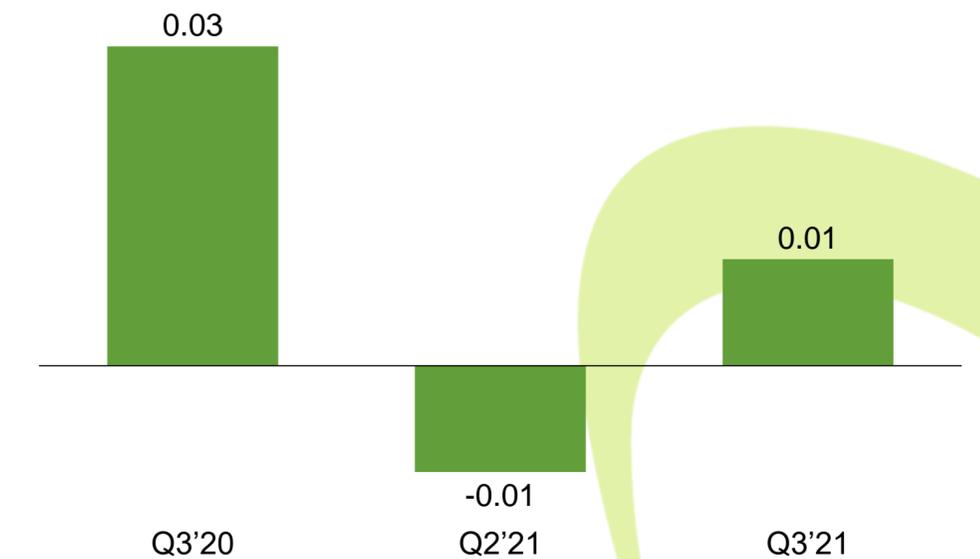
AA-/Stable



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.

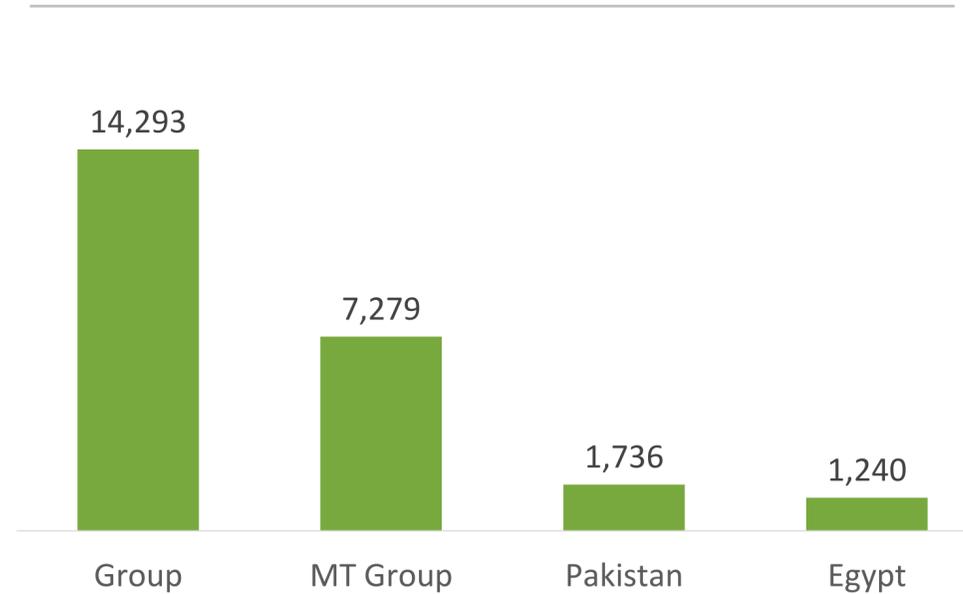
GROUP DEBT PROFILE

DIVERSIFIED DEBT PROFILE

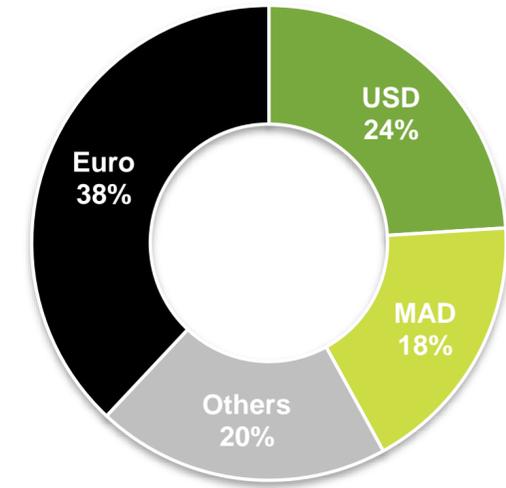
Highlights

- ▶ Optimising borrowing costs and debt profile by successful bonds issuance in June 2021 that was 6x oversubscribed
- ▶ 58% of debt is at Group level
- ▶ Bonds represents 45% of total debt
- ▶ 65% of debt is due after two years

Borrowings by Operations (AED m)



