

## Telecom Egypt Announces Nine Months 2007 Consolidated Results

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**Cairo, 15 November, 2007:** Telecom Egypt (TE) (Ticker: ETEL.CA; TEEG.LN), today announced its consolidated financial results for the nine months ending 30 September, 2007. Financial statements have been prepared in accordance with Egyptian Accounting Standards.

Highlights for the nine month period include:

- Total revenues reached EGP 7.5 billion, an increase of 7.8% on the same period in 2006.
- EBITDA Before Provisions were EGP 4.1 billion, up 5.5% year-on-year
- EBITDA Margin Before Provisions of 55.4%
- Net Profit after Tax was EGP 1.7 billion, an increase of 12.3% in comparison to 2006
- Earnings per share (EPS) were EGP 1.00, up 12.3% year-on-year
- Ongoing rationalization results in nine month capex related cash-flows of EGP 659 million
- Total fixed line subscribers reached 11.03 million, up 3% on the first nine months of 2006
- Monthly ARPU at EGP 55.5 an increase of 1.3% over the previous quarter
- Share of the retail ADSL market is 49%, with 152% subscriber growth during the first nine months of 2007
- Positive contribution from Vodafone Egypt of EGP 796.7 million in the first nine months of the year

### Chairman's statement

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

"Today's announcement again demonstrates a sustained and strong growth in revenues and net profit for Telecom Egypt in line with our expectations. Further to my last update, we continue to deliver on the strategy while adapting to a rapidly changing telecoms landscape in Egypt.

"Our fixed line customer base continues to be one of the largest in the region, delivering total revenues for the first nine months of 2007 of EGP 7.5 billion. These results once again show the evolution in our core business, with revenues from wholesale services, which includes infrastructure leasing, representing 34% of our total revenues.

"Underpinned by our commitment to tight cost controls and a prudent financial strategy, our margins also remain robust. We ended the nine month period with an improved 23% net profit margin.

"Our strategic initiative, TE North, is progressing as planned and as you can see from today's announcement operational contracts are being put in place with customers that we feel confident share our vision and drive for this new venture.

"TE's Internet and data services arm, TE Data, continues to deliver healthy financial and operational performances. In total it now services almost 50 percent of the fast-growing Egyptian ADSL market with 172,767 subscribers. Revenues from Internet and data services have increased by 73 percent in comparison to the same nine month period in 2006.

"As the mobile telecoms market continues to grow in Egypt we are also reaping the benefits of our important investment in Vodafone Egypt, one of the leading mobile providers in the country, both financially and strategically. Our cooperation with the Vodafone group begins to yield tangible results with the roll-out of Vodafone Shop-in-Shops in Telecom Egypt's Centrals. Such initiatives should deliver benefits to both parties, and in turn our respective customers, in the future."

## **Financial Review**

### **Revenues**

Total consolidated operating revenues for the nine month period to 30 September 2007 rose 7.8 percent to EGP 7.5 billion. This was underpinned by continuing demand for TE's wholesale services from other telecom operators and an upturn in local call revenues during the third quarter post number changes.

#### ***Retail services***

Revenues for the first nine months of 2007 increased to EGP 4.9 billion, compared to EGP 4.8 billion for the same period in 2006.

This increase was mainly driven by an increased take up of Internet and data services from TE's subsidiary – TE Data and an increase in access revenue by 7%. Internet and data revenues increased by 73% from EGP 126 million to EGP 218 million for the first nine months of 2006 and 2007 respectively.

TE increased the number of ADSL subscribers by 152 percent to 172,767 in the first nine months of 2007, representing a 48.9 percent share of the Egyptian ADSL market.

#### ***Wholesale services***

Continued demand from other telecom operators for use of our state-of the art infrastructure has again translated to an increase in wholesale revenues.

Total wholesale revenues for the first nine months of 2007 were EGP 2.5 billion, compared to EGP 2.0 billion for the same period in 2006.

Domestic wholesale revenues increased by 68 percent to EGP 572 million, driven by mobile to fixed interconnection and other wholesale revenue. Firstly, the increase in mobile to fixed was as a result of increased traffic generated by mobile operators offering promotions to their customers. Secondly, TE's income from leasing its extensive infrastructure to other telecom providers has continued to grow substantially, almost doubling in a year-on-year comparison for the same nine month period, from EGP 178 million in 2006 to EGP 354 million in 2007.

