



ETISALAT GROUP

Q2 2020 RESULTS PRESENTATION

22 JULY 2020 - ABU DHABI, UAE

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1. Business Overview

Hatem Dowidar
Chief Executive Officer (Interim)
Etisalat Group



Our Role

While the world is going through difficult times, we at Etisalat, embraced additional responsibility to be the beacon of hope using our reach to enable businesses and social continuity in this physically distant environment. We have bridged the communities' knowledge divide through robust digital enablement and enhanced an already resilient network.

SUPPORTING OUR STAKEHOLDERS



ETISALAT GROUP FINANCIAL HIGHLIGHTS

AED Million	Q2 2020	Growth YoY%	Growth QoQ%	H1 2020	Growth YoY%
Revenue	12,492	-3%	-5%	25,606	-1%
EBITDA	6,523	-3%	-3%	13,238	-1%
<i>EBITDA Margin</i>	52%	0pp	+1pp	52%	0pp
Net profit	2,388	+7%	+10%	4,566	+3%
<i>Net profit Margin</i>	19%	+2pp	+3pp	18%	+1pp
Capex	1,527	+6%	+42%	2,605	-14%
<i>Capex/Revenue</i>	12%	+1pp	+4pp	10%	-2pp

Q2 2020 Highlights

- Revenue decrease Y/Y is attributed to lockdowns and reduced activity across our markets due to the COVID-19 pandemic impacting mobile prepaid, roaming revenue and handset sales.
- EBITDA decrease Y/Y is driven by lower revenue and higher impairment losses on trade receivables
- EBITDA margin stable Y/Y at 52%
- Net profit Y/Y increased due to better performance by associates, incurring gains on financial investments and forex gain and lower minority interest
- Higher capital expenditure Y/Y attributed to domestic operations.

ETISALAT GROUP FINANCIAL HIGHLIGHTS



- Expanding Etisalat Group customer base by +2%
- Top-line impacted by COVID-19
- Maintaining EBITDA Margin at 52% supported by cost optimization initiatives
- Affirmation of high credit ratings at AA- and Aa3 with stable outlook
- Interim dividends in Q2 of 0.15 fils per share bringing H1'20 DPS to 40 fils



- Launched several services to support customers during the pandemic
- High quality network supported surge in data usage
- Subscriber growth in mobile postpaid and eLife segments
- Revenue growth was pressured by lockdown and mobility restrictions
- Maintained EBITDA margin by initiating new cost optimization measures
- Continued network investment and digitalization



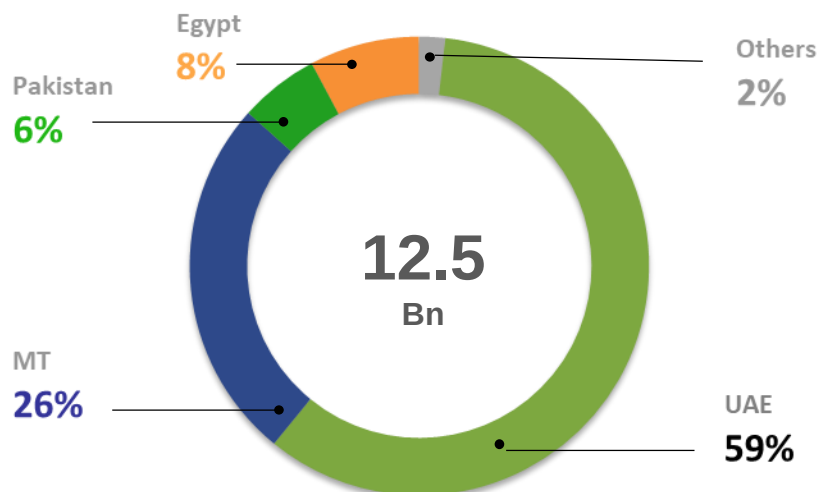
- Int'l portfolio impacted by COVID-19 and unfavourable exchange rate movements in Pakistani Rupees and Moroccan Dirhams
- Maroc Telecom Group continued to benefit from the growth in mobile and fixed broadband and the consolidation of Tigo Chad.
- Etisalat Misr maintained robust revenue growth supported by mobile data.
- Pakistan operations continued to be impacted by reinstatement of suspended taxes on mobile segment and lockdown measures.

2. Financial Overview

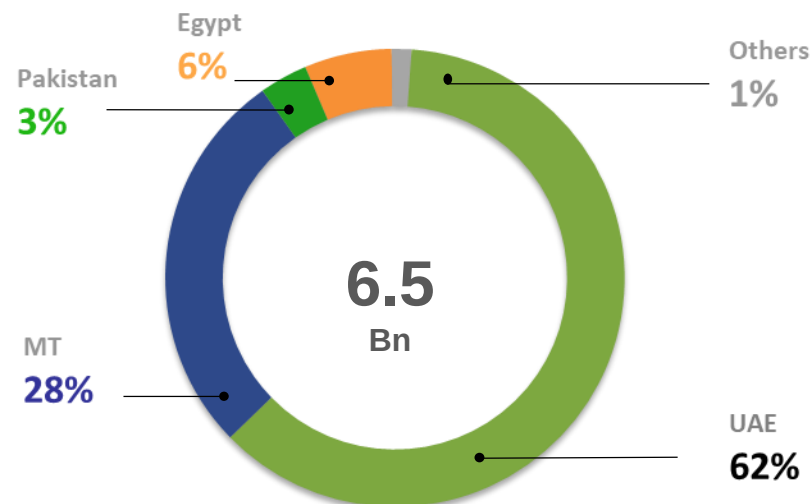
Karim Bennis
Chief Financial Officer
Etisalat Group

ETISALAT GROUP FINANCIAL HIGHLIGHTS

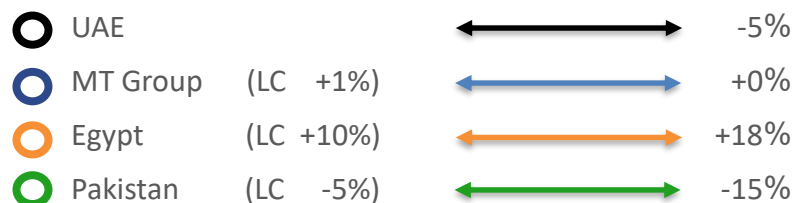
Revenue Breakdown Q2 2020 (AED m)