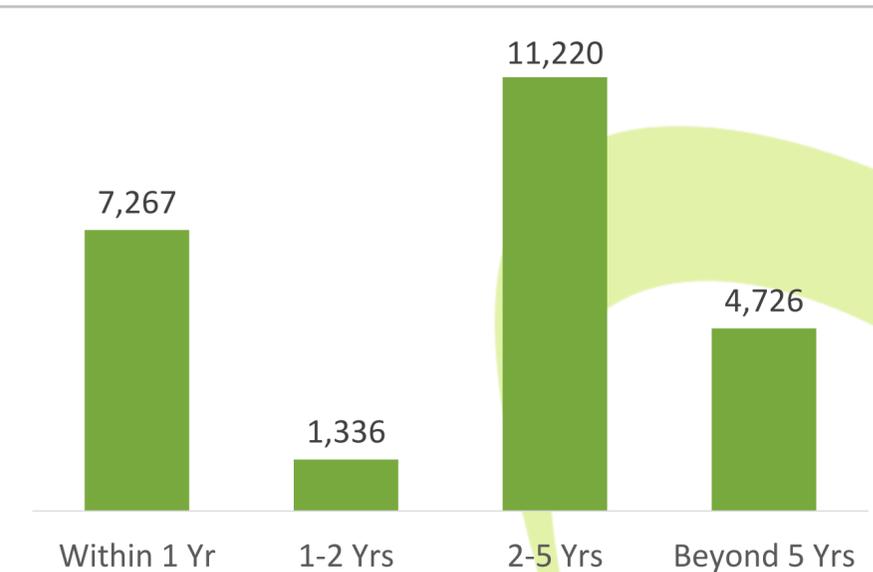
Borrowings by Currency (%)



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.

UAE OPERATION Q3 2021

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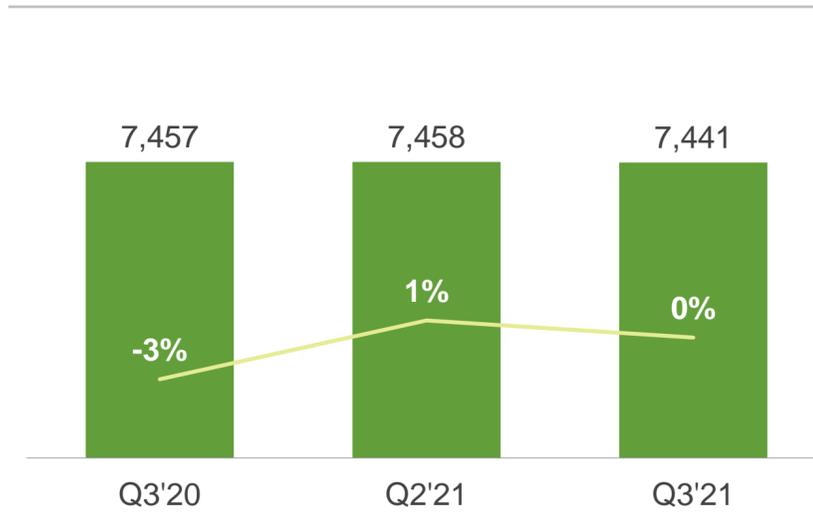
Highlights

- ▶ Revenue growth in data, digital services and handsets offset by decline in voice revenue
- ▶ Changes in revenue mix impacted EBITDA margin
- ▶ Slight decrease in net profit Y/Y due to lower EBITDA and higher depreciation and amortization; However, QoQ improvement
- ▶ More discipline in capital spending focused on enhancing network capacity and maintenance

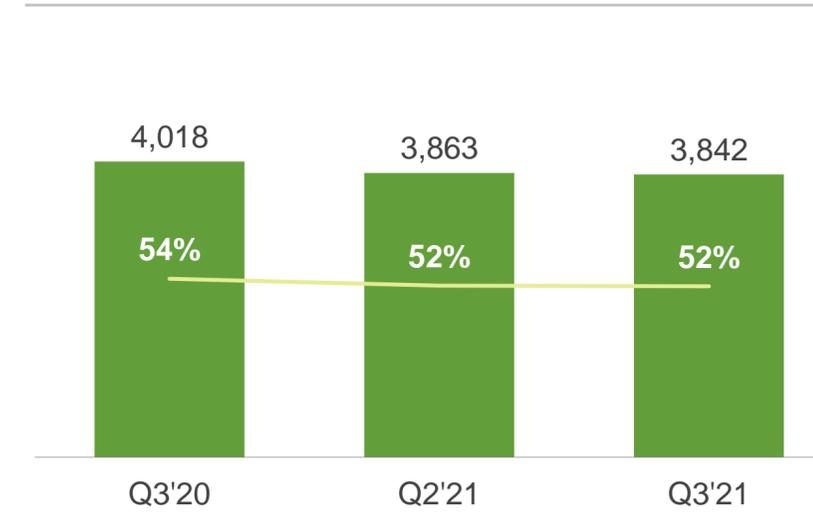


- Stability in revenue trend supported by growth in data, digital and handset
- Y/Y margin impacted by higher cost of sales and marketing activities

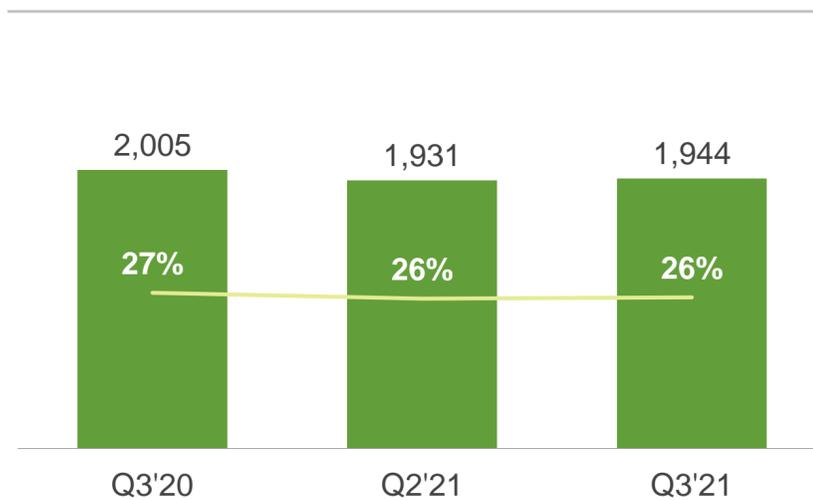
Revenue (AED m) / YoY Growth (%)