### **EBITDA/EBIT**

Consolidated EBITDA before provisions for the first nine months of 2007 reached EGP 4.1 billion, a 5.5% increase on the same period in 2006. This resulted in an EBITDA margin before provisions, within management expectations, of 55.4 percent.

Meanwhile, EBIT for the nine months ended 30 September 2007 was 16.7% up on the previous year, reaching EGP 2.5 billion.

### **Income from Investments**

Total income from TE's investments for the period was EGP 753 million, including income from Vodafone Egypt.

During the period under review Vodafone Egypt, one of three licensed providers of mobile communications in Egypt, continued to demonstrate sound operational and financial management.

As of 30 September 2007 (representing the first six months of Vodafone Egypt's financial year), Vodafone Egypt had approximately 11.7 million active customers, generating a total of 10.4 billion voice minutes. This shows a substantial increase in comparison to the same period in 2006, when Vodafone Egypt had 7.8 million active customers generating 6.3 billion voice minutes.

### **Net profit**

Consolidated Net Profit for the period was EGP 1.7 billion, an increase of 12.3 percent compared to the same period in 2006. This translates to EPS of EGP 1.0.

## Debt

TE's net debt position as of 30 September 2007 was EGP 4.5 billion. This represents a reduction of EGP 2.3 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 19 percent stake in Vodafone Egypt.

## TE Financial Highlights

In EGP 000's (Except Per Share Data)	9 Months Period Ending September			Previous Quarter Comparison		
	Sept. 2007	Sept. 2006	% Change	Q3 2007	Q2 2007	% Change
Sales Revenue	7,477,744	6,933,633	7.8%	2,601,286	2,498,699	4%
EBITDA Before Provisions Margin	4,140,134 55.4%	3,923,541 56.5%	5.5%	1,392,622 53.5%	1,376,597 55.1%	1.2%
EBITDA After Provisions Margin	3,877,027 51.8%	3,773,057 54.4%	2.9%	1,406,984 54.1%	1,118,281 44.8%	26%
EBIT Before FX Gains or Losses Margin	2,574,249 34.4%	2,236,521 32.3%	15.1%	998,621 38.4%	701,517 28.1%	42%
EBIT EBIT Margin	2,497,849 33.4%	2,139,862 30.9%	16.7%	942,567 36.2%	695,023 27.8%	36%
Profit Before Taxes & Minority Interest	2,076,794	1,942,251	6.9%	815,697	551,136	48%
Consolidated Net Profit Net Profit Margin	1,702,848 22.8%	1,516,107 21.9%	12.3%	704,372 27.1%	413,247 16.5%	71%
EPS (EGP)	1.00	0.89	12.3%			

## TE Operational Highlights

	9 Months Period Ending September			Previous Quarter Comparison		
	Sept. 2007	Sept. 2006	% Change	Q3 2007	Q2 2007	% Change
Number of Fixed Line Subscribers	11,031,595	10,720,603	3%	11,031,595	10,958,248	1%
Fixed Line Subscribers Net Additions	223,917	324,455	-31%	73,347	60,433	21%
ARPU (EGP/Month)	55.5	57.7	-3.7%	55.9	55.2	1.3%
Number of ADSL Subscribers Retail ADSL Market Share	172,767 48.9%	68,550 41.2%	152% 19%	172,767 48.9%	134,873 47.7%	28.1% 2%

## Vodafone Egypt Financial Highlights

In EGP mn	6 Months Period Ending September			Previous Quarter Comparison		
	Sept. 2007	Sept. 2006	% Change	Q2 2007	Q1 2007	% Change
Total Revenue	5,035	3,840	31%	2,607	2,428	7%
Net Profit	1,346	1,289	4%	647	699	-7%
Capex	1,297	709	83%	630	668	-6%

## Vodafone Egypt Operational Highlights

	6 Months Period Ending September			Previous Quarter Comparison		
	Sept. 2007	Sept. 2006	% Change	Q2 2007	Q1 2007	% Change
Active Customers (000's)	11,693	7,767	51%	11,693	10,327	13%
Total Voice Minutes (in millions)	10,385	6,331	64%	5,591	4,794	17%

- Ends -

**For further information:**

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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 11.03 million subscribers as at the end of September 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.