



9M 2024 Earnings Release

Cairo, Egypt

14 November 2024

Telecom Egypt (Ticker: ETEL.CA; TEEG.LN) today announced its audited financial results, according to the Egyptian Accounting Standards (EAS), for the period ending 30 September 2024.

9M 2024 key highlights

- **Total revenue** increased by 39% YoY to reach EGP 58.4bn, driven by a 46% YoY increase in Data revenues, accounting for 45% of total revenue growth, thanks to the growing customer base and the price adjustments effected at the beginning of the year, followed by a 61% YoY hike in International Direct Dialing (IDD) revenues and a 90% YoY surge in Capacity Sales.
- **Customer base** increased YoY across Mobile, Fixed Broadband, and Fixed Voice by 9%, 8%, and 4%, respectively.
- **EBITDA** witnessed a 34% YoY increase, reaching EGP 23.5bn with a margin of 40%, in line with our targeted levels.
- **Net profit** declined by 6% YoY to EGP 8.6bn, with a net profit margin of 15%.
- **In-service CapEx** reported EGP 12.8bn (22% of sales), while Cash CapEx reported EGP 30.1bn (52% of sales).
- **Net debt/EBITDA** scored 2.3x in 9M 2024 vs 1.7x in FY 2023, mainly on currency depreciation.
- **FCFF** enhanced during 9M 2024 compared to H1 2024, recording EGP -5.9bn and EGP 48mn when we exclude the license fees.

Mohamed Nasr, Managing Director and Chief Executive Officer, commented:

"Telecom Egypt has once again demonstrated its ability to navigate through a complex and challenging environment. Despite the challenging macroeconomic environment, we have successfully maintained healthy results, underscoring the strength and resilience of our business model.

Our total revenue increased by 39% YoY, reaching EGP 58.4 billion. EBITDA grew by 34% YoY, reaching EGP 23.5 billion and recording a 40% margin, thanks to strong top-line growth and effective cost-optimization measures, which allowed us to maintain margins at targeted levels despite continued inflationary pressures. However, net profit declined by 6% YoY, landing at EGP 8.6 billion, despite the strong operational growth and a 56% increase in our income from VFE, as the 3x YoY



higher net finance costs caused by the devaluation of the EGP and the higher interest rates during the period pressured the bottom line.

The Retail segment continues to grow organically, driven by an expanding customer base and the implementation of price adjustments at the start of the year. Data revenue remains the primary growth engine for this segment, reflecting broader global trends. Meanwhile, the Wholesale segment is also performing well. Just this week, we signed long-term, landmark infrastructure service agreements with Vodafone Egypt, with varying maturities up to 2034, worth a total value of EGP 30 billion. These agreements align with our strategic plan to monetize our existing assets and network infrastructure.

Overall, our business remains resilient, and we are optimistic about the future, as macroeconomic conditions begin to stabilize. We are witnessing a stabilization in the exchange rate, a gradual decline in inflation, and a reduction in Federal Reserve interest rates - with local interest rates expected to follow suit in the near future. This stabilization will help enhance our financial performance moving forward. While our cost structure has risen to a new base, it has now largely stabilized, giving us clearer visibility to scale up revenue and enhance margins. On the CapEx front, our investments in subsea cables, fiber optic networks, mobile networks, and the 5G license were essential for our growth and to secure our position in the market. However, we are working tirelessly to optimize next year's expenditures and achieve healthier cash flow without hindering our revenue growth momentum.

As we approach the end of 2024, we remain focused on delivering innovative solutions and exceptional value to our customers and partners. By continuously enhancing our services portfolio, optimizing expenditures, and strategically monetizing our assets and infrastructure, we are committed to maximizing shareholder returns and driving sustainable growth across our core business lines. With confidence in our ability to achieve our targets, we reaffirm our 2024 guidance and remain dedicated to creating long-term value for our shareholders."

Telecom Egypt - Main Events Year to Date

- ✓ 11 Nov 2024: Telecom Egypt and Vodafone Egypt Strengthen Strategic Partnership with New Service Agreements
- ✓ 06 Nov 2024: Telecom Egypt Announces Africa-1 Subsea Cable System Landing in Egypt
- ✓ 04 Nov 2024: Mobily Partners with Telecom Egypt to Land the First Saudi Submarine Cable Linking Saudi Arabia and Egypt through the Red Sea
- ✓ 28 Oct 2024: Telecom Egypt Refinances Short-Term Facilities Through an EGP 18bn Syndicate Loan from 13 Banks
- ✓ 07 Aug 2024: Telecom Egypt Selects Mada Communications as its Preferred Partner for International SMS Services