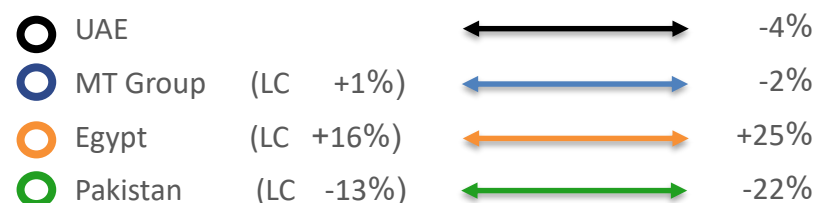
EBITDA Breakdown Q2 2020 (AED m)



YoY Growth -3%

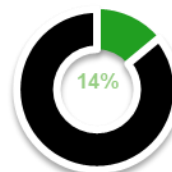
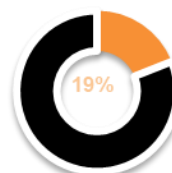
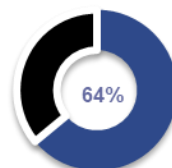
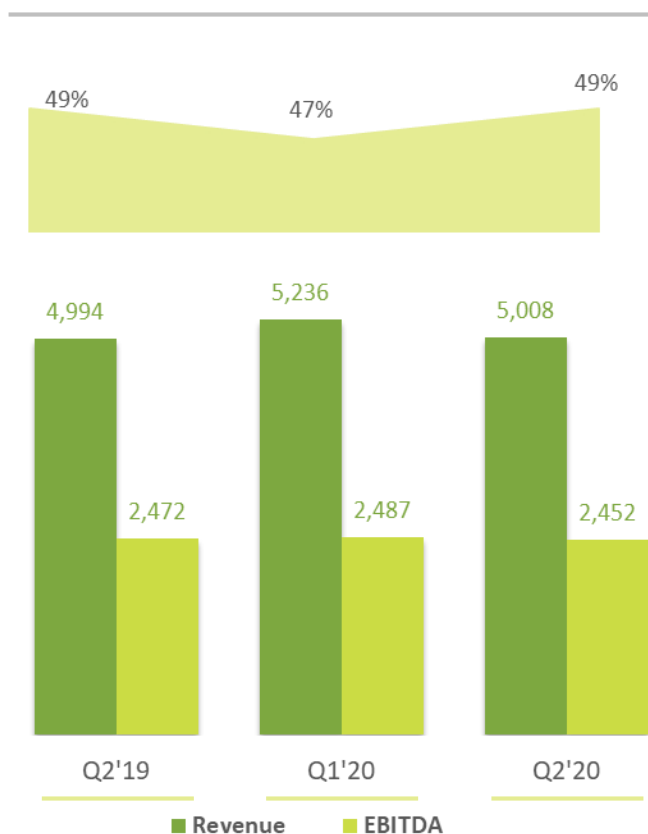


YoY Growth -3%



INT'L OPERATIONS FINANCIAL HIGHLIGHTS Q2 2020

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



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

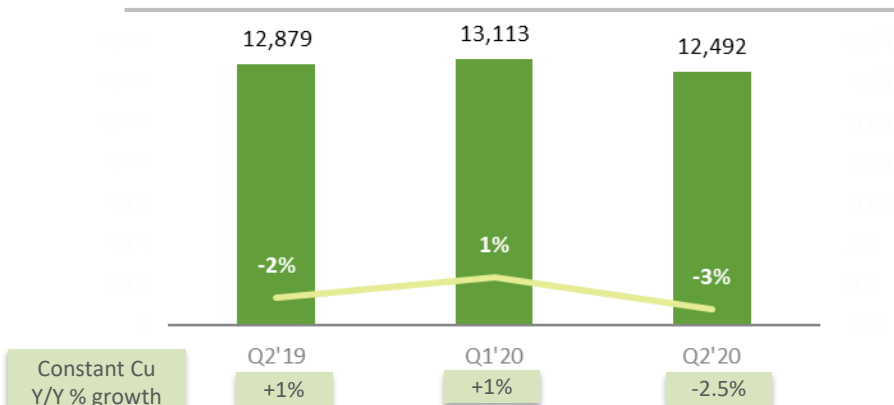
MT Group	Q2 2020	Growth in AED	Growth in MAD
Revenue	3,213	+0%	+1%
EBITDA	1,793	-2%	+1%
EBITDA Margin	56%	-1pp	-1pp

Egypt	Q2 2020	Growth in AED	Growth in EGP
Revenue	968	+18%	+10%
EBITDA	402	+25%	+16%
EBITDA Margin	42%	+2pp	+2pp

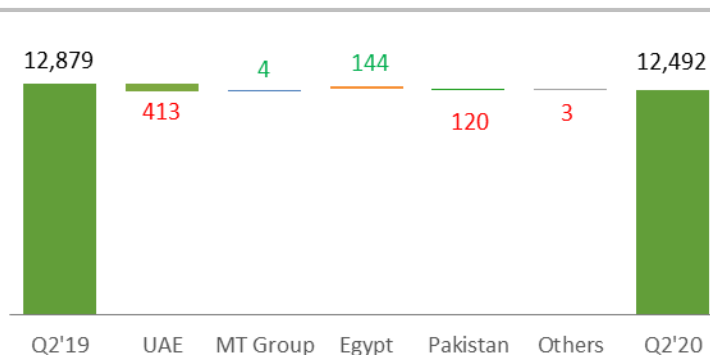
Pakistan	Q2 2020	Growth in AED	Growth in PKR
Revenue	699	-15%	-5%
EBITDA	221	-22%	-13%
EBITDA Margin	32%	-3pp	-3pp

