

## Announces Full Year 2009 Consolidated Results

**Cairo, 15 March 2010:** Telecom Egypt (TE) (Ticker: ETEL.CA; TEEG.LN), today announced its consolidated financial results for the full year ending 31 December 2009. Financial statements have been prepared in accordance with Egyptian Accounting Standards.

### Highlights for the Full Year 2009 period include:

- Total Consolidated Revenues reached EGP 9,960 million in 2009.
- EBITDA Before Provisions was EGP 5,048 million, delivering a margin of 50.7%.
- Net Profit After Tax up 9.4% on the same period in 2008, at EGP 3,051, translating to a net profit margin of 30.6%.
- Earnings Per Share (EPS) increased to EGP 1.70, from EGP 1.49 in the same period in 2008.
- Capex related cash-flows were up 6.7% at EGP 981 million.
- As at 31 December 2009, total fixed line subscribers stood at 9.6 million.
- Retail ADSL market share reached 61%, up 3.1% on the same period in 2008.
- Positive contribution of share of profits from Vodafone Egypt of EGP 1,407 million.

### Chief Executive Officer's statement

Commenting on the full year results of 2009, Tarek Tantawy, Chief Executive Officer of Telecom Egypt, said:

"2009 was a year in which we made real progress in our long term vision to become a total telecommunications provider. However, in the pursuit of future opportunities we made sure short term performance has not been sacrificed. Year-by-year we have consistently proven our ability to deliver solid profitability and have achieved this again in a turbulent year and in the face of the much discussed telecommunications land- grab. In 2009, this resulted in bottom line growth of 9.4% to arrive at EGP 3,051 million. This translates to a net profit margin of more than 30%."

"There is no doubt that 2009 has been a challenging year. Egypt has not been immune to the global slowdown. Combined with the ambitions of mobile operators in Egypt, this has resulted in aggressive pricing. In our retail business we have responded nimbly to such discounts with compelling promotions of our own. This has placed some pressure on retail revenues in the short term, but has already resulted in a number of subscribers choosing the Telecom Egypt option – one of quality and value."

"Our diversified business model has held us in good stead. Wholesale revenues continue to advance as we benefit from the increase in activity from third party operators, ending the year at EGP 4,197 million."

"The broadband opportunity remains one of the cornerstones of our future. TE Data, our fully owned internet and data arm, I am pleased to report, continues to record remarkable growth – increasing its customer base by 47% in the period under review."

"Vodafone Egypt (VFE) has demonstrated significant success in subscriber acquisitions, adding 32% more subscribers by December 2009. Its customer base now stands at more than 23 million. This means that our investment in Vodafone Egypt continues to show strong growth with attributable income from Vodafone Egypt growing by 8% year-on-year to EGP 1,407 million."

"We continue to demonstrate TE's ability to embrace new opportunities and ensure our business model is sustainable into the future. I strongly believe that we have in place the best possible commercial, operational and financial structures to deliver on our strategy and see maximum value returned."

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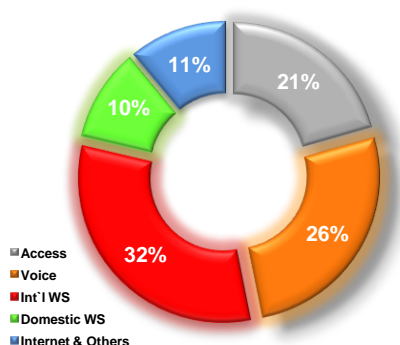
## Revenues

(EGP Million)



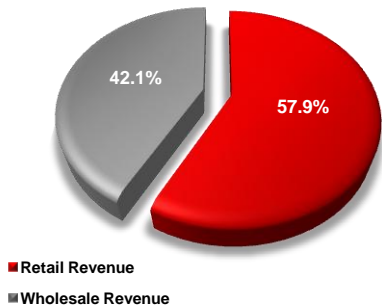
## Revenue Analysis

(Percentage %)



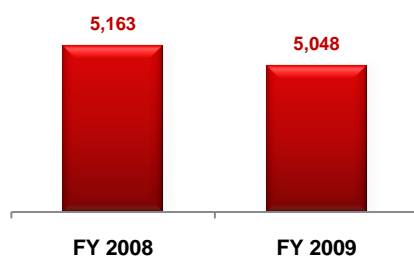
## Revenue Breakdown

(Percentage %)



## EBITDA Before Provisions

(EGP Million)



## Financial Review

### Revenues

Total consolidated operating revenues for the full year period to 31 December 2009 reached EGP 9,960 million.

### Retail services

Total retail revenues for the full year of 2009 were EGP 5,764 million, a decline of 7% when compared with the same period in 2008; which is primarily attributable to short term promotional activities undertaken by TE during the course of the year necessary to counter continued aggressive promotional activities from mobile operators.

