

Announces Full Year 2010 Consolidated Results

Cairo, 9 March 2011: Telecom Egypt (TE) (Ticker: ETEL.CA; TEEG.LN), today announced its consolidated financial results for the full year ending 31 December 2010. Financial statements have been prepared in accordance with Egyptian Accounting Standards.

Highlights for the Full Year 2010 period include:

- Net Profit After Tax reached EGP 3,309 million, 8% higher year-on-year, reflecting a net profit margin of 32%.
- Correspondingly, Earnings Per Share (EPS) for the period reached EGP 1.72.
- EBITDA of EGP 4,865 million, delivering a margin of 47%.
- Positive contribution of share of profits from Vodafone Egypt (VFE) of EGP 1,345 million.
- Total Consolidated Revenues of EGP 10,318 million, up 4% year on year.
- Capex related cash-flows were EGP 1,086.
- As at 31 December 2010, the number of fixed line subscribers reached 9.3 million.
- A 41% year-on-year increase in the number of ADSL subscribers - 883 thousand - translating to a 63% 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:

"During 2010, when most Egyptian telecommunications operators experienced margin contractions as the effects of competition were felt, TE's focused operational performance delivered an improved net margin of 32%. Net profit after tax reached EGP 3,309 billion, a rise of 8.5%. This has led the Board to recommend a dividend distribution of EGP 1.3 per share subject to general assembly approval.

"Our strategy for the year was twofold. Firstly, to protect our retail revenue base with innovative promotions designed to counter the effects of mobile substitution and capitalize on the increased demand for broadband internet access. Secondly, to harness the demand for access to our fixed line network from third party operators and, therefore, expands our wholesale revenue opportunity.

"I am proud of our success in meeting both of these objectives and during the year, we also added greater diversity to our revenues mix by beginning to recognize contributions from our new cable projects. As a result, revenue growth, profitability and capital expenditure were all comfortably within management expectations, in spite of the dynamic competitive landscape for telecommunications in Egypt.

"TE Data continues to set the standard for broadband internet access in Egypt and expanded its share of the broadband market during the year to 63%. The growth in demand for quality broadband internet access has meant that revenues from retail internet and data services increased 24.8% in 2010, already accounting for 8% of TE's total consolidated sales revenues in the year. I view this as a very positive trend and one we have worked hard to capture.

"Once again, the contribution we received from Vodafone Egypt (VFE) of EGP 1,345 million shows the value our investment is delivering. VFE has had an exceptional nine months, averaging a million subscribers every month to reach a total customer base of 31.8 million. I am confident that VFE is very well placed in the market for mobile growth.

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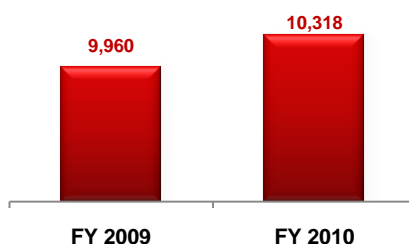
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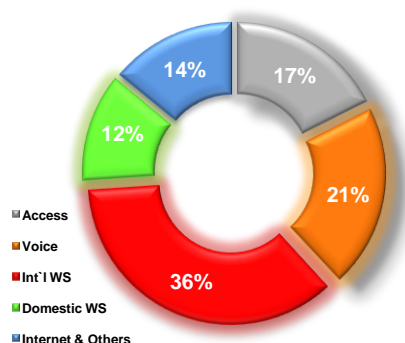
Website: <http://ir.telecomegypt.com.eg>

Revenues
(EGP Million)



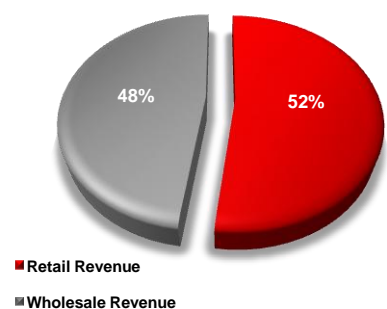
Revenue Analysis

(Percentage %)



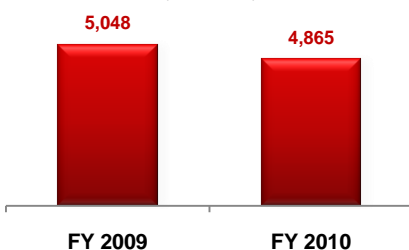
Revenue Breakdown

(Percentage %)



EBITDA

(EGP Million)



"Finally, TE remains in very a robust financial position. We have progressively strengthened our balance sheet and now have net cash on hand of EGP 4,101 million, both of which will be particularly important as we navigate through an expected turbulent market environment in 2011.

