Global Telecom Holding

Global Telecom Holding reports 2Q 2019 earnings

GTH continued growth of customer base to 108.0 million in 2Q 2019 with reported revenues of USD 650.8 million, reported EBITDA of USD 286.0 million and reported EBITDA margin of 43.9%

Global Telecom Holding S.A.E. ("GTH", or the "Company"), a leading international telecommunications company operating mobile networks in growth markets in Pakistan, Algeria and Bangladesh, announced today its results for the quarter ended 30 June 2019.

2Q 2019 Financial and Operational Highlights

Total Revenue	EBITDA	Total Customers
USD **650.8** million	USD **286.0** million	**108.0** million
(▲6.7% organic[1] y-o-y) (▼6.2% reported y-o-y)	(▼5.2 % organic[1] y-o-y) (▼6.4% reported y-o-y) (▼16.0% reported excl. IFRS 16[3] y-o-y)	(▲ 4.9% y-o-y)

Mobile Data Revenue	EBITDA Margin[2]	Net Loss
USD **166** million	**43.9%** (including IFRS 16)	USD **25.0** million
(▲ 35.6% organic[1] y-o-y) (▲ 18.6% reported y-o-y)	**39.4 %** (excluding IFRS 16)	(-3.9% NP Margin)

Note from the CEO

"Being appointed GTH CEO is an honor and I am thrilled to be taking on this role and look forward to leading the Company through this transformational period.

I am pleased to report that GTH achieved an important milestone by concluding the Tax Settlement Agreement with the Egyptian Tax Authority. Our main shareholder, VEON, has launched a tender offer to purchase all shares of the Company that it does not currently own, and has also made an offer to acquire substantially all of GTH's operating assets. At the end of August, two Extraordinary General Shareholder Meetings are planned; one for voting on the voluntary delisting and the other for the voting on the asset sale.

On the operational front, in 2Q 2019, GTH maintained a yearly growth of its customer base across all markets, with total customers reaching 108.0 million. Revenue increased organically[1] by 6.7% year on year. Reported revenues decreased by 6.2% year on year to USD 650.8 million, mainly as a result of adverse currency movements of the Pakistani rupee against the US dollar. EBITDA decreased organically[1] 5.2% year on year despite an increase in revenues. Reported EBITDA was USD 286.0 million for 2Q 2019, representing a decrease of 0.2 percentage-points in reported EBITDA margin to 43.9[2]%. Excluding the positive impact from IFRS 16, reported EBITDA

[1] Organic Revenue and EBITDA figures are non-IFRS financial measures that exclude the effect of foreign currency movements and other factors, such as businesses under liquidation, disposals, M&A and the impact from IFRS 16
[2] EBITDA margin is EBITDA divided by total revenue
[3] Impact from IFRS 16 is not included in the 2018 comparative numbers following a modified retrospective approach
[1] In June 2018, the Supreme Court ordered ("suo moto") an interim suspension of the deduction of taxes on prepaid and postpaid connections on each recharge/top-up/load levied by mobile phone service providers. On 24 April 2019, the Supreme Court disposed of the proceedings and restored the impugned tax deductions, deciding that it would not interfere in the matter of the collection of public revenues. On 3 July 2019, the Supreme Court issued its detailed reasons and, in addition to confirming its ruling on tax deductions, further clarified that mobile phone service providers cannot charge customers for service and maintenance charges.

margin would have decreased by 4.6 percentage point year on year. In 2Q 2019, both revenues and EBITDA were negatively affected by a provision of USD 21 million relating to accounts for the service fee that was historically charged by operators in Pakistan. There are differences in interpretation on this matter in the Pakistani market. Jazz management is satisfied that this should be recorded as revenue. However, given these differences in interpretation of the matter and the materiality for GTH, we have taken a provision in the quarter.

*The **Pakistan** market remained competitive in 2Q 2019, particularly in data and social network offers, aimed at offering new services to drive growth. However, Jazz maintained its price premium positioning following successful repricing activities during the quarter. This was supported by good operational performance, as well as higher usage by customers following the suspension of taxes (the "suo moto" order[1]). The 'suo moto' order was reversed on 24 April 2019, negatively impacting the performance in May and June. The data revenue growth was driven by an increase in data customers, the doubling of data usage through higher bundle penetration and continued data network expansion. Financial services revenue grew as well during this quarter by 36% year on year as Jazz Cash increased its 30-day active wallet subscriber base to 5.7 million.*

*In **Algeria**, macro challenges persisted during the quarter, and political uncertainty remains after the former president's resignation. The market remains challenging with the high levels of competition in both pricing as well as channel related incentives. Against this backdrop, Djezzy continued to focus on both prepaid and post-paid with a segmented approach, aiming to drive up value while protecting and sequentially improving its customer base quarter on quarter with competitive offers on data. Price competition, in both voice and data, drove a continued reduction in ARPU, which declined by 5.4% year on year.*

*The market in **Bangladesh** during 2Q 2019 was still characterized by price pressure from competition, mostly in data offers. Notwithstanding this economic backdrop and challenging regulatory environment, Banglalink reported good results, with the operational turnaround evident in the first quarter continuing. Total revenue in 2Q 2019 grew by 5.4% year on year, driven by an acceleration of mobile service revenue, which increased by 7.8% year on year. The increase represents a continuation of the positive trend seen in 1Q 2019, despite Banglalink's 3G network coverage gap compared to its competitors."*