- ✓ 15 Jul 2024: Telecom Egypt Enhancing Mobile Data Service in Strategic Hot Spots Using Nokia 5G Technology
- ✓ 01 Jul 2024: Telecom Egypt and 4iG Group to Partner in Modernizing Egypt’s Digital Infrastructure
- ✓ 05 Jun 2024: SubCom and Telecom Egypt Complete IEX Cable Landings in Egypt
- ✓ 22 May 2024: Telecom Egypt to Refinance Short-Term Facilities with new USD 200m Medium-Term Loan Facility from Banque Misr, UAE
- ✓ 21 May 2024: Telecom Egypt Partners with Huawei Cloud to Host Huawei’s First Public Cloud in Egypt and Northern Africa
- ✓ 19 Mar 2024: Telecom Egypt and EXA Infrastructure Partner to Promote Intercontinental Traffic via WeConnect
- ✓ 07 Feb 2024: ICE IV Project Propels Intra Asia to India, Middle East, and Beyond
- ✓ 01 Feb 2024: 4iG and Telecom Egypt Sign Terms of Cooperation for the Creation of an Express Subsea Cable between Albania and Egypt
- ✓ 25 Jan 2024: Telecom Egypt and NaiTel Join Forces to Build a new Subsea Cable “Coral Bridge” between Egypt and Jordan
- ✓ 17 Jan 2024: Telecom Egypt Secures the First 5G License in Egypt

Customer Base

(000s)	Q3 24	Q3 23	Δ %YoY	Q2 24	Δ % QoQ
Fixed Line					
Voice	12,941	12,396	4.4%	12,792	1.2%
Data	10,032	9,318	7.7%	9,806	2.3%
Mobile	13,616	12,538	8.6%	13,107	3.9%

Revenue Breakdown

EGP mn	9M 24	9M 23	Δ %	3Q 24	3Q 23	Δ % YoY	2Q 24	Δ % QoQ
Home & Consumer	26,528	18,536	43.1%	9,305	6,414	45.1%	8,979	3.6%
Enterprise	6,423	4,619	39.1%	2,251	1,490	51.1%	2,176	3.4%
Domestic Wholesale	6,347	5,872	8.1%	1,971	1,598	23.4%	2,641	-25.3%
International Carriers	9,753	5,867	66.2%	3,606	1,974	82.7%	3,511	2.7%
International Customers & Networks	9,379	7,064	32.8%	3,344	2,347	42.5%	3,159	5.8%



Income Statement Summary

EGP mn	9M 24	9M 23	Δ %	3Q 24	3Q 23	Δ % YoY	2Q 24	Δ % QoQ
Revenue	58,431	41,958	39.3%	20,478	13,823	48.1%	20,466	0.1%
EBITDA	23,485	17,588	33.5%	8,032	5,627	42.8%	8,143	-1.4%
EBIT	18,189	13,655	33.2%	6,770	4,576	47.9%	6,898	-1.9%
NPAT	8,637	9,148	-5.6%	2,126	2,453	-13.3%	2,629	-19.2%
EPS	5.06	5.36	-5.6%	1.25	1.44	-13.3%	1.54	-19.2%
Margins								
EBITDA Margin %	40%	42%	(172 bps)	39%	41%	(148 bps)	40%	(56 bps)
EBIT Margin %	31%	33%	(142 bps)	33%	33%	(5 bps)	34%	(64 bps)
NPAT Margin %	15%	22%	(702 bps)	10%	18%	(736 bps)	13%	(247 bps)

Results Discussion

Q3 2024

- **Top-line** increased by 48% YoY, driven by a 46% YoY increase in Retail revenue and a 51% YoY increase in Wholesale revenue.
- **Retail** performance was primarily driven by a 46% YoY increase in Data revenue, owing to a significant rise in ARPU (+38% YoY) and a notable expansion of the customer base (+8% YoY).
- The increase in **Wholesale** revenue was driven by a 79% YoY surge in IDD revenues, a 64% YoY hike in Capacity Sales, and a 23% YoY increase in Infrastructure revenues.
- **EBITDA** increased 43% YoY, recording a margin of 39%. Adjusting for the one-off payment of EGP 315 mn related to the early retirement program, the EBITDA margin would have been 41%. This performance was driven by robust top-line growth, which superseded the increase in costs due to inflationary pressures fueled by the currency devaluation.
- **Net profit** experienced a 13% YoY decrease, resulting in a lower margin of 10% compared to last year. The strong operational growth and 61% increase in VFE's income were outweighed by the significant 2.5x increase in interest expense, the EGP 1.4bn in FX losses and the one-off payment for the early retirement program amounting to EGP 315mn.