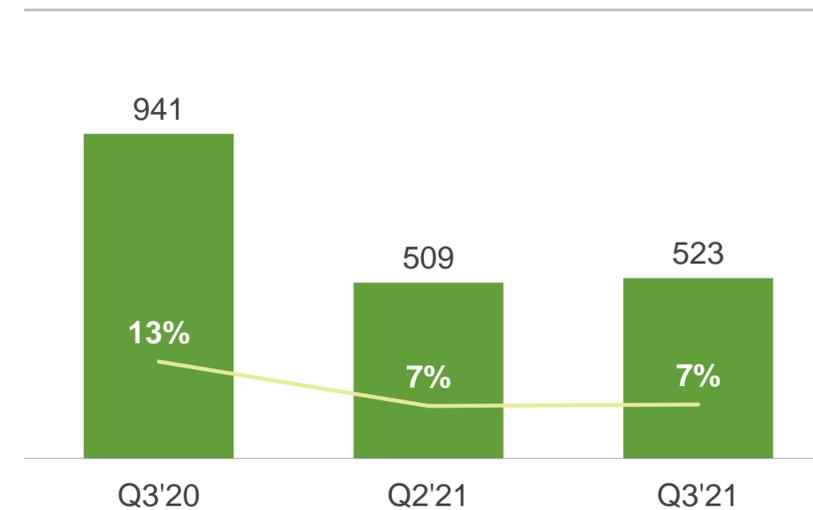
EBITDA (AED m) / EBITDA Margin (%)



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



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



- More discipline in capex spending leading to continued improvement in operating free cash flow

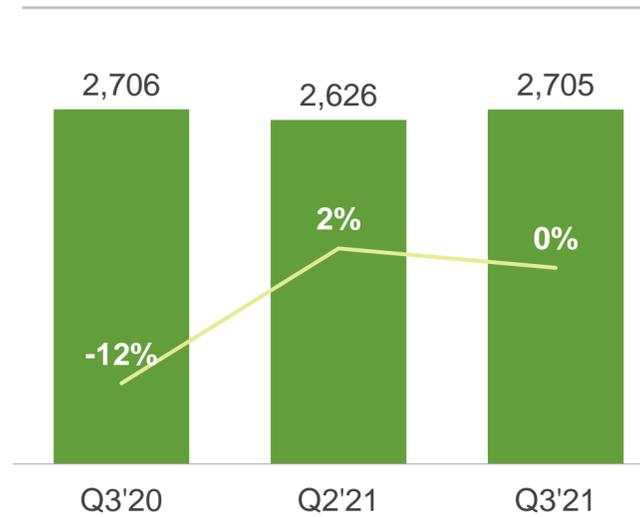


UAE: REVENUE BREAKDOWN AND KEY KPIs

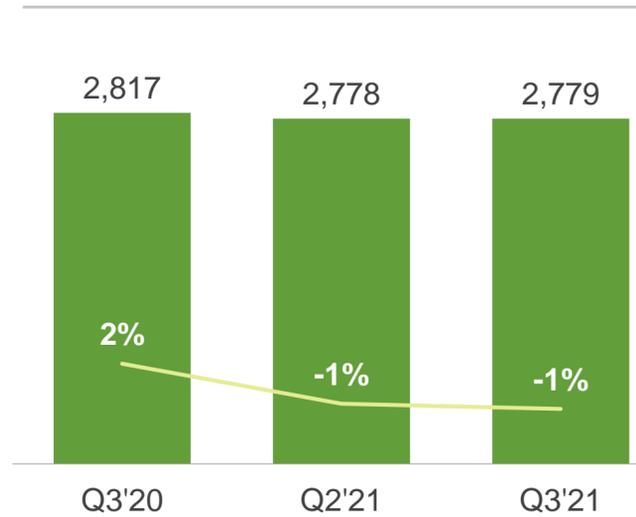
- VoIP continues to impact mobile and fixed voice revenue
- Strong growth in data and sign of recovery in outbound roaming

- Subscriber gain in high value segments (postpaid and eLife 3P)

Mobile Revenue⁽¹⁾ (AED m)



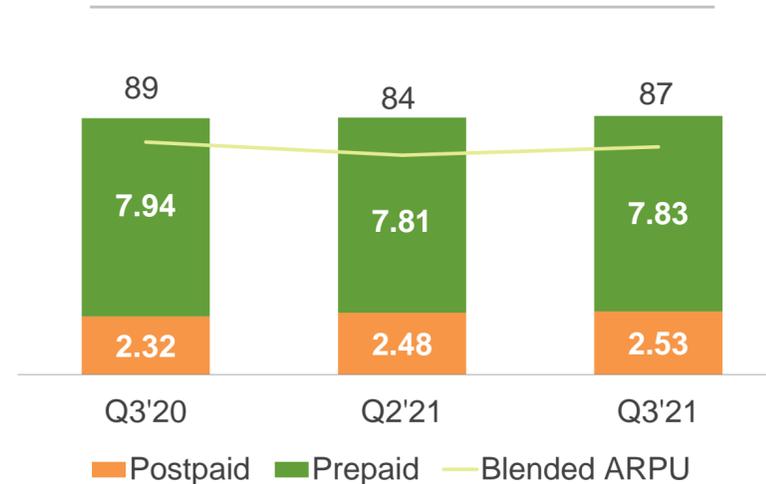
Fixed Revenue⁽²⁾ (AED m)