Gerbrand Nijman, Chief Executive Officer

Summary Income Statement

(USD million)	2Q19	2Q19 pre-IFRS 16	2Q18[2]	2Q19 / 2Q18 (reported)	2Q19 / 2Q19 pre-IFRS16	2Q19 / 2Q 2018 (organic)
Total Revenue	**650.8**	**650.8**	**693.5**	**-6.2%**	**-**	**6.7%**
Service revenue[2]	**623.8**	**623.8**	**660.3**	**-5.5%**	**-**	**7.0%**
Of which mobile data revenue	**166.4**	**166.4**	**140.3**	**18.6%**	**-**	**35.6%**
EBITDA	**286.0**	**256.7**	**305.5**	**-6.4%**	**-16.0%**	**-5.2%**
EBITDA Margin	*43.9%*	*39.4%*	*44.1%*	*-0.2pp*	*-4.7pp*	-
Net Loss	**(25.0)**	**(19.9)**	**(25.5)**	***-0.5%***	**-**	**-**
Net Loss Margin	*-3.9%*	*-3.1%*	*-3.7%*	*-0.3pp*	-	-
EPS (USD)	*(0.005)*	*(0.004)*	*(0.005)*	*n/m*	-	-

[2] The Company adopted IFRS 16 on the date the standard became effective on 1 January 2019. The Group adopted the standard using the modified retrospective approach. This means that the cumulative impact of the adoption was recognized in retained earnings as of 1 January 2019 and that comparatives were not restated.

(USD million)	1H19	1H19 pre-IFRS 16	1H18[3]	*1H19 / 1H18 (reported)*	1H19 / 1H18 pre-IFRS16	1H 19/ 1H 18 *(organic)*
Total Revenue	**1,339**	***1,339***	**1,393**	**-3.9%**	**-**	**9.7%**
Service revenue[2]	**1,283**	**1,283**	**1,328**	**-3.3%**	**-**	**10%**
Of which mobile data revenue	**344.1**	**344.1**	**267.4**	**28.7%**	**-**	**47.5%**
EBITDA	**621.6**	**561.4**	**617**	**0.7%**	**-9.0%**	**0.0%**
EBITDA Margin	*46.4%*	*41.9%*	*44.3%*	*2.1pp*	*-2.4 pp*	-
Net Profit	**26**	**37**	**6.3**	***288.9%***	**-**	**-**
Net Profit Margin	*1.9%*	*2.77%*	*0.5%*	*+1.5pp*	-	-
EPS (USD)	*0.005*	*0.008*	*0.001*	*288.9%*	-	-

Other Key Financial Highlights

(USD 'mn)	2Q19	2Q19 pre-IFRS 16	2Q18[3]	*2Q19 / 2Q18 (reported)*	*2Q19 / 2Q18 pre-IFRS16*	
CAPEX (excluding licenses) [4]	**114**	**111**	**106**	**7.2%**	**4.2%**	
LTM Capex (excl. licenses)/LTM Revenue	*13.0%*	*12.9 %*	*18.3%*	*-5.3%*	*-5.4%*	
Gross debt	**2,830**	**2,381.9**	**2,738**	**3.4%**	**-13.0%**	
Net Debt	**2,535**	**2,087.2**	**2,353**	**7.7%**	**-11.3%**	
Net Debt / LTM EBITDA	*2.1*	*1.7*	*1.8*	*13.7%*	*-4.1%*	-

(USD 'mn)	1H19	1H19 pre-IFRS 16	1H18[3]	*1H19 / 1H18 (reported)*	*1H19 / 1H18 pre-IFRS16*
CAPEX (excluding licenses) [4]	**206**	**203**	**241**	**-14.3%**	**-15.6%**
LTM Capex (excl. licenses)/LTM Revenue	-		-	-	-
Gross debt	**2,830**	**2,381.9**	**2,738**	**3.4%**	**-13.0%**
Net Debt	**2,535**	**2,087.2**	**2,353**	**7.7%**	**-11.3%**
Net Debt / LTM EBITDA	*2.1*	*1.7*	*1.8*	*13.7%*	*-4.1%*

[1]Organic Revenue and EBITDA figures are non-IFRS financial measures that exclude the effect of foreign currency movements and other factors, such as businesses under liquidation, disposals, M&A and the impact from IFRS 16
[2] Component of Revenue
[3] Impact from IFRS 16 is not included in the 2018 comparative numbers following a modified retrospective approach
[4] Excluding right-of-use assets recognized upon adoption of IFRS 16

Financial Highlights

- **IFRS 16:** The Company adopted IFRS 16 on the date the standard became effective on 1 January 2019. The Group adopted the standard using the modified retrospective approach. This means that the cumulative impact of the adoption was recognized in retained earnings as of 1 January 2019 and that comparatives were not restated.
- **Total Revenue** increased organically1 by 6.7% year on year. However, total reported revenue declined by 6.2% year on year to USD 650.8 million in 2Q 2019, mainly due to currency year on year depreciation in Pakistan and Algeria of 25.9% and 3.1% respectively. Total revenue in 2Q 2019 was negatively impacted by accounting for the service fee that was historically charged by operators in Pakistan. There are differences in interpretation of the matter in the Pakistani market. Jazz management is satisfied that this should be recorded as revenue. However, given these differences in interpretation of the matter and the materiality for GTH, we have taken a provision in the quarter of USD 21.0 million. Excluding this provision, growth in organic[1] revenue was primarily due to the increase in organic[1] revenue in Pakistan (12.6%) and in Bangladesh (5.4%), which offset the slight decline in organic[1] revenue in Algeria (-3.4%). Mobile service revenue contributed to 95.9% of total revenue during the quarter and was USD 623.8 million in 2Q 2019. Reported mobile data revenue grew by 18.6% year on year to USD 166.4 million, representing a 35.6% organic[1] increase year on year in 2Q 2019 due to increased data usage across our markets.
- **EBITDA** for 2Q 2019 was USD 286.0 million, representing a decrease of 6.4% year on year, and an organic[1] decrease of 5.2% year on year. EBITDA margin decreased by 0.2 percentage points to 43.9% during the period. Excluding the impact of IFRS 16, EBITDA would have decreased by 4.6% year on year.
- **Net loss for the period** amounted to USD 25.0 million, compared to a net loss of USD 25.5 million in 2Q 2018. Excluding the impact of IFRS 16, net loss would have amounted to USD 19.9 million.
- **CAPEX** (excluding licenses) was USD 114 million in 2Q 2019, representing an increase of 7.2% year on year, driven by higher capex in Pakistan and Bangladesh. CAPEX (excluding licenses) pre-IFRS 16 was USD 111 million in 2Q 2019.
- **Net debt** increased by 7.7% year on year to USD 2.5 billion, resulting in a net debt to LTM EBITDA ratio of 2.1x. Excluding the impact of IFRS 16, net debt would have decreased by 11.3% year on year to USD 2.1 billion and the net debt to LTM EBITDA ratio would have been 1.7x.

