

Announces First Nine Months 2009 Consolidated Results

Cairo, 12 November 2009: Telecom Egypt (TE) (Ticker: ETEL.CA; TEEG.LN), today announced its consolidated financial results for the first nine months of 2009, ended 30 September 2009. Financial statements have been prepared in accordance with Egyptian Accounting Standards.

Highlights for the first Nine Months (9M) period include:

- Total Consolidated Revenues reached EGP 7,742 million, up 3% on the same period in 2008.
- EBITDA Before Provisions was EGP 4,175 million, delivering a margin of 54%.
- Net Profit After Tax was EGP 2,576 million representing an increase of 18% on the same period in 2008 and translating to a net profit margin of 33%.
- Earnings Per Share (EPS) increased to EGP 1.51, from EGP 1.28 in the same period in 2008.
- Capex related cash-flows were up 6% at EGP 697 million.
- As at 30 September 2009, total fixed line subscribers stood at 9.6 million.
- Retail ADSL market share reached 61%, up 6% up on the same period in 2008.
- Positive contribution of share of profits from Vodafone Egypt of EGP1,019 million.

Chief Executive Officer's statement

Commenting on the first nine months of 2009, Tarek Tantawy, Chief Executive Officer of Telecom Egypt, said:

"I am pleased to report a nine month performance which is testament to TE's resilience and determination. Reporting revenue growth of 3% over the last nine months is a solid achievement, particularly when our top and bottom line performance has delivered against intensification in the land grab for mobile subscribers, something which is now attracting regulatory oversight. While such aggressive marketing promotions are being felt at the revenue level, we have protected our margins which remain some of the strongest in the industry.

"In spite of heightened competition, retail revenues were flat at EGP 4,524 million. However, the diversity in our business model has ensured that a balance is restored. We continue to benefit from growth in Egyptian mobile subscribers and traffic because our extensive and modern infrastructure remains the network of choice. Nine month wholesale revenues have increased 10% year-on-year to EGP 3,218 million.

Broadband Internet remains to be one of our main growth areas and I am pleased that we continued to deliver strong results in the third quarter of 2009. TE Data, our Internet and Data arm, continues to lead the market in Egypt growing its market share of broadband customers to 61%. In the third quarter of 2009, TE Data net customer additions grew 77% versus the third quarter of 2008 and total broadband customers stood at 572 thousand representing a growth of 68% year on year.

In addition, the contribution from Vodafone Egypt has also increased by 7% year-on-year as its management team maintains robust financial performance despite the challenging competitive environment.

"Through sound financial management, I am also proud to report we have reached a net cash position three months ahead of schedule. In the first nine months, total debt repayments amounted to EGP 1.6 billion and we have recently announced our intentions to settle an additional EGP 400 million in further debt prepayments before the end of this year which makes us one of the best capitalized companies in the sector.

"We approach the end of the 2009 in good shape as a business, financially and operationally. Some of the steps we have taken this year will, I am confident, serve us well in 2010. We have adapted well to the rigours of competition - however strong it may be - and have stabilised revenues, upheld margins and improved monthly ARPU."

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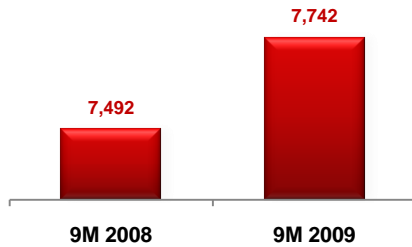
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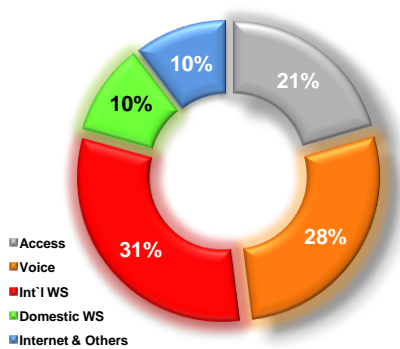
Revenues

(EGP Million)



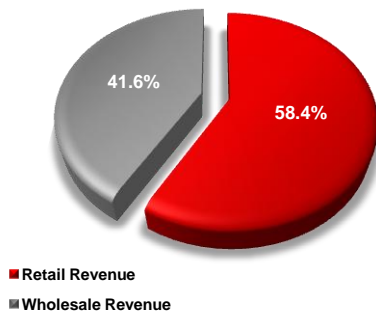
Revenue Analysis

(Percentage %)