Other Revenue⁽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

Q3 2021

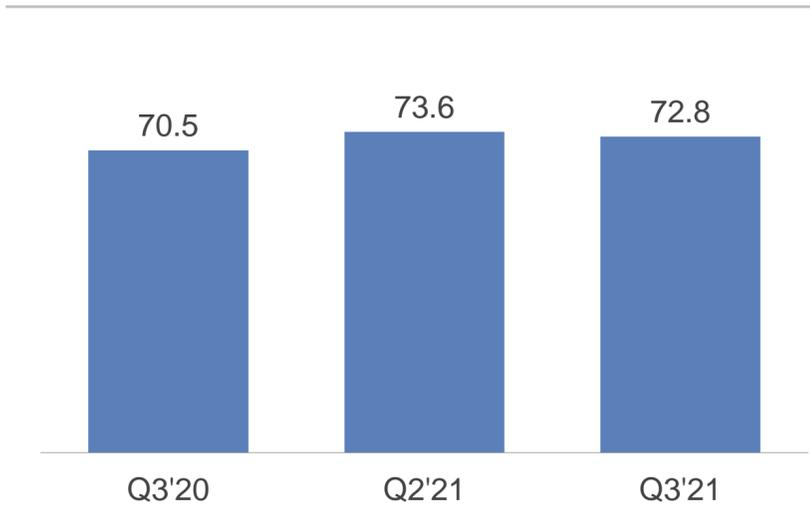
Highlights

- ▶ Subscriber growth is driven by domestic and international operations
- ▶ Revenue benefited from better summer seasonality and currency appreciation that was offset by continued regulatory pressure on domestic market
- ▶ EBITDA decline Y/Y impacted by positive one-off from last year and lower revenue
- ▶ Higher capital expenditure due to investing in networks to support the increase in data traffic and networks coverage

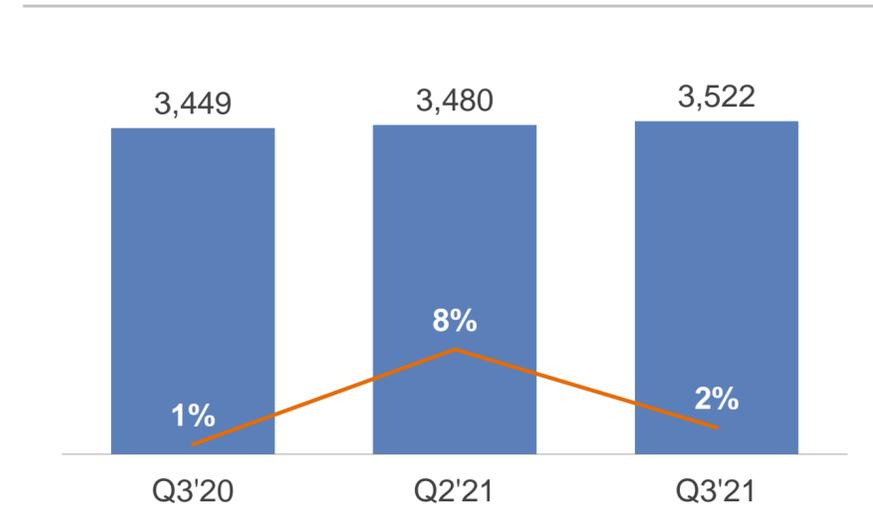


- Revenue continues to be impacted by ongoing regulatory and competitive pressure on domestic operation

Subscribers (m)

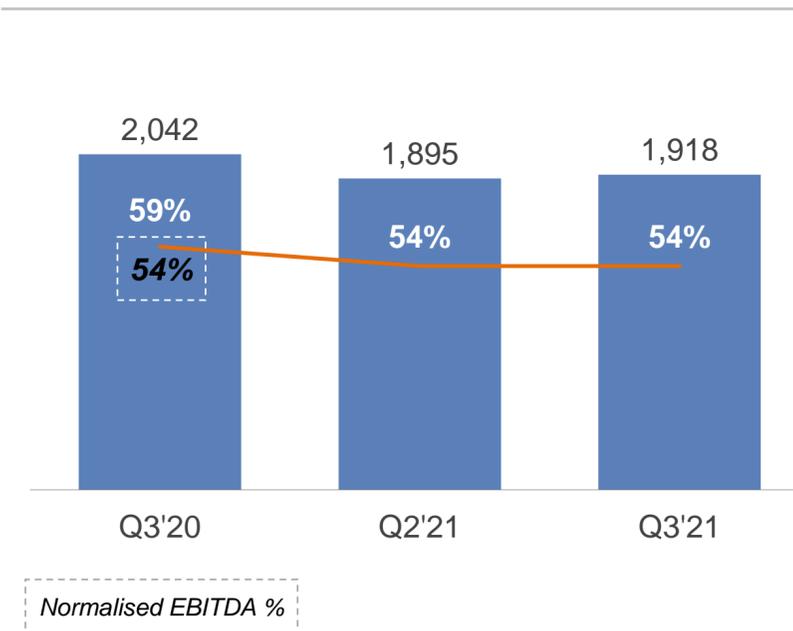


Revenue (AED m) / YoY Growth (%)