Operational Highlights

- **Total customer base** grew by 4.9% year on year to 108.0 million following the additions of customers across all markets.
- **Data subscribers** recorded strong growth year on year in Pakistan (17.3%), Algeria (12.6%) and Bangladesh (9.8%), driven by higher bundle penetration and continued data network expansion.

[1]Organic Revenue and EBITDA figures are non-IFRS financial measures that exclude the effect of foreign currency movements and other factors, such as businesses under liquidation, disposals, M&A and the impact from IFRS 16

Significant Corporate Events

- On 26 June 2019, GTH received an offer from VEON Holdings B.V. to acquire substantially all of GTH's operating assets at the imputed Mandatory Tender Offer valuation (the "Asset Transfer Offer").

- On 26 June 2019, GTH announced concluding an agreement with the Egyptian Tax Authority ("ETA") to settle all outstanding tax liabilities of GTH and its Egyptian subsidiaries for a total amount of USD 136 million (the "Tax Settlement").

- On 26 June 2019, GTH also received notice that the Egyptian Financial Regulatory Authority (the "FRA") had approved a public mandatory cash tender offer for the purchase by VEON Holdings B.V. of up to 1,997,639,608 GTH shares, representing approximately 42.31% of GTH's issued shares, at an adjusted offer price of EGP 5.08 per share (the "Mandatory Tender Offer").

- On 26 June 2019, VEON Holdings requested GTH call two shareholder meetings to consider (i) approval of a delisting from the Egyptian Exchange (the "EGX") and (ii) the Asset Transfer Offer.

- On 26 June 2019, GTH received a unilateral deed poll from VEON Holdings increasing the principal amount of its existing revolving credit facility agreement with GTH by USD 100 million (the "USD 100m RCF Increase").

- On 26 June 2019, GTH's Board of Directors appointed Grant Thornton Egypt as its independent financial advisor ("IFA") to update its report issued in January 2019 in respect of the then considered capital increase of GTH.

- On 1 July 2019, GTH's Board of Directors announced the appointment of Mr. Gerbrand Nijman as CEO, succeeding Mr. Vincenzo Nesci, who will now adopt a non-executive role on the Board.

- On 3 July 2019, GTH called for an Extraordinary General Shareholders Meeting ("EGSM") to be held on 27 August 2019 at 08:00 am to consider:
  1. The voluntary delisting of the Company's shares from the Egyptian Stock Exchange (the "EGX") (the "Delisting");
  2. The purchase by the Company of the shares of all shareholders willing to sell their shares to the Company, whether they have voted for or against the Delisting resolution in the EGSM;
  3. The establishment by the Company of a delisting account to be coded on EGX and to be used for the purchase of the shareholders' shares by the Company as outlined above (the "Delisting Account");
  4. The price at which the Company shall purchase the shares from any shareholders willing to sell their shares in accordance with the EGX listing rules (the "Listing Rules") to the Company as part of the Delisting will be the greater of (a) the Mandatory Tender Offer price deposited by VEON Holdings B.V. for the purchase of the outstanding shares of the Company; (b) the average daily trading price of GTH's shares for the one month preceding the delisting resolution by GTH's board; and (c) the average daily trading price of GTH's shares for the three months preceding the Delisting resolution by GTH's board.

     The EGSM dedicated to vote on the delisting of the Company's shares from the EGX has now been rescheduled for 26 August 2019 at 02:30 pm.

- On 3 July 2019, GTH called for an EGSM to be held on 27 August 2019 at 02:30 pm to consider:
  1. Approving the offer submitted by VEON Ltd. ("VEON") to the Company on 25 June 2019 pursuant to which VEON or one of its affiliates will acquire the Company's interests in Jazz, banglalink, Djezzy (including MedCable) and Mobilink Bank (the "Transaction"). The offer prices are PKR 313.335 billion for Jazz, BDT 24.916 billion for banglalink, DZD 70.195 billion for Djezzy (including MedCable), PKR 14.741 billion for Mobilink Bank (the "Asset Transfer Offer") and approving and certifying any transactions or transaction documents relating thereto or arising there from as well as the annexes attached thereto;

2. The utilization of up to the USD 100m RCF Increase; upon the Company's due delisting from the Egyptian Stock Exchange
3. Appointments and delegations in relation to the above agenda items

- On 22 July 2019, the Board unanimously resolved to approve the report issued by the Company's Independent Financial Advisor, Grant Thornton Egypt, in relation to the valuation of the Asset Transfer Offer and the Mandatory Tender Offer, as well as the auditor's Independent Limited Assurance Report issued by PricewaterhouseCoopers on such study. The Board also approved the positive recommendation to be submitted to the shareholders in relation to the VEON MTO and Sale of Assets Offer.