9M 2024

- **Top-line** witnessed a significant 39% YoY increase, driven by a 42% YoY increase in Retail revenue and a 36% YoY increase in Wholesale revenue.
- **Home & Consumer** grew 43% YoY, driven by a 47% increase in Data revenue, backed by 37% YoY higher ARPU's from direct price adjustments and a steadily expanding customer base (+8% YoY).
- **Enterprise** increased by 39% YoY, primarily supported by the Enterprise Managed Data and Access Services, comprising 64% of the business unit's growth.
- **Domestic Wholesale** increased 8% YoY, mainly on an 8% YoY rise in Infrastructure revenues.
- **ICA** grew by 66% YoY, contributing 24% to top-line growth primarily driven by the 61% YoY hike in IDD revenues, supported by the foreign currency appreciation and 16% increase in traffic YoY.
- **IC&N** grew by 33% YoY, accounting for 14% of top-line growth, mainly due to a 90% YoY increase in Capacity Sales, reaching EGP 3.3bn. Additionally, International Customer Support revenue rose by 52% YoY, reaching EGP 2.0bn.
- **EBITDA** witnessed a 34% YoY increase, recording a margin of 40%. The strong top-line growth and effective cost-optimization measures allowed us to maintain the margin at targeted levels despite continued inflationary pressures.
- **FCFF** enhanced during Q3 2024, reporting EGP -5.9bn in 9M 2024, including the EGP 3.1bn dividends recognized from VFE. It is worth noting that FCFF stands at EGP 48mn when we exclude the license fees.
- **Net profit** declined by 6% YoY, resulting in a net profit margin of 15%. The bottom line came pressured despite strong operational growth and a 56% increase in VFE income, mainly on the 3x YoY higher net finance costs driven by the devaluation of the EGP and rising interest rates during the period.



Balance Sheet Summary

EGP mn	9M 24	FY 23	Δ %
Current Assets	45,552	34,360	32.6%
Net Fixed Assets	94,811	77,847	21.8%
Long Term Investments	16,495	14,968	10.2%
Other Long Terms Assets	33,831	23,465	44.2%
Total Assets	190,690	150,640	26.6%
Current Liabilities (Excl. Debt)	43,204	34,261	26.1%
Current Portion of Long Term Debt	47,503	29,616	60.4%
Long Term Debt	34,023	19,726	72.5%
Other Non-Current Liabilities	20,589	16,152	27.5%
Total Liabilities	145,317	99,755	45.7%
Total Shareholder Equity	45,373	50,885	-10.8%
Total Liabilities & Shareholder Equity	190,690	150,640	26.6%

Cash Flow Summary

EGP mn	9M 24	9M 23	Δ %
Net Cash Provided by Operating Activities	15,019	11,368	32.1%
Net Cash Used in Investing Activities	-26,648	-16,087	65.6%
Net Cash Used in Financing Activities	10,305	8,308	24.0%
Net Change in Cash & Cash Equivalents	-1,324	3,589	-136.9%
Translation Differences of Foreign Entities	248	98	152.5%
Beginning of Period Cash	10,443	6,752	54.7%
End of Period Cash	9,367	10,439	-10.3%

– End –

Please refer to Telecom Egypt's full financial statements, available for download from the investor relations website ir.te.eg

For more information, contact:

The Investor Relations Team

Email: investor.relations@te.eg

Website: ir.te.eg



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About Telecom Egypt

Telecom Egypt is a total telecom operator in Egypt, providing a wide array of telecom services to a diverse customer base. Serving individuals, communities, SOHOs, SMEs and large enterprises, Telecom Egypt offers a comprehensive, innovative, and diversified portfolio of services, ranging from fixed and mobile voice to essential data solutions that are crucial in today's digital landscape. These services also include high-speed internet, smart solutions, data center facilities, and cloud computing solutions tailored for businesses.

With a rich heritage of about 170 years, Telecom Egypt continues to lead the Egyptian telecom market by providing cutting-edge technology, robust infrastructure, and an extensive network of subsea cables to meet the needs of its enterprise and consumer clientele. The company's pivotal role in Egypt's telecommunications landscape is underscored by its expansive network coverage, broad service range, and dedication to fostering innovation. Aside from its mobile operation "WE", Telecom Egypt holds a significant 45% ownership stake in Vodafone Egypt. Telecom Egypt's shares and GDRs (Ticker: ETEL.CA; TEEG.LN) are traded on the Egyptian Exchange and the London Stock Exchange.