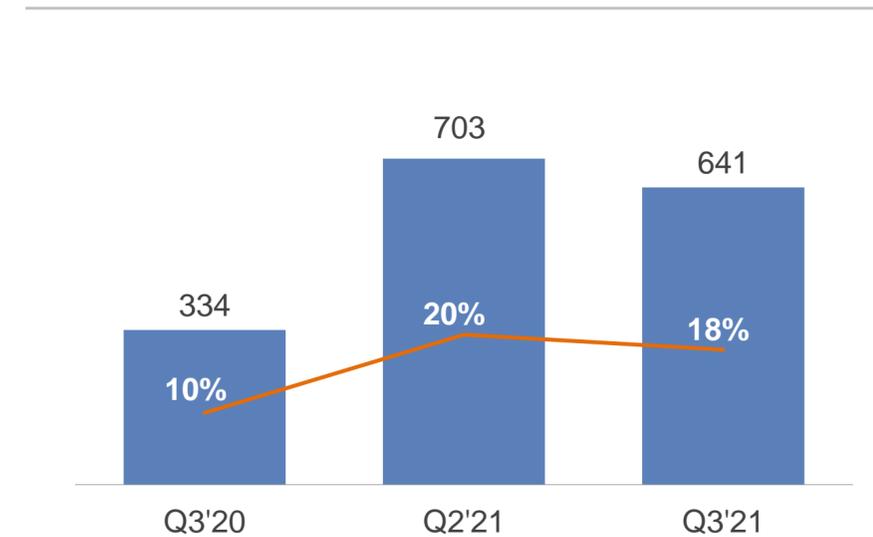


- Y/Y EBITDA decrease attributed to positive one-off in 2020 and lower revenue in Morocco that is partially offset by EBITDA growth in the int'l subsidiaries

EBITDA (AED m) / EBITDA Margin (%)



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



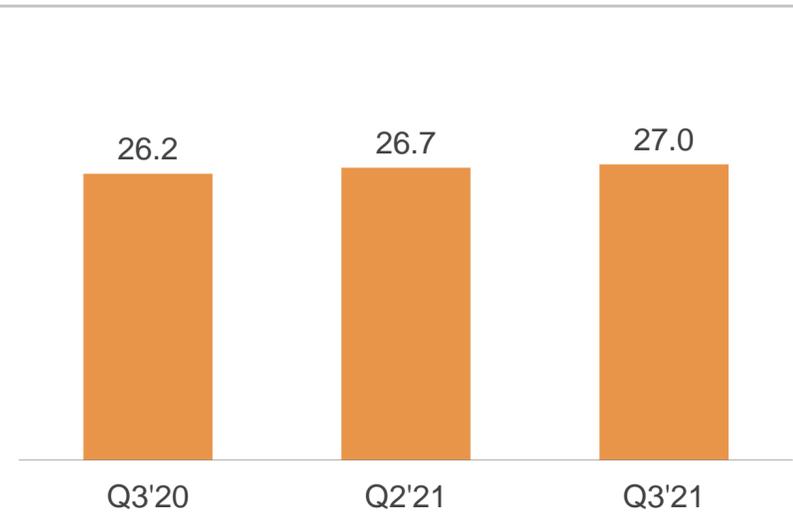
Highlights

- ▶ Improvement in subscriber base
- ▶ Consistent execution driving revenue growth
- ▶ Higher EBITDA mainly attributed to higher revenue
- ▶ Increase in capital spending focused on network coverage and capacity

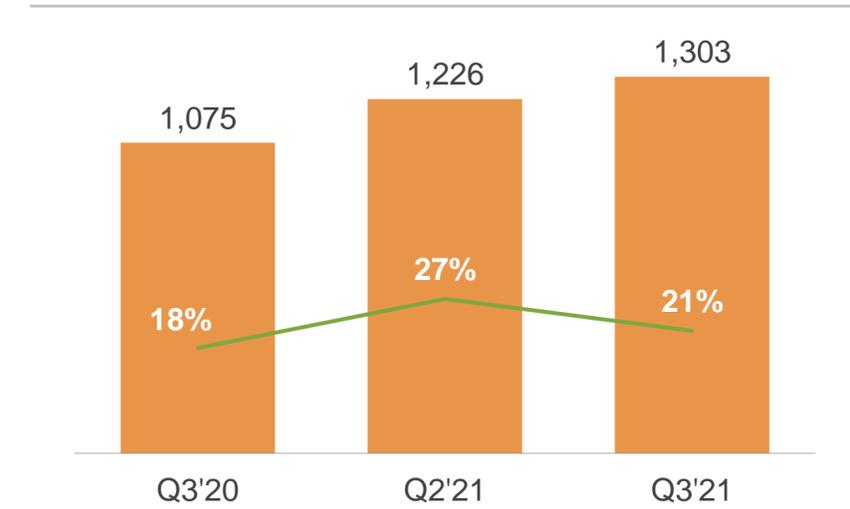


- Solid subscribers gains due to higher demand for connectivity
- Mobile data drives revenue growth