Operational & Financial Review

Jazz, Pakistan

Jazz, Pakistan | Key Financial Indicators

(PKR billion)	2Q19	2Q18	% change	1H19	1H18	% change
Revenues[2]	47.8	42.4	12.7%	98.4	83.4	18.0%
Service revenue[2] (component of total revenue)	44.4	39.4	12.7%	91.5	77.3	18.4%
Mobile data revenue	12.5	7.9	58.8%	26.1	14.9	75.4%
EBITDA[2]	23.9	20.4	17.2%	49.6	39.9	24.3%
EBITDA Margin[2]	*50.1%*	*48.2%*	*1.9p.p.*	*50.4%*	*47.8%*	*2.6p.p.*
EBITDA pre-IFRS 16	22.4	20.4	9.80%	46.2	39.9	15.79%
EBITDA Margin pre-IFRS 16	*46.86%*	*48.20%*	*-1.34p.p.*	*46.95%*	*47.80%*	*-0.85p.p.*
CAPEX (excluding licenses)	9.7	6.7	45.0%	17.0	14.0	21.4%
LTM CAPEX (excluding licenses)	*13.5%*	*17.5%*	*4.0p.p.*	*13.5%*	*17.5%*	*4.0p.p.*
CAPEX (excluding licenses) pre-IFRS 16	9.8	6.7	46.8%	17.0	14.0	21.4%
LTM CAPEX (excluding licenses) pre-IFRS 16	*13.5%*	*17.5%*	*(4.0p.p.)*	*13.5%*	*17.5%*	*(4.0p.p.)*

Jazz continued to perform well despite the ongoing competitive nature of the Pakistani market, particularly in data and social network offers. Jazz continued to maintain its premium price positioning in Pakistan following successful repricing activities during the quarter.

In relation to the accounting for the service fee that was historically charged by operators in Pakistan, there are differences in interpretation on the matter in the Pakistani market. However, Jazz management is satisfied that this should be recorded as revenue. Given these differences in interpretation of the matter and the materiality for GTH, the Company has taken a provision of PKR 3.3 bn (USD 21.0 million) against this amount in the quarter, which negatively impacts revenue and EBITDA.

In 2Q 2019, total revenue[2] grew by 12.7% year on year. Excluding the provision described above, total revenue grew by 20.5% year on year, this was supported by good operational execution as well as higher usage by customers following the suspension of taxes ("suo moto"[1] order). Excluding further the impact of suspension of taxes collected, revenue growth was 15%. The 'suo moto'[1] order was reversed on 24 April 2019 negatively impacting the performance in May and June. Service revenue growth was predominately driven by data revenue growth of 59%. The data revenue growth was driven by an increase in data customers, doubling of data usage through higher bundle penetration and continued data network expansion. Financial services revenue grew as well during this quarter by 36% year on year as Jazz Cash increased its 30-day active wallet subscriber base to 5.7 million with revenue in the quarter of PKR 1.9 billion, a sequential increase of 7.7% from the first quarter of this year.

The customer base increased by 7.2% year on year, supported by higher data customers on the back of the continued expansion of the data network. The quarter on quarter customer trend reflects our commercial strategy to focus on high value customers in order to further improve new sale customer mix, leveraging on network quality of service.

Excluding the impact of the provision described above, EBITDA pre-IFRS 16 grew year on year by 26.0% on the back of above-inflation revenue growth, resulting in an EBITDA margin pre-IFRS 16 of 50.4%. excluding "suo moto"[1] impact, the year on year EBITDA growth pre-IFRS 16 would have been 18.3% year on year. For 2019, EBITDA also includes the negative accounting impact of minimum tax on revenue (~PKR 0.6 billion in 2Q), booked above EBITDA, which diluted the EBITDA margin by 1.1 percentage points. Reported EBITDA[2] in 2Q 2019 increased by 17.2% year on year to PKR 23.9 billion.

In 2Q 2019, capex excluding licenses pre-IFRS16 increased to PKR 9.8 billion, following network improvement and 4G/LTE rollout. Reported capex excluding licenses increased year on year to PKR 9.7 billion.

At the end of 2Q 2019, Jazz has data coverage in more than 225 cities (defined as cities with at least three base stations). At the end of 2Q 2019, population coverage of Jazz's data network was more than 50%.

In June 2018, the Supreme Court ordered ("suo moto") an interim suspension of the deduction of taxes on prepaid and postpaid connections on each recharge/top-up/load levied by mobile phone service providers. On 24 April 2019, the Supreme Court disposed of the proceedings and restored the impugned tax deductions, deciding that it would not interfere in the matter of the collection of public revenue. On 3 July 2019, the Supreme Court issued its detailed reasons and, in addition to confirming its ruling on tax deductions, further clarified that mobile phone service providers cannot charge customers for service and maintenance charges. From Q3 2018 till Q1 2019, revenue was positively impacted by ~PKR 5.2 billion, mainly on account of higher usage by customers, and EBITDA by ~PKR 2.4 billion on average per quarter.

The ex-Warid license renewal was due in May 2019. Pursuant to directions from the Islamabad High Court, the Pakistan Telecommunication Authority ("PTA") issued a license renewal decision on 22 July 2019 requiring payment of USD 39.5 million per MHz for 900 MHz spectrum and USD 29.5 million per MHz for 1800 MHz spectrum, equating to an aggregate price of approximately USD 450 million (excluding applicable taxes of ~13%). The PTA's decision can be appealed to the Islamabad High Court before 21 August 2019.

[1] In June 2018, the Supreme Court ordered ("suo moto") an interim suspension of the deduction of taxes on prepaid and postpaid connections on each recharge/top-up/load levied by mobile phone service providers. On 24 April 2019, the Supreme Court disposed of the proceedings and restored the impugned tax deductions, deciding that it would not interfere in the matter of the collection of public revenue. On 3 July 2019, the Supreme Court issued its detailed reasons and, in addition to confirming its ruling on tax deductions, further clarified that mobile phone service providers cannot charge customers for service and maintenance charges.

[2] In relation to the accounting for the service fee that was historically charged by operators in Pakistan, there are differences in interpretation on this matter in the Pakistani market. However, Jazz management is satisfied that this should be recorded as revenue. Given these differences in interpretation of this matter and the materiality for GTH, the Company has taken a provision of PKR 3.3 bn (USD 21.0 million) against this amount in the quarter.