Total access revenues, comprising connections and subscriptions, were EGP 2,049 million for the year ending December 2009; an increase of 2% compared to EGP 1,999 million in 2008.

Total voice revenues were EGP 2,618 million for 2009, a decline of 13% year-on-year, due to discounted promotional activities cited above.

Revenues from internet and data, showed an increase of 13% year-on-year, totaling EGP 649 million, the majority of which can be attributed to TE Data, Telecom Egypt's internet and data subsidiary.

TE Data continued to command its position, adding 201 thousand new subscribers during the full year 2009. This translates to a market share of the retail ADSL market of 61%, compared to 59% at the end of December 2008. At the end of December 2009, TE Data had 625 thousand ADSL subscribers, an increase of 47% in comparison to the same period in 2008.

### Wholesale services

TE derives Wholesale Revenues from domestic and international services to third parties who seek to utilize its extensive, digital infrastructure principally for co-location and transmission services, settlement and infrastructure leasing. Wholesale revenues constitute a growing and important component of Telecom Egypt's revenue mix, accounting for 42% of the Total Service Related Revenues reaching EGP 4,197 million. This represents a 7% rise year-on-year demonstrating the benefits of TE's diversified business model.

In September 2009, TE signed an agreement for the provision of wholesale telecommunications services with Vodafone Egypt (VFE). The agreement comprises two distinct elements: Utilizing TE international gateway services to transit all VFE customers incoming and outgoing international traffic plus relying on TE extensive domestic network for all VFE infrastructure leasing needs. The agreement is expected to represent a total value for TE of approximately EGP 4 billion over the next three years.

### EBITDA/EBIT

Consolidated EBITDA Before Provisions for the year ending 2009 was EGP 5,048 million, a slight 2% decline year-on-year. However, EBITDA Before Provisions Margin remains at the high end of management expectations at 51%.

EBIT Before FX Gains and Losses for the year reached EGP 3,524 million a slight increase on EGP 3,512 million in 2008.

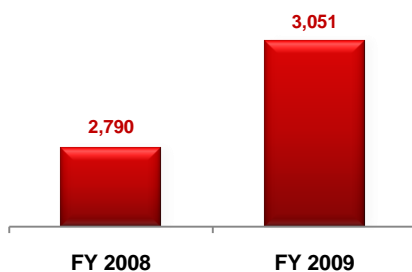
### Income from Investments

Total income from Telecom Egypt's investments for the period was EGP 1,411 million, including income from VFE versus EGP 1,312 million for the same period in 2008, an increase of 8%.

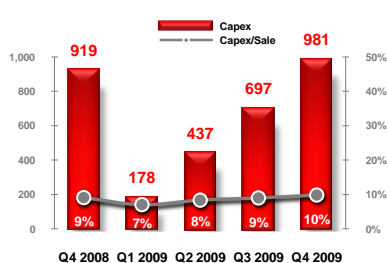
# Telecom Egypt

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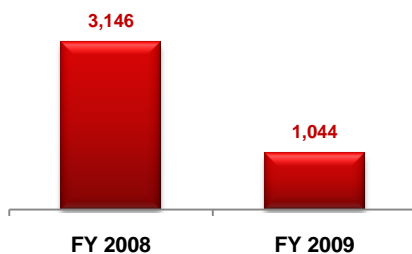
**Net Profit**  
(EGP Million)



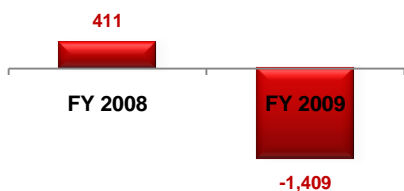
**CAPEX**  
(EGP Million)



**Total Debt Position**  
(EGP Million)



**Net Debt Position**  
(EGP Million)



TE's investment in VFE (44.95% stake) continues to deliver significant financial benefit. (Note: Vodafone Egypt's financial year is from 1 April to 31 March). Despite intense competition from mobile operators, VFE added the most subscribers in the nine month period ending December 2009. VFE increased its customer base by 32% in comparison to the same period in 2008 to 23 million subscribers. Total voice minutes increased by 25% to more than 28 billion minutes. VFE generated revenues of EGP 9,109 million in the nine month period ending December 31 2009, a 3% increase on the previous period in 2008. Net profit for the period increased to EGP 2,436 million, a rise of 6% year-on-year.

### Net profit

TE's Consolidated Net Profit for the full year was EGP 3,051 million, a year-on-year increase of 9%. This translates into an EPS of EGP 1.70, versus EGP 1.49 for 2008.

### Investments in infrastructure

Capital expenditure during 2009 showed an increase of 7% in comparison to 2008 as the company's preparations for the launch of its new cable business TE North. For the year ending 31 December 2009, total Capex reached EGP 980,798 million, at the lower end of management guidance.