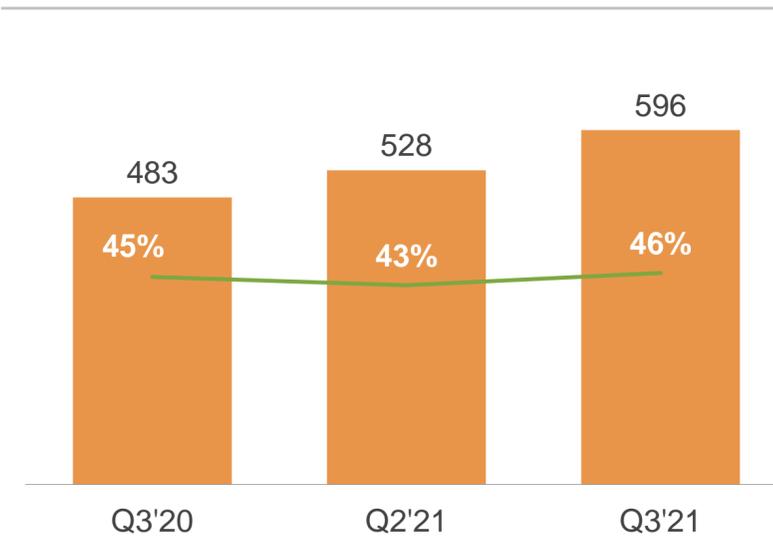
Subscribers (m)



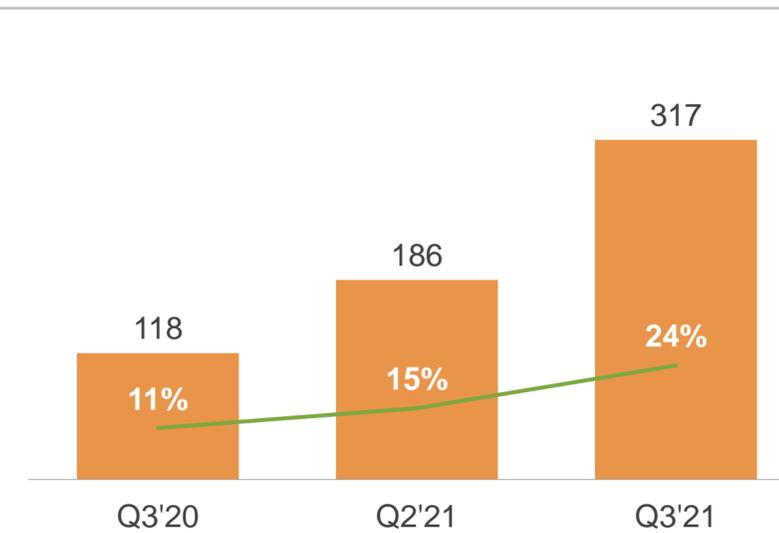
Revenue (AED m) / YoY Growth (%)



EBITDA (AED m) / EBITDA Margin (%)



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



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



PAKISTAN Q3 2021

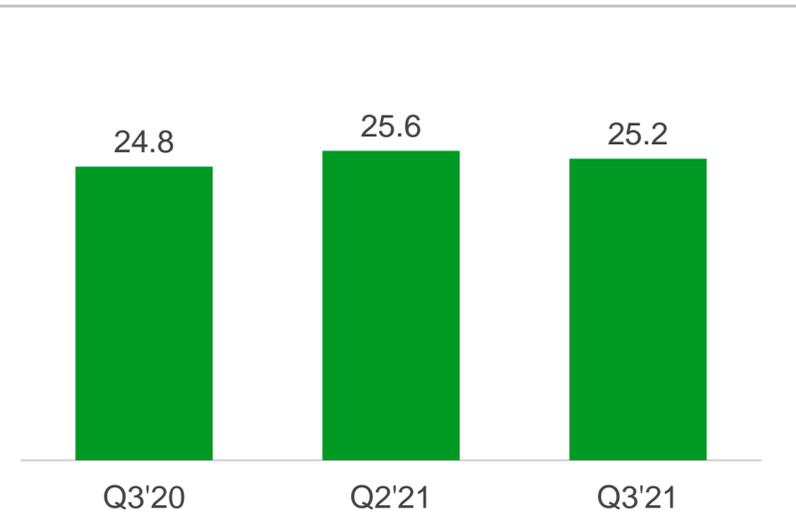
Highlights

- ▶ Y/Y growth in mobile and fixed broadband subscribers
- ▶ Revenue growth supported by growth in mobile, fixed and Ubank segments
- ▶ EBITDA impacted by higher cost of sales to support revenue growth
- ▶ EBITDA margin impacted by changes in revenue mix
- ▶ Higher capital spending mainly attributed to spectrum acquisition and expansion of fixed network

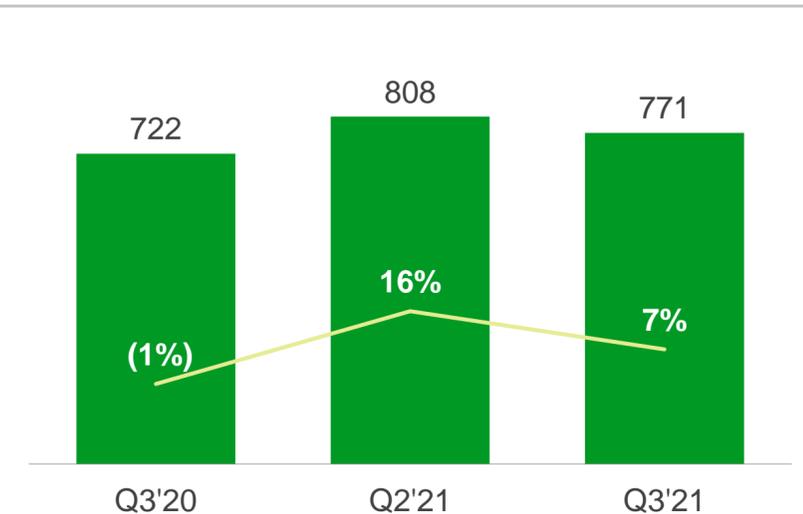


- Subscriber gains Y/Y in FBB and 4G
- Maintained topline growth attributed to all segments
- Strong growth in data compensating for decline in voice