Jazz, Pakistan | Key Operational Indicators

Operator/Country	KPIs	2Q19	2Q18	% change
Jazz	**Customers | mn**	**59.5**	**55.5**	**7.2%**
	Mobile data users | mn	**36.9**	**31.5**	**17.3%**
	ARPU | PKR	268.2	236.9	13.2%
	MOU | min	521	543	(4.2%)
Pakistan	Data usage (MB/user)	1831	950	92.7%

Djezzy, Algeria

Djezzy, Algeria | Key Financial Indicators

(DZD billion)	2Q19	2Q18	*% change*	*1H19*	*1H18*	*% change*
Revenues	**22.3**	**23.1**	**(3.4%)**	**45.1**	**46.2**	**(2.4%)**
Service revenue (component of total revenue)	**22.3**	**22.9**	**(2.9%)**	**45.0**	**45.9**	**(2.0%)**
Mobile data revenue	**6.4**	**5.9**	**9.2%**	**12.7**	**10.8**	**17.0%**
EBITDA	**10.0**	**10.0**	**(0.7%)**	**20.5**	**20.4**	**0.6%**
EBITDA Margin	*44.6%*	*43.4%*	*1.2p.p.*	*45.5%*	*44.1%*	*1.4p.p.*
EBITDA pre-IFRS 16	**8.9**	**10.0**	**(11.4%)**	**18.5**	**20.4**	**(9.3%)**
EBITDA Margin pre-IFRS 16	*39.8%*	*43.4%*	*(3.6p.p.)*	*41.0%*	*44.1%*	*(3.1p.p.)*
CAPEX (excluding licenses)	**3.5**	**3.3**	**6.0%**	**6.0**	**4.9**	**23.1%**
LTM CAPEX (excluding licenses)	*14.7%*	*13.9%*	*0.8p.p.*	*14.7%*	*13.9%*	*0.8p.p.*
CAPEX (excluding licenses) pre-IFRS 16	**3.4**	**3.3**	**4.5%**	**5.7**	**4.9**	**17.6%**
LTM CAPEX (excluding licenses) pre-IFRS 16	*14.4%*	*13.9%*	*0.5p.p.*	*14.4%*	*13.9%*	*0.5p.p.*

In Algeria, macro challenges persisted during the quarter, and political uncertainty remains after the former president's dismissal. Presidential elections were postponed for the second time. The market remains challenging with the high levels of competition in both pricing as well as channel related incentives. Against this backdrop Djezzy continued to focus on both prepaid and post-paid with a segmented approach, aiming to drive up value while protecting and sequentially improving its customer base quarter on quarter with competitive offers on data.

Djezzy's 2Q 2019 service revenue was DZD 22.3 billion, a 3.4% year on year decline, while data revenue increased 9.2% year on year, due to higher usage and an increase in data customers following the 3G and 4G/LTE network roll-out. Price competition, in both voice and data, drove a continued reduction in ARPU, which declined by 5.4% year on year. The net customer additions were marginally positive year on year, this was mainly driven by the continued positive uptake of new offers launched earlier in the year.

EBITDA pre-IFRS 16 decreased year on year by 11.4%, resulting in a margin of 39.8%. The decline in revenue remains a challenge for EBITDA performance. During 2Q 2019, EBITDA was negatively impacted by a one-off tax adjustment of DZD 0.6 billion. Excluding this impact EBITDA would have decreased by 5.6%. Reported EBITDA decreased by 0.7% year on year to DZD 10.0 billion.

The new Finance Law, effective from January 2018, and further tax increases from mid-July continue to impact year on year performance. A complementary law to the Finance Law introduced on 15 July 2018 further increased the tax on recharge transfer between operators and distributors from 0.5% to 1.5%.

At the end of 2Q 2019, the company's 4G/LTE services covered 28 wilayas and close to 27% of Algeria's population, while its 3G network covered all 48 wilayas and approximately 74% of Algerias population. In 2Q 2019, capex excluding licenses pre-IFRS 16 was DZD 3.4 billion, representing a 4.5% increase year on year following continuous investments in network rollout.

Djezzy, Algeria | Key Operational Indicators

Operator/Country	KPIs	2Q19	2Q18	% change
DJEZZY جازي	Customers | mn	15.6	15.5	0.4%
	Mobile data users | mn	9.3	8.3	12.6%
	ARPU | DZD	469	496	(5.4%)
	MOU | min	413	447	(7.7%)
Algeria	Data usage (MB/user)	2,703	1,643	64.5%

Banglalink, Bangladesh

Banglalink, Bangladesh | Key Financial Indicators

(BDT billion)	2Q19	2Q18	*% change*	*1H19*	*1H18*	*% change*
Revenues	**11.5**	**10.9**	**5.4%**	**22.7**	**21.7**	**5.0%**
Service revenue (component of total revenue)	**11.3**	**10.5**	**7.8%**	**22.2**	**20.9**	**6.6%**
Mobile data revenue	**2.3**	**1.8**	**27.9%**	**4.5**	**3.4**	**31.8%**
EBITDA	**4.6**	**3.8**	**22.1%**	**9.6**	**7.6**	**26.0%**
EBITDA Margin	*39.8%*	*34.4%*	*5.5p.p.*	*42.3%*	*35.2%*	*7.1p.p.*
EBITDA pre-IFRS 16	**3.8**	**3.8**	**0.1%**	**8.0**	**7.6**	**4.2%**
EBITDA Margin pre-IFRS 16	*32.7%*	*34.4%*	*(1.7p.p.)*	*35.0%*	*35.2%*	*(0.2p.p.)*
CAPEX (excluding licenses)	**1.8**	**1.7**	**4.7%**	**3.2**	**6.3**	**(50.0%)**
LTM CAPEX (excluding licenses)	*10.3%*	*27.9%*	*(17.6p.p.)*	*10.3%*	*27.9%*	*(17.6p.p.)*
CAPEX (excluding licenses) pre-IFRS 16	**1.8**	**1.7**	**2.7%**	**3.1**	**6.3**	**(50.7%)**
LTM CAPEX (excluding licenses) pre-IFRS 16	*10.2%*	*27.9%*	*(17.7p.p.)*	*10.2%*	*27.9%*	*(17.7p.p.)*

The market in Bangladesh during 2Q 2019 continued to be characterized by price pressure predominately led by competition, mostly in data offers. Notwithstanding this economic backdrop and challenging regulatory environment, Banglalink reported good results, with the operational turnaround evident in the first quarter continuing.

