

Cairo, 14 May 2009: Telecom Egypt (TE) (Ticker: ETEL.CA; TEEG.LN), today announced its consolidated financial results for the first three months of 2009, ended 31 March 2009. Financial statements have been prepared in accordance with Egyptian Accounting Standards.

Highlights for the first quarter (Q1) period include:

- Total Consolidated Revenues of EGP 2,526 million, up 6% on Q1 2008.
- EBITDA Before Provisions was EGP 1,351 million, delivering a margin of 53%.
- Net Profit After Tax was EGP 961 million representing an increase of 72% on the same period in 2008 and translating to a net profit margin of 38%.
- Earnings Per Share (EPS) increased to EGP 0.56, from EGP 0.33 in the same period in 2008.
- Capex related cash-flows were EGP 178 million.
- Total fixed line subscribers were 11.6 million, as at 31 March 2009.
- TE Data ADSL subscribers increased by 83% on the same period in 2008 to reach 477 thousand.
- Positive contribution of share of profits from Vodafone Egypt of EGP 350 million.

Chairman's statement

Commenting on the first quarter results, Akil Beshir, Chairman and CEO of Telecom Egypt, said:

"Amid challenging economic conditions and significant market volatility, I am pleased to report a very solid first quarter performance for Telecom Egypt. Not only are these achievements testament to TE's resilience and determination, against a backdrop of a dynamic and aggressive telecommunications market, they are also an endorsement of our stable business model.

"Once again, we have recorded year-on-year revenue growth across both our retail and wholesale businesses. Our retail revenues have increased modestly year-on-year to EGP 1,468 million, largely driven by an increase in access revenues and internet and data revenues. While voice revenues continue to experience some pressure from mobile substitution, our extensive and modern network enables us to reap the benefits of the resulting increase in mobile traffic through our wholesale revenues which increased 11% year on year.

"Our EBITDA before provisions margin remains comfortably within management expectations at 53 percent, reflecting prudent financial management. This has fed directly through to a 72 percent year-on-year increase in net profit, which reached EGP 961 million for the first three months.

"TE continues to benefit from its investment in Vodafone Egypt, which has increased its customer base by 35 percent and total voice minutes by 36 percent year-on-year, translating to a EGP 350 million contribution to our first quarter profits.

"TE's management team is working hard to help ensure we continue to generate solid returns throughout 2009. We are not alone in facing an uncertain economic environment, which in itself presents challenges for TE and its customers. However, I am confident that our solid financial footing allows us to maintain significant flexibility in the business."

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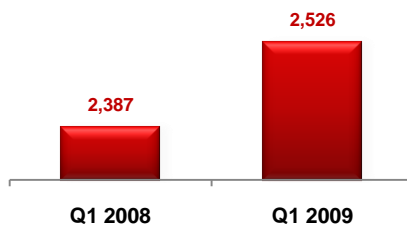
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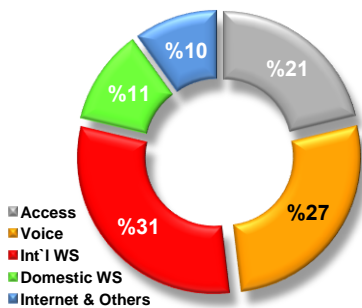
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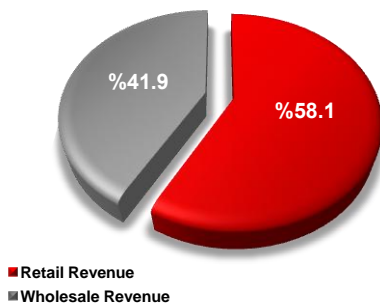
Revenues
(EGP Million)



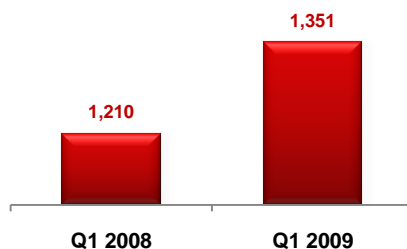
Revenue Analysis
(Percentage %)



Revenue Breakdown
(Percentage %)



EBITDA Before Provisions
(EGP Million)



Financial Review

Revenues

Total consolidated revenues for the first three months of 2009 increased by 6% year-on-year to reach EGP 2,526 million.

While Telecom Egypt's retail voice revenues continue to come under pressure from the competition of other mobile operators, it benefits from the growing mobile market through third party usage of its infrastructure and its stake in Vodafone Egypt.

Retail services

Total retail revenues for the first quarter of 2009 were EGP 1,468 million, a modest increase of 2% on the EGP 1,435 million generated in the same period in 2008.

Total access revenues, comprising connections and subscriptions, were EGP 536 million, compared to EGP 459 million in Q1 2008, as a result of tariff rebalancing which was only effective in the second half of 2008.

Total voice revenues reached EGP 680 million for the first quarter of 2009, a decline of 4% on the same period in 2008, reflecting the increased pressure on this segment from the mobile market. However, the largest constituent of Telecom Egypt's voice revenues, derived from local calls, has seen a significant increase year-on-year.

As TE Data further increased its market share, revenues from internet and data continued to grow, up 27% year-on-year to reach 146 million for Q1 2009. In the first quarter alone, TE Data added 52 thousand new subscribers and now holds a 60% share of the retail ADSL market. At the end of March 2009, TE Data had 477 thousands subscribers, an increase of 83% in comparison to the end of March 2008.

Wholesale services

Wholesale revenues constitute an important part of Telecom Egypt's revenue mix, accounting for 42% of the total revenue base. Total wholesale revenues for the first three months of 2009 were EGP 1,058 million, compared to EGP 952 million during the same period in 2008. Year-on-year this demonstrates an 11% increase.

