

Telecom Egypt Announces Full Year 2007 Consolidated Results

Cairo, 13 March 2008: Telecom Egypt (TE) (Ticker: ETEL.CA; TEEG.LN), today announced its consolidated financial results for the full year ending 31 December, 2007. Financial statements have been prepared in accordance with Egyptian Accounting Standards.

Highlights for the period include:

- Total consolidated revenues reached EGP 10 billion, an increase of 5% in comparison to 2006
- EBITDA Before Provisions were EGP 5.4 billion, up 2.1% year-on-year
- EBITDA Margin Before Provisions of 54%
- Net Profit after Tax was EGP 2.5 billion, an increase of 4.4% in comparison to 2006
- Earnings per share (EPS) were EGP 1.39 up 3.8% year-on-year
- Ongoing rationalization resulting in twelve months capex related cash-flows of EGP 945 million
- Total fixed line subscribers reached 11.23 million, up 4% on 2006
- Share of the retail ADSL market is 52%, with 141% subscriber growth
- Positive contribution from Vodafone Egypt of EGP 1.1 billion in 2007, compared to EGP 710 million in 2006.

Chairman's statement

Commenting on the company's results for the full year 2007, Akil Beshir, Chairman and CEO of Telecom Egypt, said:

"As a company, we are very proud of our continued profitability, and the ability to increase profits in a changing market should not be underestimated. Our EBITDA margin remains robust and within management expectations in the low to mid fifties. In 2007, our Net Profit after Tax reached EGP 2.5 billion an increase of 4.4% compared to 2006, largely driven by the growth we have seen in internet and data and wholesale revenues. Ensuring profitability is sustained remains a key priority for TE and we remain committed to keeping a close eye on costs.

"2007 was a year of focused growth in our subscriber base. The fourth quarter was particularly strong in terms of net additions, resulting from the market's positive response to our promotional activities. In addition, our Internet and data services subsidiary – TE Data – now has a market share of 52 percent and an ADSL subscriber base of over 220 thousand subscribers. Simultaneously we have benefited from our stake in Vodafone Egypt, which contributed over one billion Egyptian Pounds to group bottom line throughout 2007.

"Meanwhile, our revenue mix has continued to evolve with wholesale revenues now accounting for 35% of total sales, while retail revenues account for the remaining 65%. The growth in wholesale revenues was 22% year-on-year with the main driver for this double digit growth is the increase in demand for our infrastructure by other operators in the domestic market. We continue to see our extensive infrastructure as our key asset and we intend to capitalize on it to capture the growing demand for telecommunication services in the domestic market.

"An important part of driving future revenues is looking for new opportunities and initiatives, such as our submarine cable project, TE North, which is due for completion in the second half of 2009. Taking advantage of the boom in Internet traffic from Asia to Europe and vice versa, this submarine cable capitalizes on our existing national infrastructure and will enable Telecom Egypt to generate further wholesale revenues by selling capacity to other operators. We have already signed agreements with three companies, totaling USD 126 million, and we expect to announce more throughout 2008."

Financial Review

Revenues

Total consolidated operating revenues for the full year ended 31 December 2007 rose five percent to reach EGP 10 billion, from EGP 9.5 billion in 2006. The main driver for growth in the period was the revenues we derive from domestic and international wholesale, which increased 22 percent in total and now accounts for 35 percent of our total revenues.

Retail services

Retail revenues for 2007 were EGP 6.5 billion, a slight decrease in comparison to EGP 6.6 billion for 2006. Pressure on voice revenues is being more than offset by the corresponding increase in wholesale revenues, as other operators require larger capacity.

Meanwhile, take up of Internet and data services from TE's subsidiary – TE Data – demonstrated impressive growth as ADSL subscribers more than doubled during the year, representing a 52 percent market share. Internet and data revenues reached EGP 335 million in 2007, compared to EGP 184 million in 2006.

Wholesale services

The integrity and reach of TE's fully-modernised telecommunications network is fundamental to our wholesale offering and continued demand from other telecom operators has again translated to an increase in revenues. Total wholesale revenues for 2007 were EGP 3.5 billion, compared to EGP 2.8 billion for 2006, an increase of 22 percent.

Domestic wholesale revenues increased by 62.3 percent to EGP 767 million, driven by two factors. The first, mobile to fixed interconnection, as a result of increased traffic. The second, revenue from leasing TE's extensive infrastructure to other telecom providers which witnessed a 94 percent increase.

Overall, international wholesale grew by 14 percent from EGP 2.4 billion to EGP 2.7 billion underpinned by a surge to mobile-to-international traffic requiring increasing TE's network capacity.

EBITDA/EBIT

Consolidated EBITDA before provisions for 2007 reached EGP 5.4 billion, a 2.1 percent increase on 2006. This resulted in an EBITDA margin before provisions, within management expectations, of 53.9 percent. The one-off impairment for Algeria affected EBITDA after provisions in 2007.