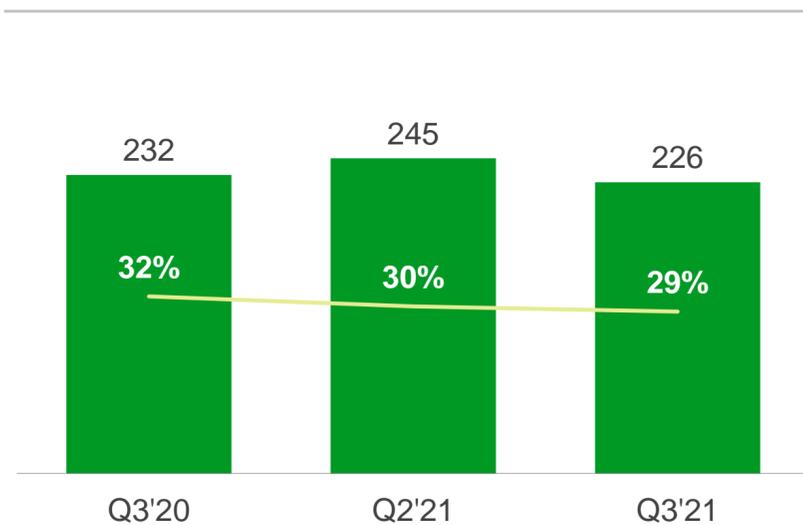
Subscribers (m)



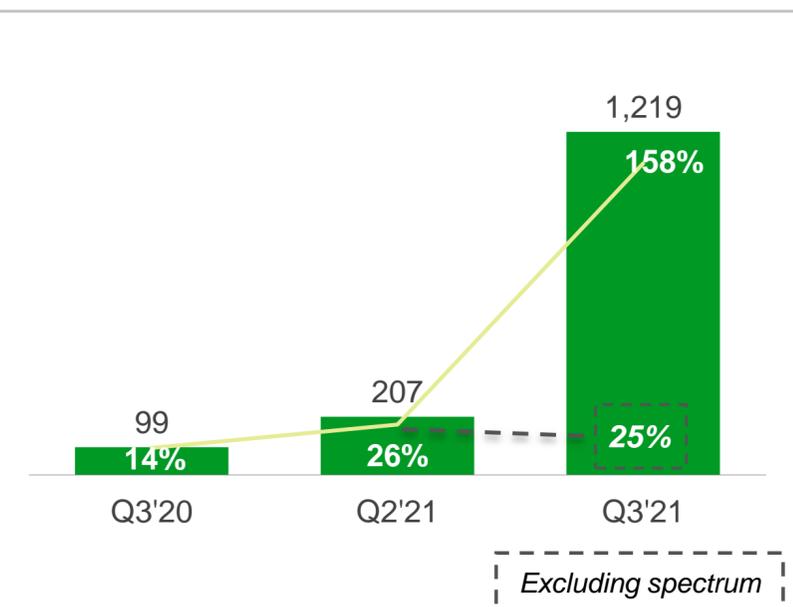
Revenue (AED m) / YoY Growth (%)



EBITDA (AED m) / EBITDA Margin (%)



