

## Announces Nine Months 2010 Consolidated Results

**Cairo, 11 November 2010:** Telecom Egypt (TE) (Ticker: ETEL.CA; TEEG.LN), today announced its consolidated financial results for the first nine months of 2010, ending 30 September 2010. Financial statements have been prepared in accordance with Egyptian Accounting Standards.

### Highlights for the Nine Months 2010 period include:

- Net Profit After Tax reached EGP 2,728 million, 6% higher year-on-year, reflecting a net profit margin of 35%.
- Correspondingly, Earnings Per Share (EPS) for the period reached EGP 1.60.
- EBITDA of EGP 3,995 million, delivering a margin of 51%.
- Positive contribution of share of profits from Vodafone Egypt of EGP 1,022 million.
- Total Consolidated Revenues of EGP 7,793 million, 1% up on 9M 2009.
- Capex related cash-flows were EGP 740 million.
- As at 30 September 2010, the number of fixed line subscribers were 9.4 million
- Number of ADSL subscribers reached 819 thousand - a 43% increase year-on-year, leading to a 62% market share for TE Data.

### Chief Executive Officer's statement

Commenting on TE's operational and financial performance, Tarek Tantawy, Chief Executive Officer and Managing Director of Telecom Egypt, said:

"The period under review once again shows that we are delivering on our strategic objectives and continuing to create significant economic value for shareholders. We have recorded the highest net cash position in our history and maintain a robust balance sheet, which provides us with a great deal of flexibility in this highly dynamic market to build on our strong foundations. In the nine month period, we have actually increased net profit by 6% year-on-year, translating to EGP 2.7 billion.

"To deliver this margin, we have taken action to mitigate the effects of competition, countering aggressive pricing strategies of mobile operators with our own innovative promotions. When combined with increased wholesale revenues, particularly from our domestic market, this translates to revenue growth above expectations.

"Our growth strategy centers on investing in and growing businesses with attractive, market leading technology and executive management which can be relied upon to navigate the challenges thrown up by the intensification of competition. TE Data continues to grow its market share, which now stands at 62%. Our long-standing investment in Vodafone Egypt (VFE) is another example of a business that is growing its market share. We continue to reap both financial and strategic rewards from the relationship, which contributed more than EGP 1 billion to our bottom line during the nine month period.

"The TE model is working. Our business - and ours alone - has the capacity and network to work with every single telecommunications provider in Egypt. We continue to provide the reliable and high quality fixed line service for which we have become known. Meanwhile, we are supporting mobile and data growth and have added further diversification to our business by delivering on our cable projects. This results in a compelling combination of resilience and opportunity."

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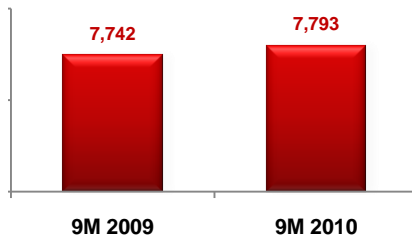
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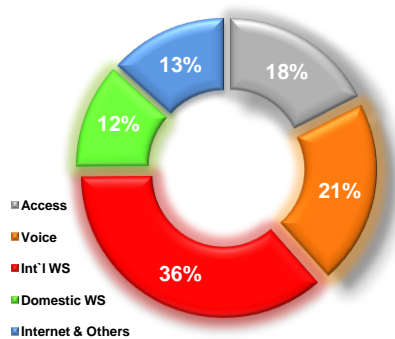
Website: <http://ir.telecomegypt.com.eg>

Revenues  
(EGP Million)



Revenue Analysis

(Percentage %)



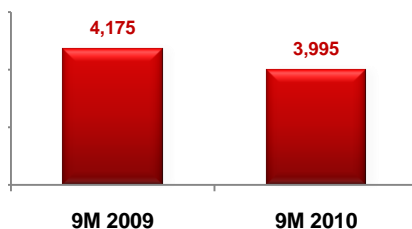
Revenue Breakdown

(Percentage %)



EBITDA

(EGP Million)



### Financial Review

#### Revenues

Total consolidated operating revenues for the first nine months to 30 September 2010 were EGP 7,793 million, a rise of 1% in a year-on-year comparison. The underlying revenues reflect: year-on-year growth in wholesale revenues; some seasonality effect in TE's retail business; plus an increased contribution from TE Data.

The revenue breakdown continues to reflect the evolving competitive landscape in Egypt combined with TE's commercial focus. As a result, TE's Retail and Wholesale businesses now contribute 52% and 48% of total revenues, respectively.