GROUP REVENUE

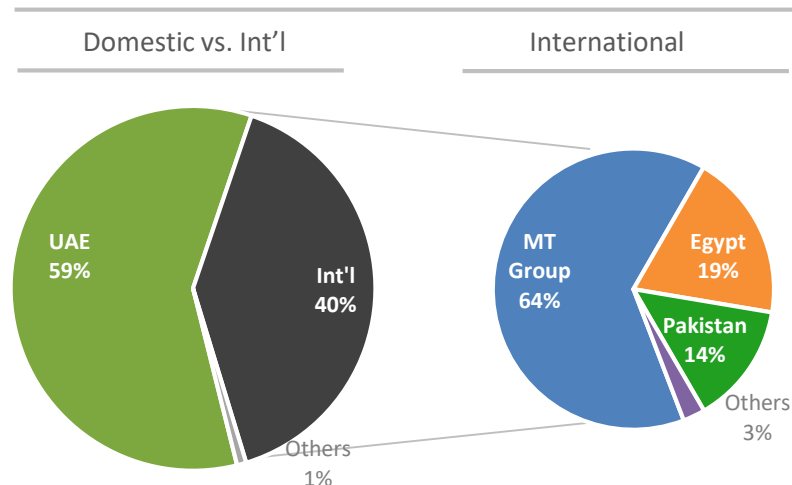
Revenue (AED m) & YoY Growth (%)



Sources of Revenue Growth – Q2 2020 vs Q2 2019 (AED m)



Revenue by Cluster (Q2 2020)

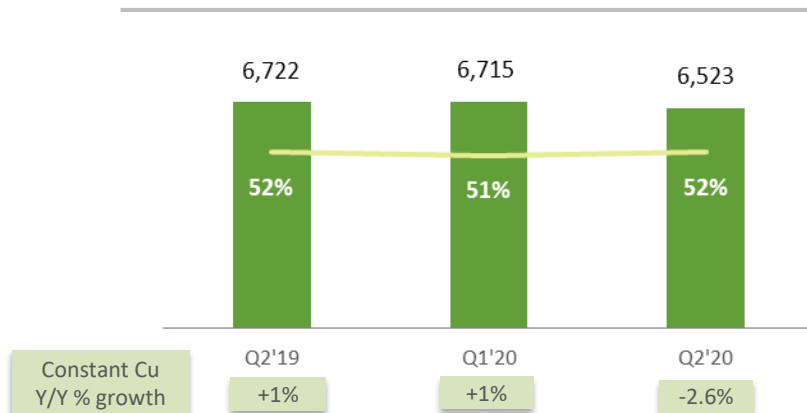


Highlights

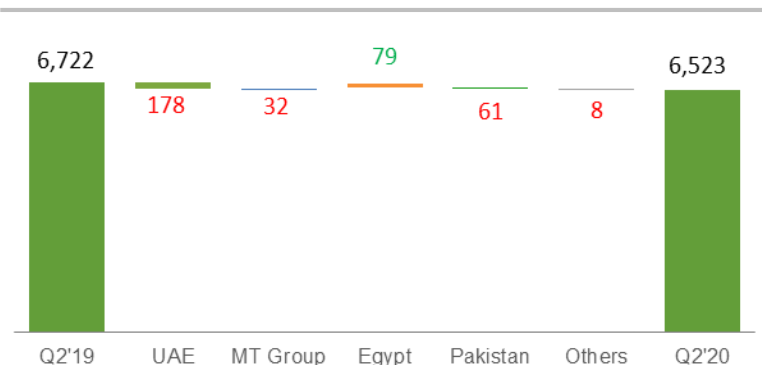
- In Q2'20 consolidated revenue decreased Y/Y by 3% attributed to domestic operations
- UAE Revenue growth impacted by the COVID-19 and the Company responses to provide critical/free services to support Stay at Home initiatives.
- Revenues from international consolidated operations increased by 0.3%; while in constant currency, revenue increased Y/Y by 1.6% resulting in 40% contribution to Group revenues:
 - Revenue growth in MT Group benefited from the consolidation of Tigo Chad
 - Revenue growth in Egypt mainly attributed to strong growth in mobile broadband
 - Revenue growth in Pakistan negatively impacted by currency devaluation and mobile segment

GROUP EBITDA

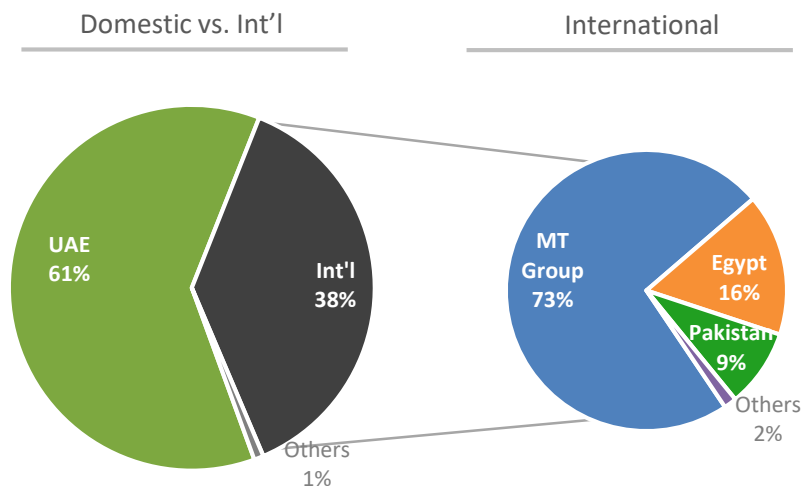
EBITDA (AED m) & EBITDA Margin (%)



Sources of EBITDA Growth – Q2 2020 vs Q2 2019 (AED m)



EBITDA by Cluster (Q2 2020)