Financial Review

Revenues

Total consolidated operating revenue for the full year period to 31 December 2010 has slightly exceeded the top end of management expectations, reaching EGP 10,318 million for the twelve month period. This represents a rise of 3.6% on 2009, primarily driven by strong year-on-year growth in domestic and international wholesale revenue and the growing contribution from internet and data revenue (TE Data).

Retail services

Total retail revenue for the full year 2010 comprised 52% of TE's total revenue reaching EGP 5,379 million, a decline of 6.7% or EGP 384 million when compared with 2009. The year-on-year decline is due to the increase in mobile usage over the twelve month period, but has been more than offset by the rise in total wholesale revenue. TE continues to run highly targeted promotions to combat competition and as a result total retail revenue on a fourth quarter 2009 to fourth quarter 2010 comparison increased by 8.1%.

Total access revenue, comprising connections and subscriptions, was EGP 1,809 million for the full year 2010 compared to EGP 2,049 million in the comparable period in 2009, primarily as a result of TE's free installation promotion which ran twice during the period under review.

Year-on-year, total voice revenue declined 18.9% to EGP 2,124 million for the full year 2010 as a result of increased competition from mobile operators.

Full year revenue from internet and data, mainly attributable to TE Data, reached EGP 810 million. This represents a 24.8% increase on 2009, when internet revenue stood at EGP 649 million. As at 31 December 2010, TE Data had a 63% share of the retail ADSL market. During the twelve month period, TE Data added a further 257,922 ADSL subscribers (net) taking its total subscriber base to 883,171.

Wholesale services

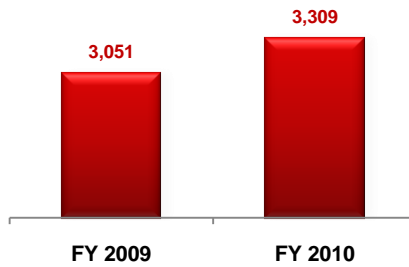
In 2010, total wholesale revenue reached EGP 4,939 million, representing a rise of EGP 742 million year-on-year, or 17.7%. TE's wholesale business is made up of revenue from domestic and international services to third parties who utilize TE's extensive, digital infrastructure principally for co-location and transmission services, settlement and infrastructure leasing. In 2010, revenue from wholesale services constituted 48% of TE's total revenues.

Total domestic wholesale revenue in 2010 grew by 20.7% in comparison to 2009 to reach EGP 1,242 million, as a result of continued momentum in the demand for infrastructure leasing to mobile providers and ISPs.

International wholesale revenue for the full year 2010 increased 16.7% year-on-year to EGP 3,697 million as a result of increasing transmission services and the contribution from TE's cable projects.

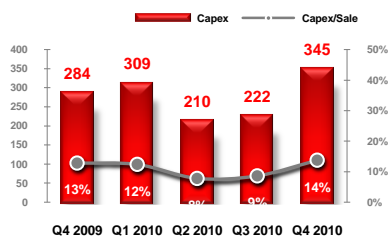
Net Profit

(EGP Million)



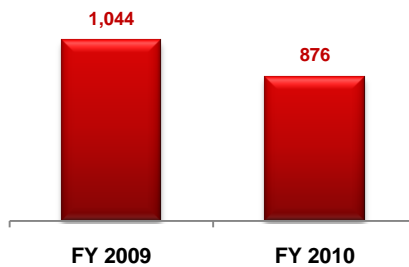
CAPEX

(EGP Million)



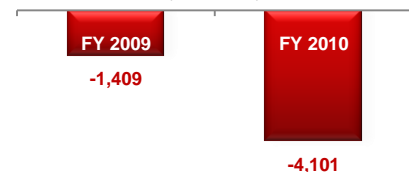
Total Debt Position

(EGP Million)



Net Debt Position

(EGP Million)



EBITDA/EBIT

Consolidated EBITDA for full year 2010 reached EGP 4,865 million, a slight decline of 3.6% compared to 2009, as the impact of significant cost savings initiatives were offset by short term cost from the temporary enhanced early retirement program, which commenced in July to December 2010, and increased employee costs which was in place from July 2010. An EBITDA margin of 47.1% was in line with management's expectations.

