



FY 2022 Earnings Release

Cairo, Egypt

March 05, 2023

Telecom Egypt (Ticker: ETEL.CA; TEEG.LN) today announced its audited financial results, according to the Egyptian Accounting Standards (EAS), for the full year ended 31 December 2022.

FY 2022 key highlights

- **Consolidated revenue** increased by 19% YoY to report EGP 44.3bn in FY 2022, backed by the 21% and 17% increase in retail and wholesale revenues, respectively, thanks to the EGP 3.2bn increase in data revenue, followed by other enterprise and cable projects revenues, each increasing EGP 0.9bn YoY.
- **Customer base** expanded across the board, with fixed voice and broadband growing 5% and 9% YoY, respectively, while mobile customers increased by almost 3mn subscribers backed by 1.5mn new customers from mega projects.
- **EBITDA** landed at EGP 17bn (+23% YoY), implying a strong margin of 39% on higher revenue mix, meeting management's guidance and easing the inflationary pressures reflected on some cost elements.
- **Operating profit** grew 16% YoY despite the 25% increase in D&A. However, normalized for the one-off provision costs, it grew by 22% YoY to report EGP 10.3bn.
- **Net profit** increased by 9% YoY reaching EGP 9.2bn, backed by the strong operational performance. However, excluding one-offs—comprising lower income from Vodafone (mainly caused by currency devaluation), the aforementioned provision reversal and FX impact — **normalized net profit** would have recorded EGP 10.1bn, growing 31% YoY and implying a margin of 23%.
- **In-service capex** landed at EGP 12.6bn (representing 28% of revenues, +1% YoY). **Cash capex** reached EGP 19bn, whereas by excluding spectrum and license fees, it reaches EGP 13.7bn.
- **Net debt/EBITDA** recorded 1.4x vs. 0.9x in 2021; however, the Effective Interest Rate (EIR) declined to 5.5% vs. 7% in the same period, despite the inflated gross debt of +89% YoY resulting from the USD appreciation.
- **Dividend distribution** proposed by the BoD is EGP 0.75/share.

Adel Hamed, Managing Director and Chief Executive Officer, commented:

"Telecom Egypt has once again extended its growth momentum, delivering a strong quarter and closing 2022 on a high note. Despite the continued market challenges, our clear strategy and enhanced operational efficiency have enabled us to meet our objectives.

FY 2022 revenue increased by 19% YoY, arriving at EGP 44.3bn. Our customer base continues to expand, particularly mobile subscribers, which increased by 3 million. EBITDA increased to EGP 17.4bn, marking a robust 39% margin due to higher revenue across the board—which offset the inflationary pressures witnessed across different cost elements. Net profit increased 9% YoY reaching EGP 9.2bn, while normalized net profit would have reached EGP 10.1bn, up 31% YoY. We recorded a FCFF of EGP 3bn after excluding spectrum and license fees; nonetheless, we deemed such investments crucial as we strive to continue growing our customer base and enhancing service quality.



We look forward to continuing our growth story well into 2023. As such, we seek each and every possible opportunity to monetize our investments and strengthen our performance, while keeping a close eye on expanding our reach and rationalizing different cost elements — as witnessed through our newly signed national roaming agreement with Orange Egypt, which kicked in at the end of 2022 and is expected to drive annual savings of EGP 1bn, starting 2023. I believe that our core values of providing the most reliable and advanced ICT services, while fortifying our international presence in the connectivity space, will continue fuelling our growth momentum, benefiting all our stakeholders, and delivering a decent value to our shareholders. In that regard, I'm pleased to share that despite the global economic conditions and macro challenges, the BoD has proposed to pay out a dividend of EGP 0.75/share for FY 2022."

Telecom Egypt - Main events in Q4 2022

- ✓ In November, as part of the 2Africa consortium, Meta and Telecom Egypt announced the first landing of the 2Africa subsea cable in Egypt at Ras Ghareb in the Red Sea, with another landing expected in Port Said in the Mediterranean Sea at a later date. The Ras Ghareb landing is one of several taking place in the coming months as the cable will be extended to a total of 46 locations across Africa, Europe, and Asia by the completion of the project in 2024.
- ✓ In December, Telecom Egypt and Grid Telecom, a wholly owned subsidiary of the Independent Power Transmission Operator (IPTO) in Greece, signed a collaboration agreement to build a subsea system connecting Egypt and Greece.

Main events subsequent to Q4 2022

- ✓ In January, Telecom Egypt announced that the National Telecom Regulatory Authority (NTRA) has accepted its financial and technical offer to obtain an additional 5MHz of spectrum in the 1800MHz band using FDD technology.