Banglalink continued to focus on acquiring customers in 2Q 2019, with improved network availability and managed to deliver a year on year acceleration in revenue growth for the third quarter in a row, alongside EBITDA growth.

Total revenue in 2Q 2019 grew by 5.4% year on year, driven by an acceleration of mobile service revenue, which increased by 7.8% year on year to BDT 11.3 billion. The increase represents a continuation of the positive trend seen in Q1 2019, despite Banglalink's 3G network coverage gap compared to competitors. Service revenue increased 2.5% quarter on quarter in 2Q 2019. The revenue increase was mainly driven by a continued improvement in data revenue following enhanced network availability, with the continued expansion of Banglalink's distribution footprint. The customer base grew by 3.1% year on year, supported by improved distribution and network availability, notwithstanding the intense pricing pressure in the market. ARPU increased by 4.8% year on year driven by higher voice and data revenue. Data revenue increased by 27.9% year on year, driven by increased smartphone penetration and doubled data usage year on year to 1,250 MB, along with 9.8% year on year growth in active data users.

EBITDA pre-IFRS16 was broadly flat year on year, as higher revenue was largely offset by the increase in the minimum tax rate. Excluding the impact of IFRS 16 and minimum tax (BDT 548 million) the EBITDA growth would have been 13.5%. EBITDA margin pre-IFRS 16 decreased to 32.7%. Reported EBITDA in 2Q 2019 increased by 22.1% year on year to BDT 4.6 billion.

In 2Q 2019, capex excluding licenses pre-IFRS 16 increased year on year to BDT 1.8 billion. 3G network population coverage was approximately 72% at the end of 2Q 2019. The roll-out of 4G/LTE is in progress and the service, which was launched in February 2018.

The tax authority in Bangladesh has recently introduced several changes to the tax regime: Supplementary Duty increased from 5% to 10% from subs revenue; SIM tax increased from BDT 100 to 200; minimum tax rate increased from 0.75% to 2% of revenue and custom duties on smartphones increased from 10% to 25%. Banglalink expects these tax changes to have no impact on revenue while a negative impact of ~5.7% on EBITDA for FY 2019.

Banglalink, Bangladesh | Key Operational Indicators

Operator/Country	KPIs	2Q19	2Q18	*% change*
Bangladesh	**Customers | mn**	**32.9**	**32.0**	**3.1%**
	Mobile data users | mn	**21.1**	**19.2**	**9.8%**
	ARPU | BDT	114	109	4.8%
	MOU | min	236	270	(12.7%)
	Data usage (MB/user)	1,250	684	82.8%

About Global Telecom Holding S.A.E.

Global Telecom Holding, or GTH, is a leading international telecommunications company operating mobile networks in Africa and Asia. GTH operates mobile networks in Algeria (Djezzy), Pakistan (Jazz), Bangladesh (Banglalink), with its total number of customers exceeding 100 million.

Global Telecom Holding is majority-owned by the VEON Group, one of the world's largest mobile telecommunications provider by number of customers and is traded on the Egyptian Stock Exchange under the symbol (GTHE.CA).

Shareholder Information

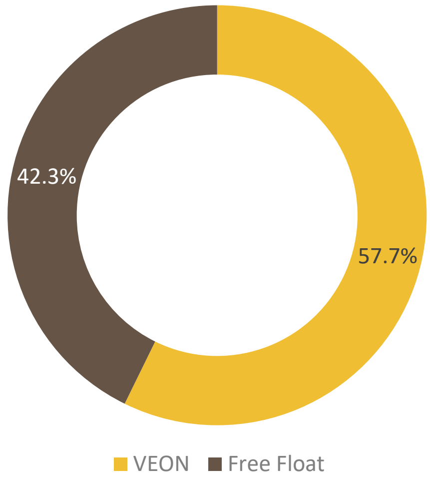
GTHE.CA on the Egyptian Exchange
Shares Outstanding: 4,721,121,558

Investor Relations Contact

Noha Agaiby
Head of Investor Relations
Tel.: +20 (2) 2461 9655/4
IR@gtelecom.com

Shareholder Structure

(as of 30 June 2019)



Presentation of Financial Results

GTH's results in this earnings release are based on IFRS and have not been audited. Certain amounts and percentages that appear in this earnings release have been subject to rounding adjustments. As a result, certain numerical figures shown as totals, including those in tables, may not be an exact arithmetic aggregation of the figures that precede or follow them.

All comparisons are on a year on year basis unless otherwise stated.

Revenue and EBITDA organic figures are non-IFRS financial measures that exclude the effect of foreign currency movements and other factors, such as businesses under liquidation, disposals, mergers and acquisitions. We believe readers of this earnings release should consider these measures as it is more indicative of the Group's ongoing performance. Management uses these measures to evaluate the Group's operational results and trends.

The Company adopted IFRS 16 on the date the standard became effective on 1 January 2019. The Group adopted the standard using the modified retrospective approach. This means that the cumulative impact of the adoption was recognized in retained earnings as of 1 January 2019 and that comparatives were not restated.