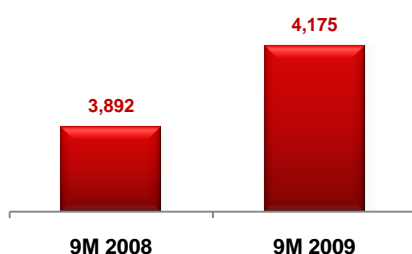
Revenue Breakdown

(Percentage %)



EBITDA Before Provisions

(EGP Million)



Financial Review

Revenues

Total consolidated operating revenues for the first nine months of 2009 reached EGP 7,742 million, an increase of 3% year-on-year.

Retail services

There has been intense competition in the Egyptian telecommunications market from mobile operators utilizing aggressive promotional campaigns to attract new subscribers throughout the summer period and during the month of Ramadan.

Total retail revenues for the nine months of 2009 were EGP 4,524 million, a slight decline of less than 1% when compared with the same period in 2008. This comes in spite of our leaner subscriber base.

Total access revenues, comprising connections and subscriptions, were EGP 1,586 million in the nine months ending September 2009, an increase of 9% compared to EGP 1,458 million in the same period in 2008.

Total voice revenues were EGP 2,132 million for the first nine months of 2009, a decline of 6% on the same period in 2008, as a result of the continued competition from the mobile operators.

Revenues from internet and data, showed an increase of over 18% year-on-year, totaling EGP 485 million. The majority of internet and data revenues are derived from TE Data, Telecom Egypt's internet and data subsidiary, ADSL services.

TE Data continued to extend its position, adding 147 thousand new subscribers in the first nine months of 2009. This translates to a market share of the retail ADSL market of 61%. At the end of September 2009, TE Data had 572 thousand ADSL subscribers, an increase of 68% in comparison to the same period in 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 nine months of 2009 were EGP 3,218 million, compared to EGP 2,934 million during the same period in 2008. This represents a 10% rise year-on-year and again demonstrates 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.

EBITDA/EBIT

Consolidated EBITDA Before Provisions for the first nine months of 2009 was EGP 4,175 million, a 7% increase year-on-year. EBITDA Before Provisions Margin remains at the high end of management expectations at 54%.

EBIT Before FX Gains and Losses for the first nine months of the year increased 8% in comparison to the same period last year, at EGP 3,008 million.

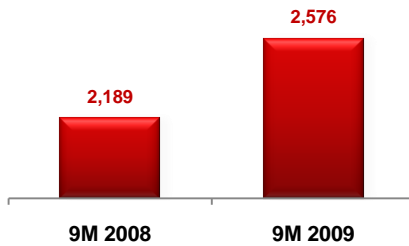
Income from Investments

Total income from Telecom Egypt's investments for the period was EGP1,023 million, including income from VFE versus EGP 959 million for the same period in 2008, an increase of 7%.

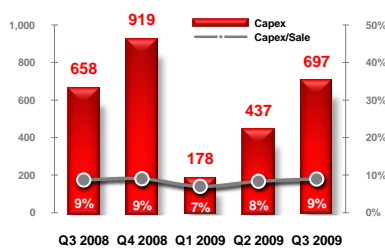
TE's investment in VFE (44.95% stake) continues to deliver significant financial benefit. Operationally, however, VFE has also performed strongly during the

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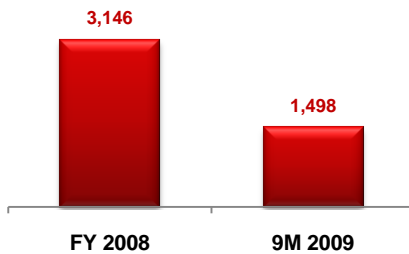
Net Profit
(EGP Million)



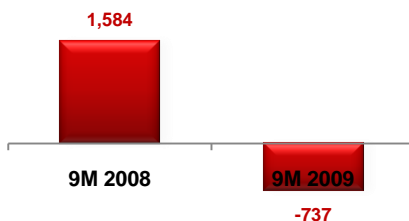
CAPEX
(EGP Million)



Total Debt Position
(EGP Million)



Net Debt Position
(EGP Million)



period under review (Note: Vodafone Egypt's financial year is from 1 April to 31 March). In the six month period ending September 2009, VFE increased its customer base by 35% in comparison to the same period in 2008 to 22 million subscribers. Total voice minutes increased by 23% to more than 18 billion minutes. Such strong operational performance generated revenues of EGP 6,044 million in the six month period ending September 30 2009, a 2% increase on the previous period in 2008, and EGP 1,564 million in Net Profit, a rise of 3.5% year-on-year.