Customer base

(000s)	Q4 22	Q4 21	Δ %YoY	Q3 22	Δ % QoQ
Fixed Line					
Voice	11,587	11,014	5%	11,412	2%
Data	8,766	8,027	9%	8,610	2%
Mobile	12,489	9,365	33%	11,870	5%



Revenue breakdown

EGP mn	FY 22	FY 21	Δ %	Q4 22	Q4 21	Δ % YoY	Q3 22	Δ % QoQ
Home & Consumer	21,588	18,133	19.1%	5,718	4,786	19.5%	5,532	3.4%
Enterprise	5,939	4,699	26.4%	1,992	1,253	59.0%	1,328	50.1%
Domestic Wholesale	6,341	5,847	8.5%	1,683	1,615	4.2%	1,568	7.3%
International Carriers	4,833	4,244	13.9%	1,370	1,110	23.4%	1,129	21.4%
International Customers & Networks	5,572	4,165	33.8%	1,237	1,945	-36.4%	2,316	-46.6%

Income statement summary

EGP mn	FY 22	FY 21	Δ %	Q4 22	Q4 21	Δ % YoY	Q3 22	Δ % QoQ
Revenue	44,273	37,088	19%	11,999	10,709	12%	11,873	1%
EBITDA	17,427	14,193	23%	4,088	3,882	5%	5,279	-23%
EBIT	12,735	12,000	6%	2,411	3,293	-27%	4,428	-46%
NPAT	9,182	8,417	9%	3,012	2,319	30%	2,389	26%
EPS	4.61	4.34	6%	1.76	1.36	30%	1.40	26%
<i>Margins</i>								
EBITDA Margin %	39.4%	38.3%	109 bps	34.1%	36.2%	-(218 bps)	44.5%	-(1,040 bps)
EBIT Margin %	28.8%	32.4%	(359 bps)	20.1%	30.8%	-(1,066 bps)	37.3%	-(1,720 bps)
NPAT Margin %	20.7%	22.7%	(196 bps)	25.1%	21.7%	345 bps	20.1%	498 bps

Results discussion

Q4 2022

- **Total revenue** increased by 12% YoY to reach EGP 12bn, thanks to the 28% YoY increase in the retail segment.
- **Home & Consumer and Enterprise** grew 19% and 59% YoY, respectively, backed by strong data and voice performance owing to a growing customer base and healthier ARPU trends, in addition to EGP 378mn higher complimentary service access revenue.
- **Mobile** grew 35% YoY due to a larger subscriber base (+33% YoY), representing a low double-digit of top-line growth.
- **Wholesale** dropped by 8% YoY despite higher domestic & ICA revenues of 4% and 23%, respectively, as no major cable revenues were recognized during this quarter.
- **EBITDA** showed a minor increase of 5% YoY, landing at EGP 4.1bn, and recording a margin of 34%, due to the inflationary pressures that took their toll on some cost elements.
- **Net profit** adjusted for provisions and Vodafone one-offs landed at EGP 3bn, showing a major YoY increase of 54%, thanks to the strong operational performance.



FY 2022

- **Consolidated revenue** reached EGP 44bn, increasing by EGP 7bn (+19% YoY), with retail and wholesale segments increasing by 21% and 17% YoY, respectively.
- **Home & Consumer** grew 19% YoY, representing 74% of retail growth. This was mainly backed by the 21% data surge related to the growing customer base and healthy ARPUs.
- **Enterprise** marked a 26% YoY increase, supported by the growth witnessed on all fronts, especially other service revenues that were driven by the increase in managed services of EGP 0.47bn and a one-off surge in other complementary access services of EGP 0.43bn.
- **Wholesale** grew 17% YoY thanks to the 34% upside in **IC&N** mainly from cable projects, while **ICA** increased by 14% YoY due to USD appreciation despite slightly lower traffic, followed by **DW** increasing by EGP 0.5bn on higher demand for infrastructure services by MNOs and ISPs.
- **EBITDA** increased by 23% YoY reporting EGP 17bn and achieving a strong margin of 39%.
- **Net profit** increased by 9% YoY reaching EGP 9bn, backed by the strong operational performance. However, excluding one-offs (Vodafone, FX, tax and provision), net profit would have increased 31% YoY reaching EGP 10.1bn.

Balance sheet summary

EGP mn	FY 22	FY 21	Δ %
Current Assets	26,875	16,666	61%
Net Fixed Assets	49,785	42,073	18%
Long Term Investments	12,260	11,011	11%
Other Long Terms Assets	30,975	20,140	54%
Total Assets	119,894	89,890	33%
Current Liabilities (Excl. STD)	33,935	21,023	61%
CPLTD	10,415	5,333	95%
LTD	20,411	10,988	86%
Other Non-Current Liabilities	8,865	8,217	8%
Total Liabilities	73,626	45,560	62%
Total Shareholder Equity	46,268	44,330	4%
Total Liabilities & Shareholder Equity	119,894	89,890	33%

Cash flow summary

EGP mn	FY 22	FY 21	Δ %
Net Cash Provided by Operating Activities	14,588	16,015	-9%
Net Cash Used in Investing Activities	-17,632	-9,553	85%
Net Cash Used in Financing Activities	6,772	-5,470	-224%
Net Change in Cash & Cash Equivalents	3,729	993	276%
Translation Differences of Foreign Entities	100	-7	1588%
Beginning of Period Cash	2,923	1,937	51%
End of Period Cash	6,752	2,923	131%

– End –



Please refer to Telecom Egypt's full financial statements that can be downloaded from the website ir.te.eg

For more information, contact:

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About Telecom Egypt

Telecom Egypt is the first total telecom operator in Egypt providing all telecom services to its customers including fixed and mobile voice and data services. Telecom Egypt has a long history serving Egyptian customers for over 160 years maintaining a leadership position in the Egyptian telecom market by offering its enterprise and consumer customers the most advanced technology, reliable infrastructure solutions and the widest network of submarine cables. Aside from its mobile operation "WE", the company owns a 45% 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. Please refer to Telecom Egypt's full financial disclosure on ir.te.eg