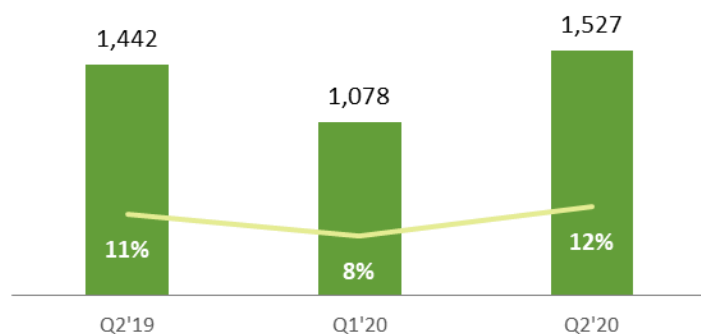


Highlights

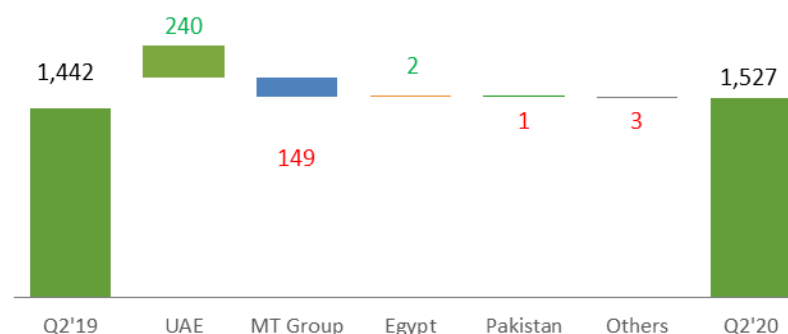
- In Q2'20 consolidated EBITDA decreased Y/Y by 3% attributed to lower revenue.
- EBITDA in the UAE impacted by lower revenue as a result of COVID-19 impact
- EBITDA of consolidated international operations decreased Y/Y by 0.8%, while in constant currency, EBITDA increased Y/Y by 0.3% by resulting in 38% contribution to Group EBITDA:
 - Stable contribution from Maroc Telecom Group in local currency attributed to international operations
 - Positive contribution from Egypt due to robust revenue growth
 - Negative contribution from Pakistan impacted by currency devaluation and lower revenue

GROUP CAPEX

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



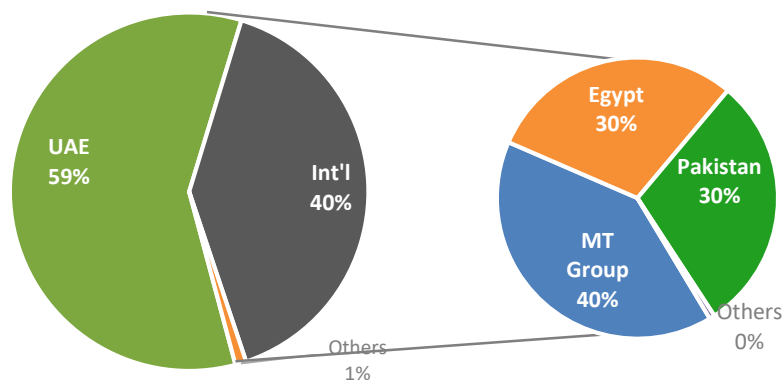
Sources of Capex Growth – Q2 2020 vs Q2 2019 (AED m)



CAPEX by Cluster (Q2 2020)

Domestic vs. Int'l

International



Highlights

- In Q2'20 consolidated capex increased Y/Y by 6% resulting in a Capex / Revenue ratio of 12%
- Higher capital spend in the UAE focused on investment in data centres and network capacity and speed.
- Capital expenditure in international operations declined Y/Y by 22% and contributed 40% to consolidated Group Capex:
 - Lower capex spend in domestic and international operations of MT Group
 - Maintained Capex spend in Egypt with focus on network capacity
 - Higher capex spend in Pakistan in local currency focused on mobile network enhancement

GROUP BALANCE SHEET & CASH FLOWS

Balance Sheet (AED m)	Dec-19	Jun-20
Cash & bank Balances	29,657	24,421
Total Assets	128,266	121,893
Total Debt	23,889	24,828
Net Cash / (Debt)	5,768	(406)
Total Equity	57,767	55,345

Cash Flow (AED m)	Jun-19	Jun-20
Operating	4,277	3,545
Investing	(2,969)	(2,432)
Financing	(3,710)	(6,415)
Net change in cash	(2,402)	(5,302)
Effect of FX rate changes	85	94
Reclassified as held for sales	(30)	(27)
Ending cash balance	26,014	24,421

Investment Grade Credit Ratings



AA-/Stable



Moody's

Aa3/Stable

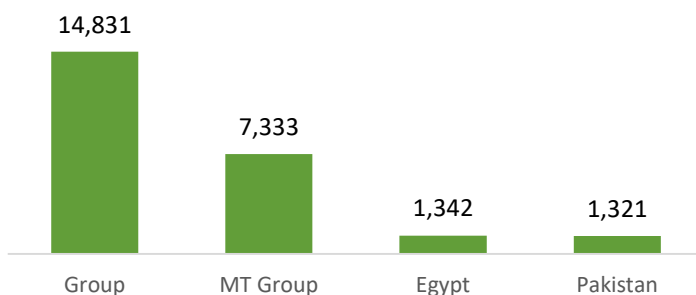
Highlights

- Maintained strong liquidity position
- Insignificant net debt position
- Higher investing cash flow attributed to acquisition of Help AG and financial investments
- Net change in cash impacted by payment of interim dividend for Q1 2020
- High credit ratings with stable outlook affirmed by S&P and Moody's

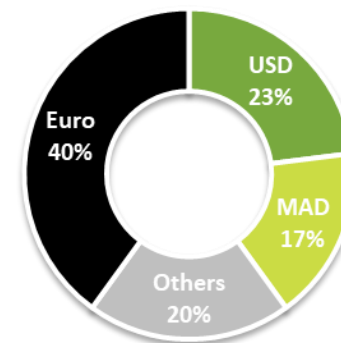
Note: Debt represents interest bearing debt i.e. bonds, banks borrowings, vendor financing and other financial obligations. It excludes lease obligations.