EBIT for the year reached EGP 3,577 million, 1.8% up on 2009.

Income From Investments

Total income from Telecom Egypt's investments for the period was EGP 1,348 million, including income from VFE of EGP 1,345 million.

VFE made exceptional operational progress during the nine months to the end of December 2010 in spite of the continued intense competition among mobile operators (VFE financial year is from 1 April to 31 March).

VFE added more than seven million subscribers in the nine month period ending December 2010, an increase of 63.4% on net additions during the same period in 2009. The result is a closing customer base of 31.8 million subscribers compared to 23.3 million as at 31 December 2009. Correspondingly, total voice minutes topped 43 billion minutes, a rise of 51.3% on 2009.

VFE generated revenues of EGP 9,187 million in the nine month period ending December 31 2010, a 1% increase on the previous period in 2009. Net profit for the period was EGP 2,135 a decrease of 12.3% year-on-year. Capex increased 31.2% in 2009 over the nine month period to end December 2010 to reach EGP 1,667 million due to the fierce competition between the mobile operators. As a percentage of total revenue, this remains within management expectations.

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

Net Profit

TE's Consolidated Net Profit for full year 2010 was EGP 3,309 million, a year-on-year increase of 8.5% with a 32.1% margin. This translates into an EPS of EGP 1.72 versus EGP 1.64 in 2009 an increase of 4.9% year-on-year.

Investments In infrastructure

Capital expenditure for the full year 2010 was EGP 1,086 million, at the lower end of management guidance as a result of a favorable renegotiation of a series of third party supplier contracts.

Debt

TE has a robust cash position and solid balance sheet. As at 31 December 2010, TE had a net cash position of EGP 4,101 million.

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TE Financial Highlights



Consolidated Income Statement

For the period ended December 31, 2010

In EGP Millions (Except Per Share Data)

	12 Months Period Ending December		
	Dec. 2010	Dec.2009	% Change
Total Sales Revenue	10,318	9,960	3.6%
EBITDA	4,865	5,048	-3.6%
<i>Margin</i>	47.1%	50.7%	
EBIT	3,577	3,515	1.8%
<i>EBIT Margin</i>	34.7%	35.3%	
Profit Before Taxes & Minority Interest	3,804	3,510	8.4%
Net Profit	3,309	3,051	8.5%
<i>Net Profit Margin</i>	32.1%	30.6%	
EPS (EGP)	1.72	1.64	4.9%

TE Operational Highlights

	12 Months Period Ending December		
	Dec. 2010	Dec. 2009	% Change
ARPU (EGP/Month)	53.0	54.1	-2.1%
CAPEX (EGP 000's)	1,085,833	980,798	10.7%
TE Data			
- Number of ADSL Subscribers	883,171	625,249	41.3%
- ADSL Subscribers Net Additions	257,922	200,836	28.4%
- Retail ADSL Market Share	63.0%	60.9%	3.5%

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Vodafone Egypt Financial Highlights

In EGP Millions

	9 Months Period Ending December		
	Dec. 2010	Dec.2009	% Change
Total Revenue	9,187	9,109	0.9%
Net Profit	2,135	2,436	-12.3%
CAPEX	1,667	1,270	31.2%

Vodafone Egypt Operational Highlights

	9 Months Period Ending December		
	Dec. 2010	Dec.2009	% Change
Closing Customers (000's)	31,768	23,325	36.2%
Net Adds (000's)	7,163	4,384	63.4%
Total Voice Minutes (millions)	43,156	28,515	51.3%

- 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 9.3 million subscribers as at 31 December 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.