Consolidated Financial Statements

Consolidated income statement

USD millions	2Q19	2Q18*	YoY	1H19	1H18*	YoY
Service revenue	623.8	660.3	-5.5%	1,283.3	1,327.8	-3.3%
-Of which mobile data revenue	166.4	140.3	18.6%	344.1	267.4	28.7%
Other revenue	27.0	33.2	-18.6%	55.5	65.2	-14.9%
Total operating Revenue	**650.8**	**693.5**	**-6.2%**	**1,338.8**	**1,393.0**	**-3.9%**
Total expenses	(364.7)	(387.9)	-6.0%	(717.2)	(775.9)	-7.6%
EBITDA	**286.1**	**305.5**	**-6.4%**	**621.6**	**617.0**	**0.7%**
Depreciation and amortization	(136.2)	(135.3)	0.6%	(270.9)	(270.3)	0.2%
Loss on disposals of non-current assets	0.0	(5.8)	N.M.	(0.3)	(6.4)	-95.9%
Impairment losses	(0.0)	(1.1)	N.M.	(0.3)	(2.4)	-87.1%
Technical services expense	1.2	(5.0)	N.M.	(5.1)	(11.9)	-57.2%
Other operating (loss)/gain	11.8	0.5	N.M.	16.8	(4.2)	N.M.
Operating profit	**162.9**	**158.8**	**2.5%**	**361.8**	**321.8**	**12.4%**
Finance costs	(90.9)	(86.0)	5.7%	(184.3)	(163.5)	12.8 %
Finance income	0.8	1.1	-27.6%	1.6	2.7	-40.9%
Net foreign exchange loss	(5.8)	(12.2)	-52.2%	(13.3)	(23.7)	-43.9%
Profit before income tax	**66.8**	**61.7**	**8.3%**	**165.8**	**137.4**	**20.6%**
Income tax expense	(92.0)	(87.2)	6.0%	(139.8)	(131.1)	7.0%
Profit / (Loss) for the period	**(25.0)**	**(25.5)**	**0.5%**	**26**	**6.3**	**288.9%**
Attributable to:						
The owners of the parent	**(40.5)**	**(46.7)**	**-12.1%**	**(8.7)**	**(37.1)**	**-76.3%**
Non-controlling interests	15.5	21.2	-27.1%	34.7	43.4	-20.1%
Profit / (Loss) for the period	**(25.0)**	**(25.5)**	**0.5%**	**26.0**	**6.3**	**288.9%**
Earnings per share	**(0.005)**	**(0.005)**	**0.5%**	**0.005**	**0.001**	**288.9%**

** Prior year comparatives are restated following retrospective recognition of depreciation charges in respect of Deodar in 2018 & Impact from IFRS 16 is not included in the 2018 comparative numbers following a modified retrospective approach*

Consolidated statement of financial position

USD millions	30-Jun-2019	31-Dec-2018*
Assets		
Non-current assets		
Property and equipment	1,927.7	1,564.9
Intangible assets and goodwill	1,566.7	1,703.9
Other non-current assets	262.6	279.3
Total non-current assets	**3,757.0**	**3,548.1**
Current assets		
Cash and cash equivalents	279.5	420.4
Trade and other receivables	247.6	263.0
Other current assets	228.8	299.4
Total current assets	**755.9**	**982.8**
Assets held for sale	**18.0**	**16.7**
Total assets	**4,530.9**	**4,547.6**
Equity and liabilities		
Equity		
Equity attributable to equity owners of the parent	(635.5)	(541.9)
Non-controlling interests	108.1	144.3
Total equity	**(527.4)**	**(397.6)**
Non-current liabilities		
Long term debt**	1,338.4	1,643.6
Other non-current liabilities	432.7	503.3
Total non-current liabilities	**1,771.1**	**2,146.9**
Short term debt**	1,491.7	924.5
Trade and other payables	1,285.7	1,325.5
Other current liabilities	504.1	543.9
Total current liabilities	**3,281.5**	**2,793.9**
Liabilities directly associated with the assets held for sale	**5.7**	**4.4**
Total liabilities	**5,058.3**	**4,945.2**
Total equity and liabilities	**4,530.9**	**4,547.6**

** Prior year comparatives are restated following retrospective recognition of depreciation charges in respect of Deodar in 2018 & Impact from IFRS 16 is not included in the 2018 comparative numbers following a modified retrospective approach*
*** Long and short term debt include lease liabilities (USD 339.6 million and USD 115.2 million respectively)*

Consolidated statement of cash flows

USD millions	30-Jun-2019	30-Jun-2018*
Operating activities		
Profit before tax	165.8	137.4
Non-cash adjustments to reconcile profit before tax to net cash flows provided from operating activities	497.0	461.4
Change in working capital	(46.6)	47.2
Interest paid	(111.2)	(115.3)
Interest received	5.4	2.4
Income tax paid	(122.6)	(94.6)
Net cash flows provided from operating activities	**387.8**	**438.5**
Investing activities		
Proceeds from sale of property and equipment and intangible assets	16.7	3.7
Purchase of property and equipment and intangible assets	(240.2)	(529.9)
Change in other financial assets	(9.3)	11.0
Net cash flows (used in) investing activities	**(232.8)**	**(515.2)**
Financing activities		
Proceeds from borrowings, net of fees paid	361.5	358.0
Repayment of borrowings	(574.8)	(269.2)
Dividends paid to non-controlling interests	(26.2)	-
Repayment of lease liabilities	(31.9)	-
Net cash flows (used in) / provided from financing activities	**(271.4)**	**88.8**
Net increase/(decrease) in cash and cash equivalents	**(116.4)**	**12.1**
Cash and cash equivalents at beginning of the period	420.4	384.7
Effect of movements in exchange rates on cash held	(24.5)	(21.9)
Cash and cash equivalents at end of period	**279.5**	**374.9**

** Prior year comparatives are restated following retrospective recognition of depreciation charges in respect of Deodar in 2018 & Impact from IFRS 16 is not included in the 2018 comparative numbers following a modified retrospective approach*

Consolidated Financial Statements

Revenue and EBITDA Reconciliations

SERVICE REVENUE

USD million	2Q19	2Q18*	Change YoY	1H19	1H18*	Change YoY
Service revenue						
Mobilink, Pakistan	303.3	337.2	-10.0%	640.6	678.1	-5.5%
Djezzy, Algeria	186.6	198.1	-5.8%	378.3	399.6	-5.3%
Banglalink, Bangladesh	133.8	125.0	7.1%	264.4	250.1	5.7%
Total service revenue	**623.8**	**660.3**	**-5.5%**	**1,283.3**	**1,327.8**	**-3.3%**
Other revenue	27.0	33.1	-18.6%	55.4	65.2	-14.9%
Total operating revenue	**650.8**	**693.5**	**-6.2%**	**1,338.8**	**1,393.0**	**-3.9%**