DEBT PROFILE: DIVERSIFIED DEBT PORTFOLIO

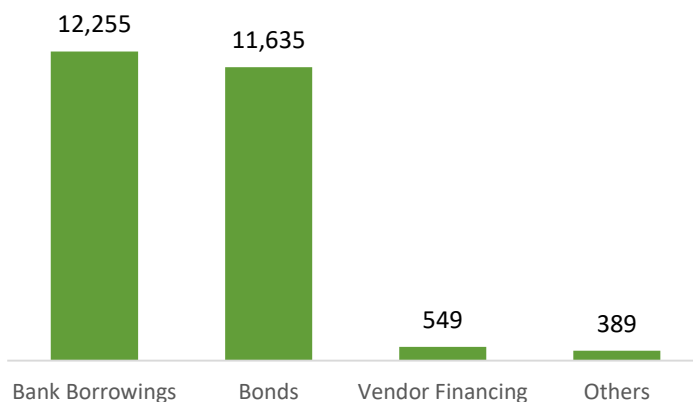
Borrowings by Operation Q2 2020 (AED m)



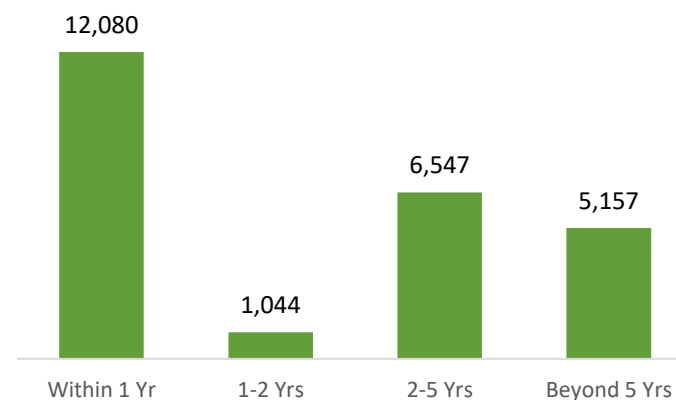
Borrowings by Currency Q2 2020 (%)



Debt by Source Q2 2020 (AED m)



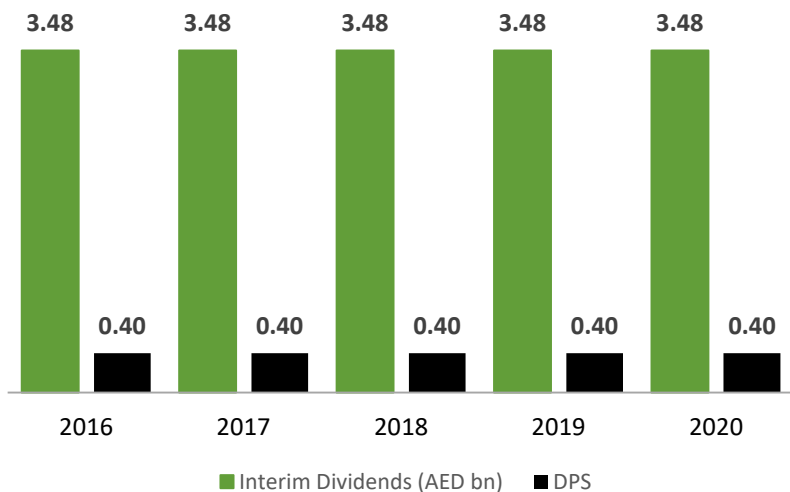
Repayment Schedule Q2 2020 (AED m)



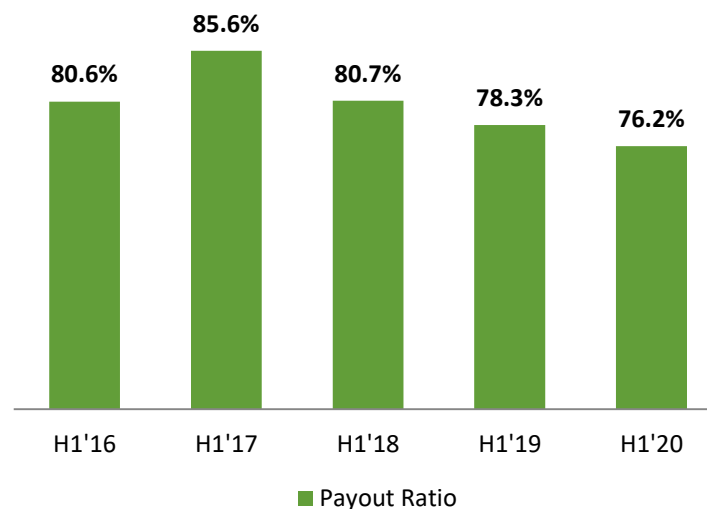
Note: Debt represents interest bearing debt i.e. bonds, banks borrowings, vendor financing and other financial obligations. It excludes lease obligations.

GROUP DIVIDENDS: PROPOSED INTERIM DPS OF AED 40 FILS FOR H1 2020

Interim Dividends and Dividends Per Share



Interim Dividend Payout Ratio



Interim Dividend & Earnings Per Share (AED)

	H1'16	H1'17	H1'18	H1'19	H1'20
DPS	0.40	0.40	0.40	0.40	0.40
EPS ⁽¹⁾	0.50	0.47	0.50	0.51	0.53

Highlights

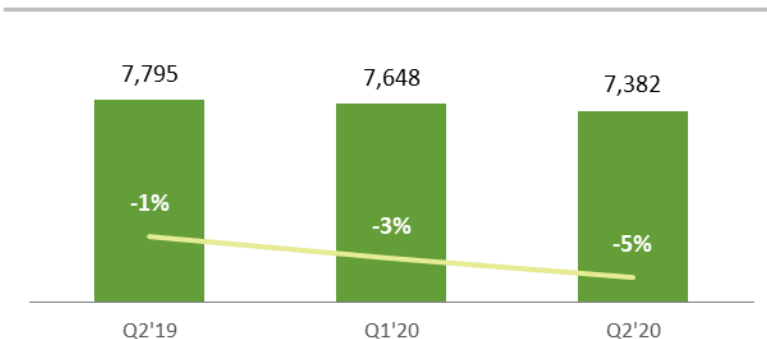
Etisalat's Board approved interim dividends of 15 fils per share for the three months period ended 30 June 2020. This brings interim dividends for H1 2020 to 40 fils per share. DPS of 15 fils to be distributed to the shareholders registered in the shareholders' register on 3 August 2020.