Meanwhile, EBIT for 2007 was 9.7 percent up on the previous year, reaching EGP 3.6 billion.

Income from Investments

Total income from TE's investments for the period was EGP 1.13 billion, including income from Vodafone Egypt which off-set an operating loss of EGP 59 million from its investment in Consortium Algerien De Tele-Communications (CAT).

Throughout 2007, Vodafone Egypt continued to demonstrate sound operational and financial management, increasing revenues by 30 percent to EGP 7.7 billion. Vodafone Egypt doubled net subscriber additions and had 13,333 closing customers as of 31 December 2007. This represents a 53 percent increase in comparison to 2006, when the Company had 8,704 closing customers.

Net profit

Consolidated Net Profit for the period was EGP 2.5 billion, a 4.4 percent increase compared to 2006. This translates to EPS of EGP 1.39.

Investments in infrastructure

Over the past few years TE has invested heavily in providing its customers with a fully digitalized, state of the art network, which has significant capacity to cope with the rising demand for wholesale services. As a result, TE reduced its capex by over 50% in 2007 by spending EGP 945 million.

Debt

TE's net debt position as of 31 December 2007 was EGP 3.6 billion. This represents a reduction of EGP 3.2 billion in comparison to 31 December, 2006, when TE's net debt rose to EGP 6.8 billion as a result of the acquisition of an additional stake in Vodafone Egypt.

TE Financial Highlights

In EGP 000's (Except Per Share Data)	12 Months Period Ending December			Previous Quarter Comparison		
	Dec. 2007	Dec. 2006	% Change	Q4 2007	Q3 2007	% Change
Sales Revenue	9,993,147	9,516,805	5.0%	2,515,403	2,601,286	-3%
EBITDA Before Provisions Margin	5,389,135 53.9%	5,276,536 55.4%	2.1%	1,249,001 49.7%	1,392,622 53.5%	-10.3%
EBITDA After Provisions Margin	5,223,672 52.3%	5,333,217 56.0%	-2.1%	1,346,645 53.5%	1,406,984 54.1%	-4%
EBIT Before FX Gains or Losses Margin	3,674,158 36.8%	3,388,305 35.6%	8.4%	1,099,909 43.7%	998,621 38.4%	10%
EBIT EBIT Margin	3,580,287 35.8%	3,264,571 34.3%	9.7%	1,082,438 43.0%	942,567 36.2%	15%
Profit Before Taxes & Minority Interest	3,054,345	2,897,825	5.4%	977,551	815,697	20%
Consolidated Net Profit Net Profit Margin	2,534,286 25.4%	2,426,877 25.5%	4.4%	831,438 33.1%	704,372 27.1%	18%
EPS (EGP)	1.37	1.34	2.2%			

TE Operational Highlights

	12 Months Period Ending December			Previous Quarter Comparison		
	Dec. 2007	Dec. 2006	% Change	Q4 2007	Q3 2007	% Change
Number of Fixed Line Subscribers	11,228,849	10,807,678	4%	11,228,849	11,031,595	2%
Fixed Line Subscribers Net Additions	421,171	411,530	2%	197,254	73,347	169%
ARPU (EGP/Month)	54.2	58.9	-8.0%	51.0	55.9	-8.7%
Capex (EGP 000's)	944,821	1,936,707	-51.2%	286,006	184,251	55.2%
Number of ADSL Subscribers	222,166	92,332	141%	222,166	172,767	28.6%
Retail ADSL Market Share	52.0%	44.9%	16%	52.0%	48.9%	6%

Vodafone Egypt Financial Highlights

In EGP mn (Except Per Share Data)	9 Months Period Ending December			Previous Quarter Comparison		
	Dec. 2007	Dec. 2006	% Change	Q3 2007	Q2 2007	% Change
Total Revenue	7,737	5,936	30%	2,702	2,607	4%
Net Profit	2,082	1,963	6%	736	647	14%
Capex	1,736	1,288	35%	439	630	-30%

Vodafone Egypt Operational Highlights

	9 Months Period Ending December			Previous Quarter Comparison		
	Dec. 2007	Dec. 2006	% Change	Q3 2007	Q2 2007	% Change
Closing Customers (000's)	13,333	8,704	53%	13,333	12,186	9%
Net Adds (000's)	3,681	2,090	76%	1,147	1,204	-5%
Total Voice Minutes (millions)	16,263	10,001	63%	5,878	5,591	5.12%

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Notes to Editors:

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 Cairo and Alexandria 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 11.23 million subscribers as at the end of December 2007.

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 44.79% 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 Cairo and Alexandria Stock Exchanges and the London Stock Exchange.