Net profit

TE's Consolidated Net Profit for the nine month period was EGP 2,576 million, a year-on-year increase of 18%. This translates into an EPS of EGP 1.51, versus EGP 1.28 for the period ended 30 September 2008, a rise of 18%.

Investments in infrastructure

Capital expenditure during the first nine months of 2009 witnessed an increase of 6% in comparison to 2008. TE maintains an evenly balance Capex budget and continues to invest in its state-of-the-art infrastructure and important projects. In the first nine months of 2009, Capex was EGP 697 million.

Debt

Following the careful management of its cash flow, TE has now reached a net cash position of EGP 737 million, three months ahead of target. As at September 30 2009, Total Debt stood at EGP 1,498 million while cash and cash equivalents stood at EGP 2,235 million.

TE Financial Highlights

In EGP millions (Except Per Share Data)

Telecom Egypt Consolidated Income Statement

For the period ended September 30, 2009

	Nine Months Period Ending September			Previous Quarter Comparison		
	Sept. 2009	Sept. 2008	% Change	Q3 2009	Q3 2008	% Change
Sales Revenue	7,742	7,492	3.3%	2,540	2,688	-5.5%
EBITDA Before Provisions	4,175	3,892	7.3%	1,370	1,475	-7.1%
<i>Margin</i>	53.9%	51.9%		53.9%	54.9%	
EBITDA After Provisions	3,948	3,706	6.5%	1,245	1,401	-11.2%
<i>Margin</i>	51.0%	49.5%		49.0%	52.1%	
EBIT Before FX Gains or Losses	3,008	2,783	8.1%	973	1,108	-12.2%
<i>Margin</i>	38.9%	37.1%		38.3%	41.2%	
EBIT	3,004	2,775	8.3%	945	1,166	-19.0%
<i>EBIT Margin</i>	38.8%	37.0%		37.2%	43.4%	
Profit Before Taxes & Minority Interest	2,979	2,573	15.8%	942	1,120	-15.9%
Consolidated Net Profit	2,576	2,189	17.7%	826	950	-13.0%
<i>Net Profit Margin</i>	33.3%	29.2%		32.5%	35.4%	
EPS (EGP)	1.51	1.28	17.7%	0.48	0.56	-13.0%

TE Operational Highlights

	Nine Months Period Ending September			Previous Quarter Comparison		
	Sept. 2009	Sept. 2008	% Change	Q3 2009	Q3 2008	% Change
Number of Fixed Line Subscribers	9,631,209	11,325,142	-15.0%	9,631,209	11,325,142	-15.0%
Fixed Line Subscribers Net Additions	(2,071,330)	96,293		(208,362)	58,238	
ARPU (EGP/Month)	56.7	51.1	11%	60.6	56.6	7%
CAPEX (EGP 000's)	697,169	658,193	5.9%	260,521	202,529	28.6%
TE Data						
- Number of ADSL Subscribers	571,819	339,520	68.4%	571,819	339,520	68.4%
- ADSL Subscribers Net Additions	147,406	117,354	25.6%	69,662	39,450	76.6%
- Retail ADSL Market Share	60.6%	57.3%	5.8%	60.6%	57.3%	5.8%

Vodafone Egypt Financial Highlights

In EGP millions (Except Per Share Data)

	Six Months Period Ending September			Previous Quarter Comparison		
	Sept. 2009	Sept. 2008	% Change	Q2 09/10	Q2 08/09	% Change
Total Revenue	6,044	5,904	2.4%	3,079	3,066	0.4%
Net Profit	1,564	1,511	3.5%	859	774	10.9%
CAPEX	754	786	-4.0%	390	418	-6.7%

Vodafone Egypt Operational Highlights

	Six Months Period Ending September			Previous Quarter Comparison		
	Sept. 2009	Sept. 2008	% Change	Q2 09/10	Q2 08/09	% Change
Closing Customers (000's)	22,065	16,391	34.6%	22,065	16,391	34.6%
Net Adds (000's)	3,124	2,317	34.8%	1,694	1,188	42.7%
Total Voice Minutes (millions)	18,320	14,922	22.8%	9,681	7,810	24.0%

- 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 30 September 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.