COUNTRY BY COUNTRY FINANCIAL REVIEW

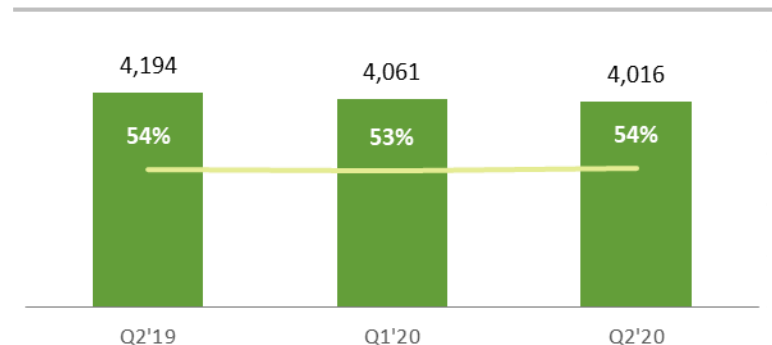


UAE: MAINTAINING STRONG PROFITABILITY MARGINS WHILE INVESTING IN NETWORKS

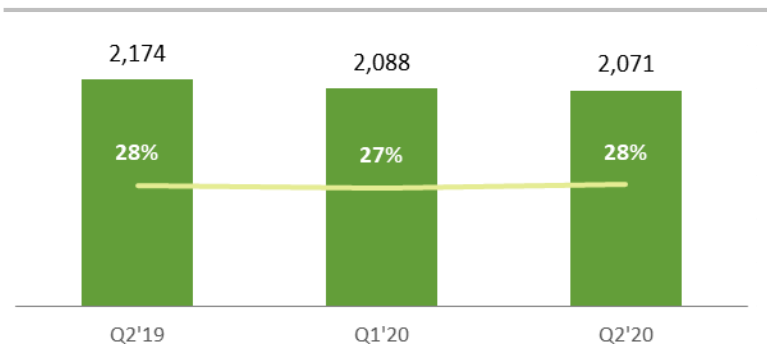
Revenue (AED m) / YoY Growth (%)



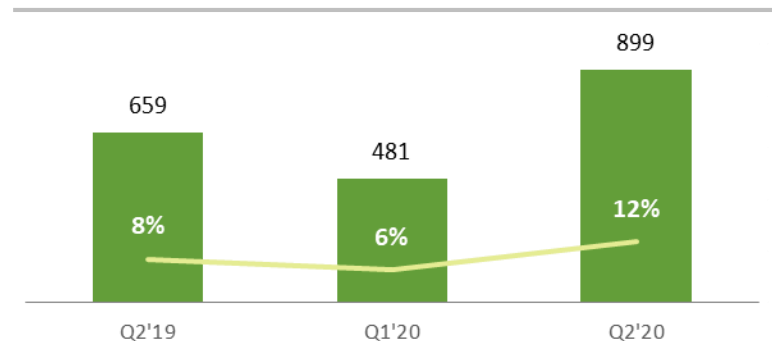
EBITDA (AED m) / EBITDA Margin (%)



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

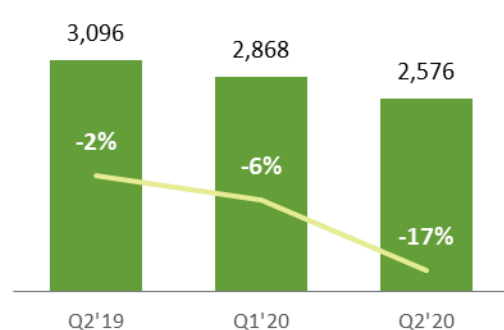


CAPEX (AED m) & CAPEX / Revenue Ratio (%)

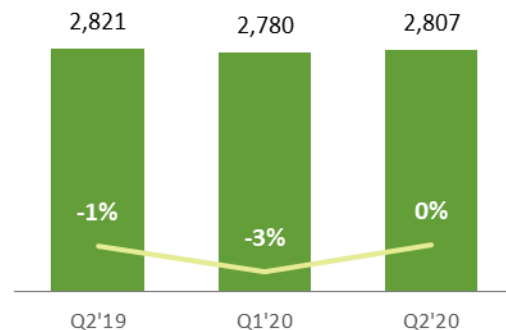


UAE: REVENUE BREAKDOWN AND KEY KPIs

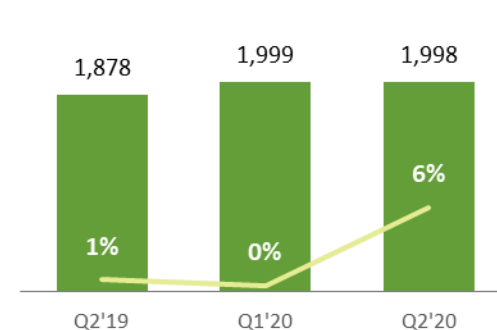
Mobile Revenues⁽¹⁾ (AED m)



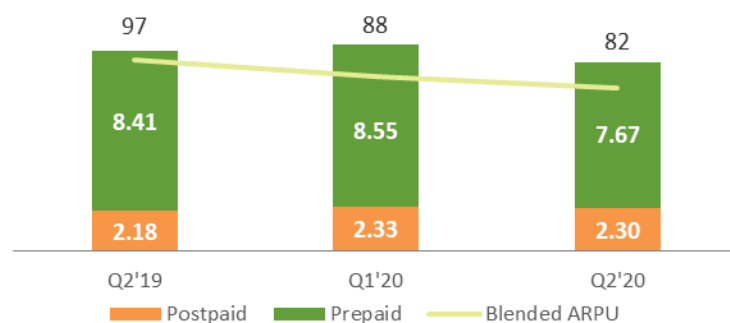
Fixed Revenues⁽²⁾ (AED m)



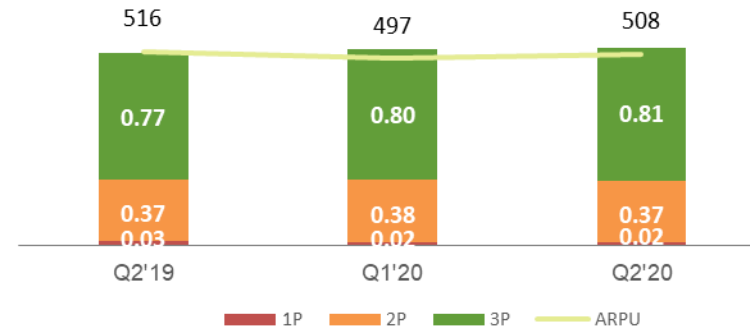
Other Revenues⁽³⁾ (AED m)