#### Retail services

Total retail revenues for the first nine months of 2010 were EGP 4,040 million, a decline of 11% when compared with the same period in 2009. However, comparing Q3 2010 with Q2 2010, the decrease is lower at 5%. While, once again, the timing of Ramadan this year (coinciding with August) has had some effect on retail services, we remain very committed to this important segment of our business and have seen demonstrable appetite for the innovative promotions we have launched during the last nine months.

Total access revenues, comprising connections and subscriptions, were EGP 1,360 million for the first nine months of 2010 compared to EGP 1,585 million in the comparable period in 2009, primarily as a result of our free installation promotion.

Year-on-year, total voice revenues declined 23% to EGP 1,641 million for the first nine months of 2010 as a result of the timing of Ramadan, this year falling in peak holiday season, reduced traffic volume.

In anticipation of such seasonality effects and aggressive third party pricing activities, TE activated a number of popular promotions during the period, such as its 'buy one get one free' on all call services - offered free of charge for six months, up to a cap of 3,000 minutes.

In the first nine months of 2010, revenues from internet and data, showed a year-on-year 22% increase, from EGP 485 million to EGP 593 million, the vast majority of which can be attributed to TE Data.

TE Data added a further 193,744 ADSL subscribers (net) taking its total subscriber base to 818,993 as at 30 September 2010 – an increase of 43% on total ADSL subscribers added during same period in 2009. TE Data now has a 62% share of the retail ADSL market, which is expected to continue its growth as Egypt's young population increases its demand for swift, high-quality internet access with large bandwidth.

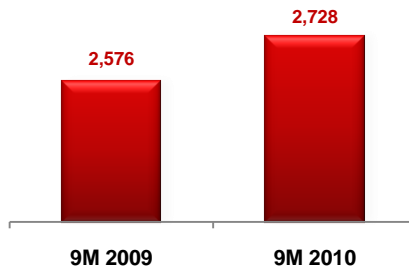
#### Wholesale services

Total wholesale revenues reached EGP 3,754 million during the first nine months of 2010, representing a 17% rise year-on-year.

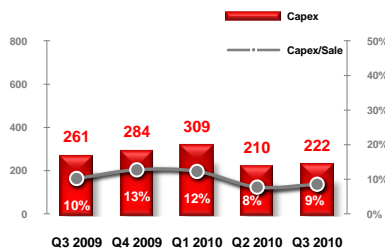
This increase was largely attributable to growth in domestic wholesale, particularly attributable to infrastructure leasing to mobile providers and ISPs, with some additional growth in mobile interconnections.

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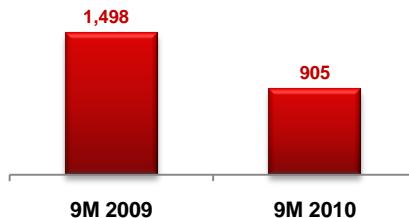
**Net Profit**  
(EGP Million)



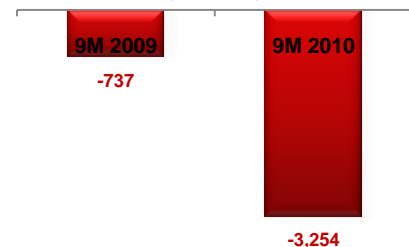
**CAPEX**  
(EGP Million)



**Total Debt Position**  
(EGP Million)



**Net Debt Position**  
(EGP Million)



Nine months international wholesale revenues increased 17% year-on-year to EGP 2,835 million as a result of increasing in-bound international calls and a contribution from TE's cable projects.

### EBITDA/EBIT

Consolidated EBITDA for the first nine months reached EGP 3,995 million, a slight decline of 4% compared to the same period in 2009, as a result of some increase in employee costs and promotional costs. However, this still translates to an EBITDA Margin of 51%, exceeding management's expectations.

EBIT for the year reached EGP 2,991 million, 1% down on the first nine months of 2009

### Income From Investments

Total income from Telecom Egypt's investments for the nine month period was dominated by income from Vodafone Egypt (VFE) which contributed EGP 1,022 million to net profit.

Despite the competitive mobile market in Egypt and aggressive promotions run by the mobile operators, VFE has gained market share, growing its customer base by a third in the past year, to reach nearly 29 million subscribers as at 30 September 2010. Total voice minutes increased by 53% year-on-year, reaching 28.1 billion minutes. Net additions increased by a third in the past half year, growing by 4 million subscribers.