### Debt

TE reached a net cash position in 2009, three months ahead of target, through a carefully managed debt repayment programme. As at 31 December 2009, Total Debt stood at EGP 1,044 million while cash and cash equivalents stood at EGP 2,453 million.

# Telecom Egypt

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### TE Financial Highlights

In EGP millions (Except Per Share Data)

#### Telecom Egypt Consolidated Income Statement

For the period ended December 31, 2009

	Full Year Period Ending December		
	December 2009	December 2008	% Change
<b>Sales Revenue</b>	<b>9,960</b>	10,117	-1.5%
<b>EBITDA Before Provisions</b>	<b>5,048</b>	5,163	-2.2%
<i>Margin</i>	50.7%	51.0%	
<b>EBITDA After Provisions</b>	<b>4,686</b>	4,671	0.3%
<i>Margin</i>	47.1%	46.2%	
<b>EBIT Before FX Gains or Losses</b>	<b>3,524</b>	3,512	0.4%
<i>Margin</i>	35.4%	34.7%	
<b>EBIT</b>	<b>3,520</b>	3,515	0.1%
<i>EBIT Margin</i>	35.3%	34.7%	
<b>Profit Before Taxes &amp; Minority Interest</b>	<b>3,510</b>	3,308	6.1%
<b>Consolidated Net Profit</b>	<b>3,051</b>	2,790	9.4%
<i>Net Profit Margin</i>	30.6%	27.6%	
<b>EPS (EGP)</b>	<b>1.70</b>	1.49	14.4%

### TE Operational Highlights

	Full Year Period Ending December		
	December 2009	December 2008	% Change
<b>Number of Fixed Line Subscribers</b>	<b>9,553,767</b>	11,702,539	-18.4%
<b>Fixed Line Subscribers Net Additions</b>	<b>(2,148,772)</b>	473,690	
<b>ARPU (EGP/Month)</b>	<b>54.1</b>	51.0	6.2%
<b>CAPEX (EGP 000's)</b>	<b>980,798</b>	918,851	6.7%
<b>TE Data</b>			
- <i>Number of ADSL Subscribers</i>	<b>625,249</b>	424,413	47.3%
- <i>ADSL Subscribers Net Additions</i>	<b>200,836</b>	202,247	-0.7%
- <i>Retail ADSL Market Share</i>	<b>60.9%</b>	59.0%	3.1%

# Telecom Egypt

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### Vodafone Egypt Financial Highlights

In EGP millions

	Nine Months Period Ending December		
	December 2009	December 2008	% Change
Total Revenue	9,109	8,885	2.5%
Net Profit	2,436	2,300	5.9%
CAPEX	1,270	1,356	-6.4%

### Vodafone Egypt Operational Highlights

	Nine Months Period Ending December		
	December 2009	December 2008	% Change
Closing Customers (000's)	23,325	17,611	32.4%
Net Adds (000's)	4,384	3,537	24.0%
Total Voice Minutes (millions)	28,515	22,897	24.5%

- Ends -

#### Disclaimer:

*Within this statement, we may make forward-looking statements regarding future events or the future performance of the Company. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. When relying on forward-looking statements, you should carefully consider the political, economic, social and legal environment in which Telecom Egypt operates. Such forward-looking statements speak only as of the time of this release today. Accordingly, Telecom Egypt does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise other than as required by applicable laws, the Listing Rules or Prospectus Rules of the United Kingdom Listing Authority, the Egyptian Financial Supervisory Authority or the Egyptian Stock Exchange. The documents filed from time to time with these authorities may identify important factors that could cause actual results to differ materially from those contained in any forward-looking statements.*

#### About Telecom Egypt

Telecom Egypt (TE), Egypt's incumbent telecommunications operator, started its operations in 1854 with the first telegraph line in Egypt. Then it was corporatized in 1998 to replace the former Arab Republic of Egypt National Telecommunication Organization (ARENTO). The Company is the largest provider of fixed-line services in the Middle East and Africa with 9.6 million subscribers as at 31 December 2009.

TE provides retail telecommunication services including access, local, long distance and international voice, Internet and data, and other services. The company also provides wholesale services including bandwidth capacity leasing to ISPs, and national and international interconnection services. Telecom Egypt's services also include the provision of narrowband and broadband internet access through its subsidiary TE Data. TE Data has active operations in Egypt and Jordan.

TE currently participates in the mobile segment in Egypt by providing mobile interconnectivity through its current, increased 44.95% holding in Vodafone Egypt, one of the three existing Egyptian mobile operators. TE's shares and GDRs (Ticker: ETEL.CA; TEEG.LN) are traded on the Egyptian Stock Exchange and the London Stock Exchange.