Mobile Subs⁽⁴⁾ (m) & ARPU⁽⁵⁾ (AED)



Fixed Broadband⁽⁶⁾ Subs (m) & ARPU⁽⁷⁾ (AED)



(1) Mobile revenues includes mobile voice, data, rental, outbound roaming, VAS, and mobile digital services

(2) Fixed revenues includes fixed voice, data, rental, VAS, internet and TV services

(3) Others Revenues includes ICT, managed services, wholesale (local and int'l interconnection, transit and others), visitor roaming, handsets and miscellaneous

(4) Mobile subscribers represents active subscriber who has made or received a voice or video call in the preceding 90 days, or has sent an SMS or MMS during that period

(5) Mobile ARPU ("Average Revenue Per User") calculated as total mobile revenue divided by the average mobile subscribers.

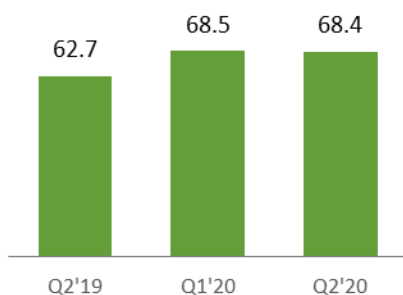
(6) Fixed broadband subscriber numbers calculated as total of residential DSL (Al-Shamil), corporate DSL (Business One) and E-Life subscribers.

(7) ARPL ("Average Revenue Per Line") calculated as fixed broadband line revenues divided by the average fixed broadband subscribers.

MAROC TELECOM: MAINTAINED PROFITABILITY

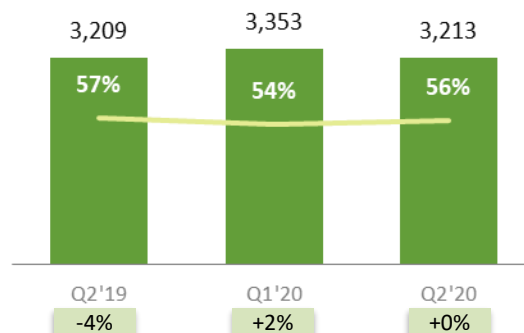
Morocco, Benin, Burkina Faso, CAR, CDI, Chad, Gabon, Mali, Mauritania, Niger & Togo

Subscribers (m)

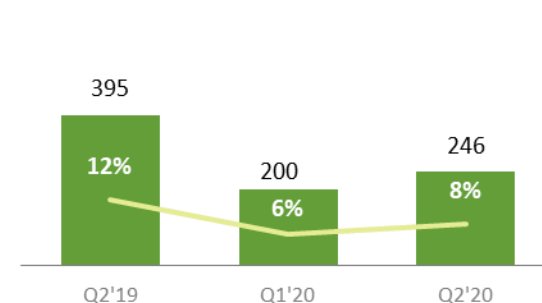


Y/Y % Growth (AED)

Revenue (AED m) / EBITDA Margin (%)



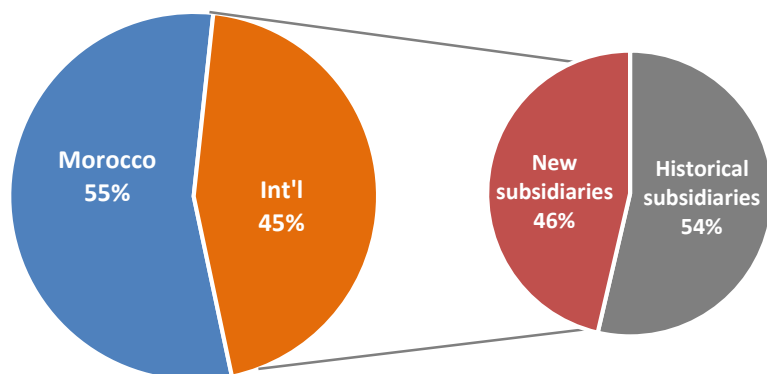
CAPEX (AED m) & CAPEX/Revenue Ratio (%)



Revenue Breakdown Q2 2020

Domestic vs. Int'l

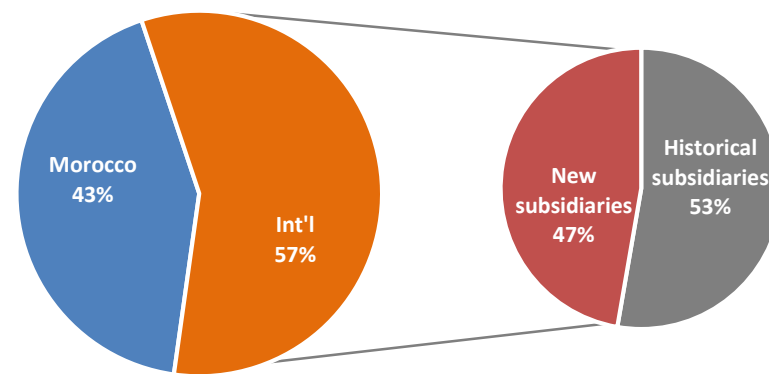
International



CAPEX Breakdown Q2 2020

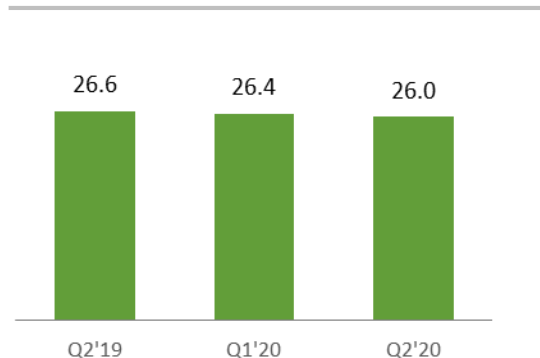
Domestic vs. Int'l

International



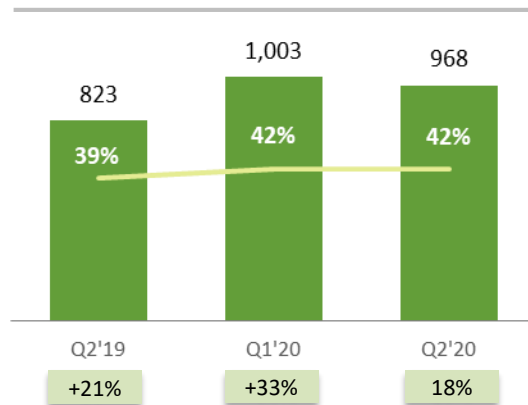
EGYPT: STRONG REVENUE GROWTH AND PROFITABILITY

Subscribers (m)