EBITDA/EBIT

Consolidated EBITDA before provisions for the first quarter of 2009 was EGP 1,351 million, an 12% improvement year-on-year, reflecting Telecom Egypt's prudent cost management and lower interconnection connection costs. EBITDA margin before provisions remains comfortably within management expectations at 53%.

EBIT before FX gains and losses increased by 32% year-on-year to reach EGP 1,047 million for the period until the end of March 2009.

Income from Investments

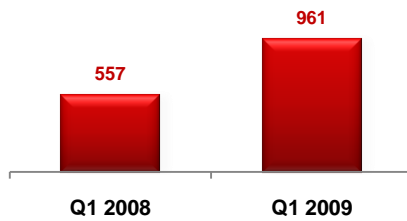
Telecom Egypt continues to capitalize on the growing mobile market through its 44.95% stake in Vodafone Egypt.

The Company's investments, including Vodafone Egypt, increased 30%, to provide an income contribution of EGP 355 million compared to EGP 273 million for the same period last year.

Vodafone Egypt has continued to perform well, reporting total revenues of EGP 11,767 million for the full-year period ending March 2009, an increase of 13% on the previous year. As of March 2009, Vodafone Egypt had a customer base of nearly 19 million, an increase of 35% year-on-year. (N.B. VE's financial year starts on 1 April).

Net Profit

(EGP Million)



Net profit

Consolidated Net Profit for the three month period was EGP 961 million, a year-on-year increase of 72%. This represents a quarter-on-quarter increase of 60%. Net Profit Margin remains in line with management expectations at 38%.

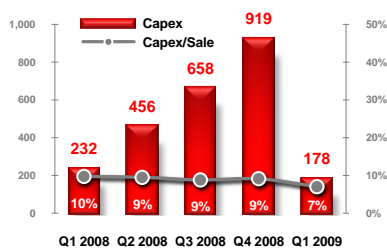
This translates into an EPS of EGP 0.56, versus EGP 0.33 for the period ended 31 March 2008.

Investments in infrastructure

Telecom Egypt continues to invest in its state-of-the-art infrastructure and important projects. In the first quarter of 2009, Capex was EGP 178 million.

CAPEX

(EGP Million)

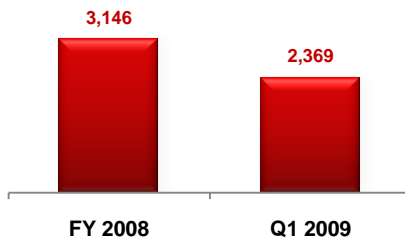


Debt

Telecom Egypt continues its debt repayment programme. In the first quarter, Telecom Egypt repaid in excess of EGP 777 million, with EGP 200 million of this amount representing early repayment. As of 31 March 2009, Telecom Egypt's net cash position was EGP 1,789 million, compared to EGP 2,002 million of net debt in March 2008.

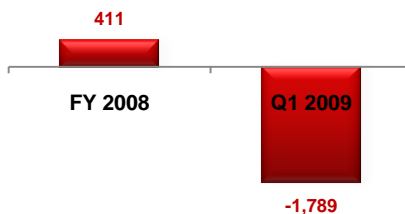
Total Debt Position

(EGP Million)



Net Debt Position

(EGP Million)



TE Financial Highlights

In EGP millions (Except Per Share Data)

Telecom Egypt

Consolidated Income Statement

For the period ended March 31, 2009

	Three Months Period Ending March		
	Mar. 2009	Mar. 2008	% Change
Sales Revenue	2,526	2,387	5.8%
EBITDA Before Provisions	1,351	1,210	11.7%
<i>Margin</i>	53.5%	50.7%	
EBITDA After Provisions	1,317	1,185	11.2%
<i>Margin</i>	52.2%	49.6%	
EBIT Before FX Gains or Losses	1,047	793	32.0%
<i>Margin</i>	41.4%	33.2%	
EBIT	1,098	743	47.8%
<i>EBIT Margin</i>	43.4%	31.1%	
Profit Before Taxes & Minority Interest	1,113	665	67.5%
Consolidated Net Profit	961	557	72.5%
<i>Net Profit Margin</i>	38.0%	23.3%	
EPS (EGP)	0.56	0.33	72.5%

TE Operational Highlights

	Three Months Period Ending March		
	Mar. 2009	Mar. 2008	% Change
Number of Fixed Line Subscribers	11,546,420	11,254,897	2.6%
Fixed Line Subscribers Net Additions	-152,045	26,048	
ARPU (EGP/Month)	50.5	49.2	2.6%
CAPEX (EGP 000's)	177,606	231,868	-23.4%
TE Data			
- Number of ADSL Subscribers	476,544	259,713	83.5%
- ADSL Subscribers Net Additions	52,131	37,547	38.8%
- Retail ADSL Market Share	59.6%	53.8%	10.6%

Vodafone Egypt Operational Highlights

	Full Year Period Ending March		
	Mar. 2009	Mar. 2008	% Change
Closing Customers (000's)	18,941	14,074	34.6%
Net Adds (000's)	4,867	4,422	10.1%
Total Voice Minutes (millions)	30,887	22,661	36.3%

Vodafone Egypt Financial Highlights

In EGP millions (Except Per Share Data)

	Full Year Period Ending March		
	Mar. 2009	Mar. 2008	% Change
Total Revenue	11,767	10,429	12.8%
Net Profit	3,079	2,700	14.0%
CAPEX	2,285	2,801	-18.4%

- 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 Capital Markets 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 11.6 million subscribers as at 31 March 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.