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

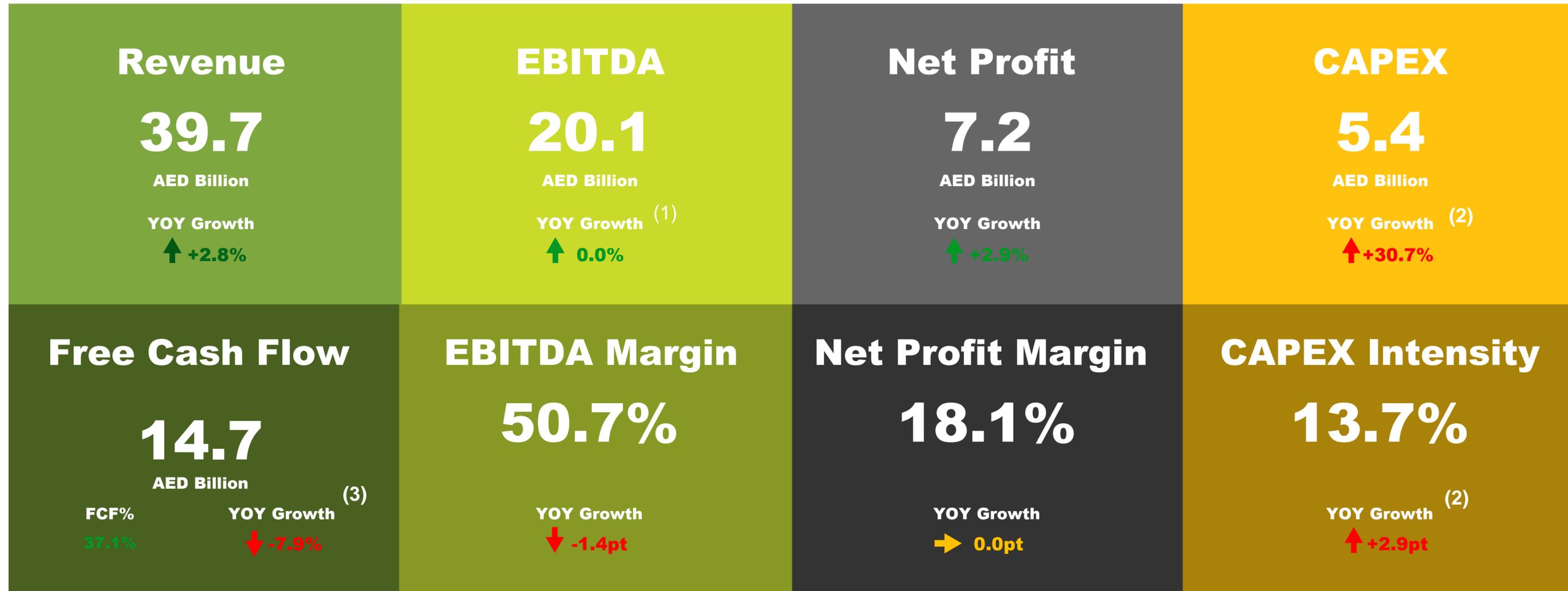


- EBITDA margin impacted by changes in revenue mix
- Capital investment aiming at improving customer experience



ETISALAT GROUP FINANCIAL HIGHLIGHTS 9M 2021

IMPROVED REVENUE & PROFITABILITY



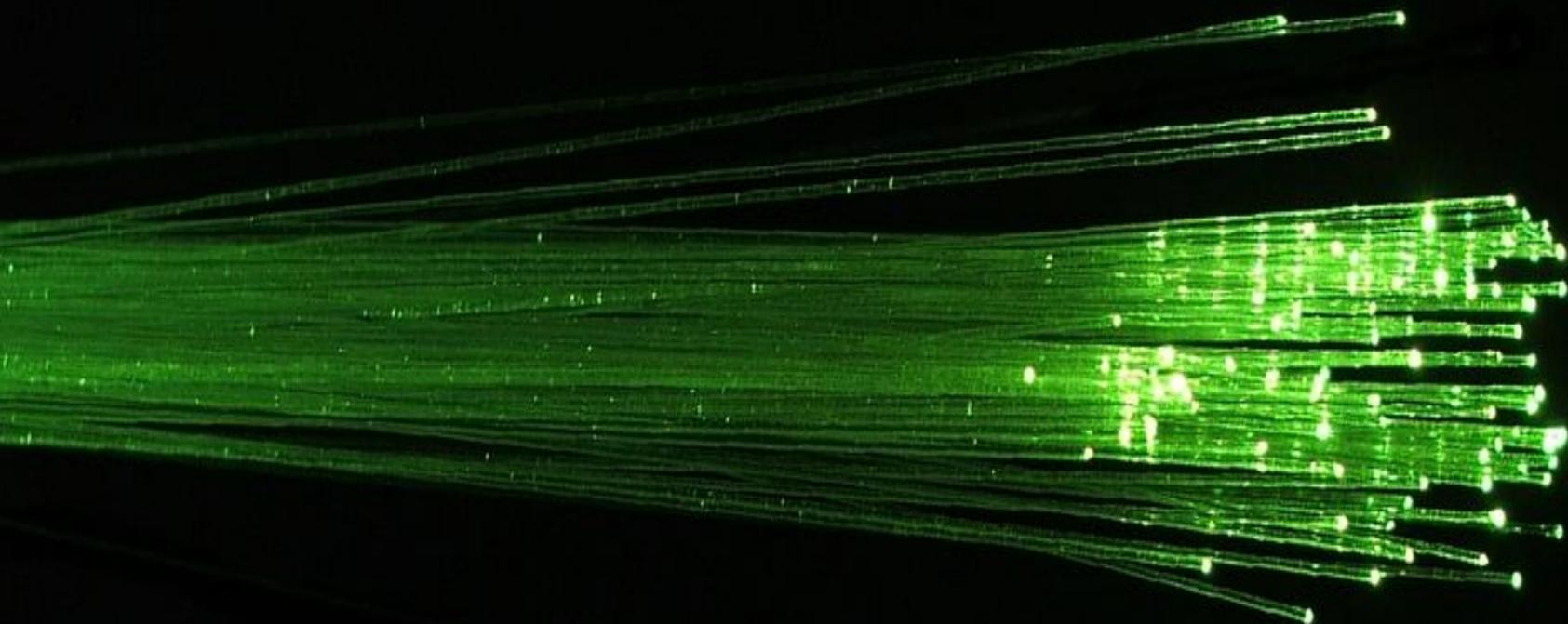
(1) EBITDA growth Y/Y adjusted for one-off booked in Q3 2020 increased by 0.1%

(2) Excluding spectrum and license costs, capex increased Y/Y by 5% and capex intensity ratio would have been 11%

(3) Adjusting free cash flow for spectrum and license costs results in a stable Y/Y FCF and a margin of 39.8% of revenue

2021 ACTUAL AGAINST GUIDANCE:
IMPROVING FULL YEAR GUIDANCE

Financial KPI	Guidance FY 2021	Actual 9M 2021	Revised Guidance FY 2021
Revenue Growth %	Stable	+2.8%	+2.0% to +3.0%
EBITDA Margin%	49%-50%	50.7%	~ 50.0%
EPS (AED)	Stable	0.83	~ 1.05
CAPEX / Revenue %	16%-18%	13.7%	15.5%-16.5%



ETISALAT GROUP INVESTOR RELATIONS

Email: ir@etisalat.ae

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