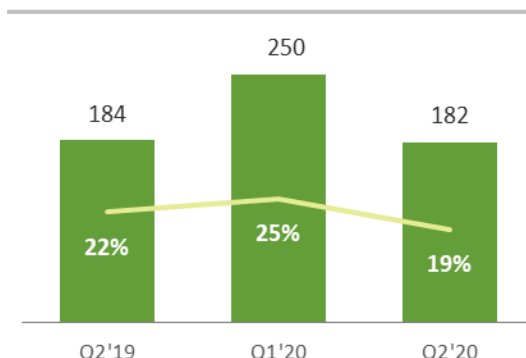


Y/Y % Growth (AED)

Revenue (AED m) / EBITDA Margin (%)



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

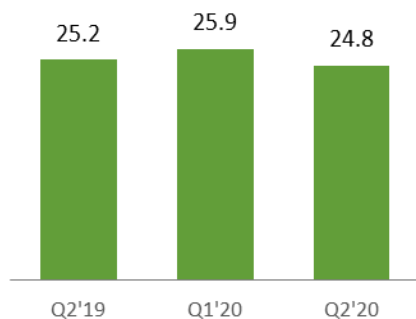


Highlights

- Y/Y revenue growth attributed to data and wholesale segments
- Y/Y EBITDA growth with improvement in margin attributed to higher revenue and cost control measures
- Capital spending decreased and focused on network capacity

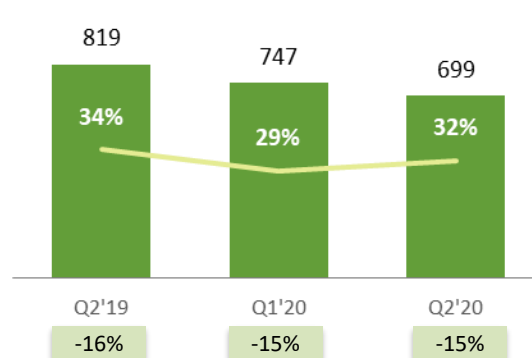
PAKISTAN: LOCKDOWN & TELECOM TAXES ON MOBILE SERVICES IMPACTED PERFORMANCE

Subscribers (m)

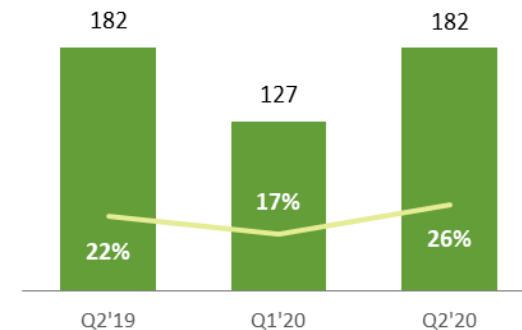


Y/Y % Growth (AED)

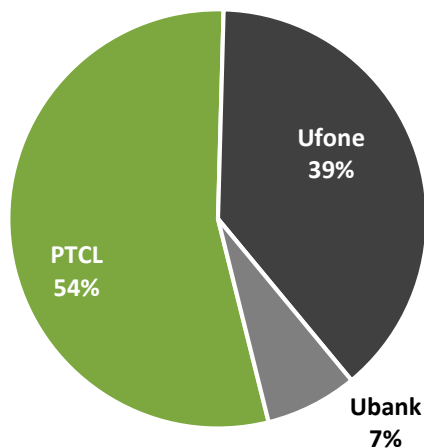
Revenue (AED m) / EBITDA Margin (%)



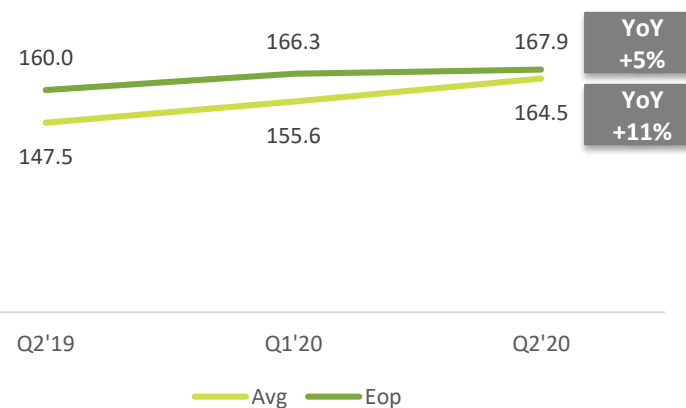
CAPEX (AED m) & CAPEX/Revenue Ratio (%)



REVENUE BREAKDOWN Q2 2020



USD / PKR FX Rate (PKR)



H1 2020: ONGOING COST OPTIMIZATION INITIATIVES TO MINIMIZE THE COVID-19 IMPACT ON PROFITABILITY AND PRESERVE LIQUIDITY

Revenue 25.6 AED Billion YoY Growth -1.0% ↓	EBITDA 13.2 AED Billion YoY Growth -0.8% ↓	Net Profit 4.6 AED Billion YoY Growth +2.8% ↑	CAPEX 2.6 AED Billion YoY Growth -13.9% ↓
Free Cash Flow 10.6 AED Billion FCF % YoY Growth 41.5% 3.1% ↑	EBITDA % 51.7% YoY Growth +0.1pt ↑	Net Profit % 17.8% YoY Growth +0.7pt ↑	CAPEX 10.2% YoY Growth -15pt ↓

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

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ETISALAT GROUP INVESTOR RELATIONS

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