EBITDA

USD million	2Q19	2Q18*	Change YoY	1H19	1H18*	Change YoY
Mobilink, Pakistan	168.3	174.9	-3.8%	355.8	349.4	1.8%
Djezzy, Algeria	83.6	86.8	-3.7%	172.7	177.8	-2.9%
Banglalink, Bangladesh	61.0	44.9	35.8%	122.2	91.5	33.6%
Total	**312.9**	**306.6**	**2.1%**	**650.7**	**618.8**	**5.2%**
Others	(26.9)	(1.1)	N.M	(29.1)	(1.7)	N.M.
Total Consolidated EBITDA	**286.0**	**305.5**	**-6.4%**	**621.6**	**617.1**	**0.7%**

FOREIGN EXCHANGE RATES TO USD AS APPLIED TO THE FINANCIAL STATEMENTS

	Average rates			Closing rates		
	2Q19	2Q18	Change YoY	2Q19	2Q18	Change YoY
Egyptian Pound	17.01	17.80	-4.4%	16.69	17.89	-6.7%
Algerian Dinar	119.35	115.80	3.1%	118.65	117.50	1.0%
Pakistan Rupee	147.06	116.80	25.9%	159.52	121.58	31.2%
Bangladeshi Taka	84.29	83.78	0.6%	84.53	83.78	0.9%

** Prior year comparatives are restated following retrospective recognition of depreciation charges in respect of Deodar in 2018 & Impact from IFRS 16 is not included in the 2018 comparative numbers following a modified retrospective approach*

GLOSSARY OF TERMS

Average Revenue per User ("ARPU"): Average monthly recurrent revenue per customer (excluding visitors roaming revenue and connection fee). This includes airtime revenue (national and international), as well as, monthly subscription fee, SMS, GPRS & data revenue. Quarterly ARPU is calculated as an average of the last three months.

Capital Expenditure ("CAPEX"): Tangible and Intangible fixed assets additions during the reporting period, including work in progress, network, IT, and other tangible and intangible fixed assets additions, but excluding license fees.

Churn: Disconnection rate. This is calculated as the number of disconnections during a month divided by the average customer base for that month.

Churn Rule: A customer is considered churned (removed from the customer base) if he or she exceeds 90 days from the end of the validity period without recharging. It is worth noting that the validity period is a function of the scratch denomination. In cases where scratch cards have open validity, a customer is considered churned in the event that he or she has not made a single billable event in the last 90 days (i.e. any outgoing or incoming call or sms, or any wap session). Open validity scratch cards have been applied for OTA, Mobilink and Banglalink so far.

Minutes of Usage ("MOU"): Average airtime minutes per customer per month. This includes billable national and international outgoing traffic originated by customers (on-net, to land line & to other operators). This also includes incoming traffic to customers from landline or other operators.

Organic Growth for Revenue and EBITDA: Revenue and EBITDA organic growth are non-IFRS financial measures that exclude the effect of foreign currency movements and other factors, such as businesses under liquidation, disposals, mergers and acquisitions; in the organic calculation, Warid is pro-forma consolidated within GTH's results with effect from 1 January 2016.

Earnings per Share ("EPS"): The profit for the period divided by the total number of weighted average common shares outstanding during the periods.

Gross Debt: Principal amount of current and non-current outstanding balance of loans, bonds, promissory notes, equipment financing, over drafts and lease liabilities

Net Debt: Principal amount of current and non-current outstanding balance of loans, bonds, promissory notes, equipment financing, over drafts and lease liabilities less cash, cash equivalents and bank deposits

DISCLAIMER

This earnings release is for information purposes only and does not constitute an offer to sell or the solicitation of an offer to buy shares in GTH (the "Company"). Further, it does not constitute a recommendation by the Company or any other party to sell or buy shares in the Company or any other securities. This earnings release includes statements that are, or may be deemed to be, "forward-looking statements".

These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. All statements other than statements of historical facts included in this earnings release, including, without limitation, those regarding the Company's prospects, anticipated performance and guidance for 2019, including the Company's ability to generate sufficient cash flow, future market developments and trends, potential capital raising, the ongoing structural measures aimed at improving performance, operational and network development and network investment, including expectations regarding the roll-out and benefits of 3G/4G/LTE networks, as applicable, spectrum acquisitions and renewals, capital expenditure, the effect of the acquisition of additional spectrum on customer experience and the Company's ability to realize its targets and strategic initiatives in its various countries of operation and to execute its strategic transactions in the timeframes anticipated, or at all, the Company's ability to realize the acquisition or disposition of any businesses and assets, and growth strategies and expectations regarding growth (including in relation to voice and data usage and customer bases) and the Company's ability to realize its targets and strategic initiatives in its various countries of operation are forward-looking statements. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance, liquidity, dividends or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Important factors that could cause the Company's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the prices of, and demand for, the Company's products and services, continued volatility in the economies in the Company's markets, unforeseen developments from competition, the availability of credit, governmental regulation of the telecommunications industry in countries in which the Company operates, general political uncertainties in the Company's markets, government investigations or other regulatory actions, litigation or disputes with third parties or other negative developments regarding such parties, the impact of export controls and laws affecting trade and investments on our and important third party suppliers' ability to procure goods, software or technology necessary for the services we provide to our customers, risks associated with data protection or cyber security, other risks beyond the Company's control or a failure to meet expectations regarding various strategic priorities, the effect of foreign currency fluctuations, increased competition in the markets in which the Company operates and the effect of consumer taxes on the purchasing activities of consumers of the Company's services. Forward-looking statements should, therefore, be construed in light of such factors and undue reliance should not be placed on forward-looking statements.

These forward-looking statements speak only as to circumstances existing as of the date of this earnings release. The Company expressly disclaims any obligation or undertaking (except as required by applicable law or regulatory obligation including under the rules of the Egyptian Exchange), to release publicly any updates or revisions to any forward-looking statement, whether as a result of new information, future events or otherwise.