VFE generated revenues of EGP 6,020 million in the first six months of its financial year, ending September 30 2010, flat year-on-year. Net profit for the first half 2010 was EGP 1,415 million.

*(Note: Vodafone Egypt's financial year is from 1 April to 31 March).*

### Net Profit

TE's Consolidated Net Profit for the nine months of 2010 was EGP 2,728 million, a year-on-year increase of 6%. This translates into an EPS of EGP 1.60.

### Investments In Infrastructure

Capital expenditure during the nine months ending 30 September 2010 was 740 million. This is higher by 6% year-on-year as the final stages of the infrastructure expansion are near completion.

### Debt

TE has a robust cash position and solid balance sheet. As a result of TE's highly successful debt reduction program, by 30 September 2010 it recorded a net cash position of EGP 3,254 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 September 30, 2010

	9 Months Period Ending September			Previous Quarter Comparison		
	Sept. 2010	Sept. 2009	% Change	Q3 2010	Q3 2009	% Change
<b>Sales Revenue</b>	<b>7,793</b>	7,742	0.7%	<b>2,584</b>	2,540	1.7%
<b>EBITDA<sup>1</sup></b>	<b>3,995</b>	4,175	-4.3%	<b>1,231</b>	1,370	-10.1%
<i>EBITDA Margin</i>	51.3%	53.9%		47.6%	53.9%	
<b>EBIT<sup>2</sup></b>	<b>2,991</b>	3,008	-0.58%	<b>817</b>	973	-16.1%
<i>EBIT Margin</i>	38.4%	38.9%		31.6%	38.3%	
<b>Profit Before Taxes &amp; Minority Interest</b>	<b>3,156</b>	2,979	5.9%	<b>868</b>	942	-7.9%
<b>Consolidated Net Profit</b>	<b>2,728</b>	2,576	5.9%	<b>766</b>	826	-7.3%
<i>Net Profit Margin</i>	35.0%	33.3%		29.6%	32.5%	
<b>EPS (EGP)</b>	<b>1.60</b>	1.51	5.9%	<b>0.45</b>	0.48	-7.3%

<sup>1</sup> EBITDA Before Provisions

<sup>2</sup> EBIT After Provisions & FX Gain or Losses

### TE Operational Highlights

	9 Months Period Ending September			Previous Quarter Comparison		
	Sept. 2010	Sept. 2009	% Change	Q3 2010	Q3 2009	% Change
<b>ARPU (EGP/Month)</b>	<b>53.3</b>	56.7	-5.9%	<b>53.0</b>	60.6	-12.5%
<b>CAPEX (EGP 000's)</b>	<b>740,429</b>	697,169	6.2%	<b>221,716</b>	260,521	-14.9%
<b>TE Data</b>						
- Number of ADSL Subscribers	<b>818,993</b>	571,819	43.2%	<b>818,993</b>	571,819	43.2%
- ADSL Subscribers Net Additions	<b>193,744</b>	147,406	31.4%	<b>77,947</b>	69,662	11.9%
- Retail ADSL Market Share	<b>62.2%</b>	60.6%	2.7%	<b>62.2%</b>	60.6%	2.7%

### Vodafone Egypt Financial Highlights

In EGP millions

	First Half Period Ending September			Previous Quarter Comparison		
	Sept. 2010	Sept.2009	% Change	Q2 10/11	Q1 10/11	% Change
<b>Total Revenue</b>	<b>6,020</b>	6,044	-0.4%	<b>3,068</b>	2,952	3.9%
<b>Net Profit</b>	<b>1,415</b>	1,564	-9.6%	<b>649</b>	766	-15.2%
<b>CAPEX</b>	<b>869</b>	754	15.3%	<b>518</b>	352	47.2%

### Vodafone Egypt Operational Highlights

	First Half Period Ending September			Previous Quarter Comparison		
	Sept. 2010	Sept.2009	% Change	Q2 10/11	Q1 10/11	% Change
<b>Closing Customers (000's)</b>	<b>28,766</b>	22,065	30.4%	<b>28,766</b>	25,791	11.5%
<b>Net Adds (000's)</b>	<b>4,161</b>	3,124	33.2%	<b>2,975</b>	1,186	150.9%
<b>Total Voice Minutes (millions)</b>	<b>28,092</b>	18,320	53.3%	<b>14,558</b>	13,534	7.6%

- 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 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 9.4 million subscribers as at 30 September 2010.

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 Exchange and the London Stock Exchange.