

Telecom Egypt [TE] Financial Highlights for the 9 months period ending September 2005

Cairo, November 23, 2005: Telecom Egypt (TE) (Ticker: ETEL.CA), announced its financial results for the nine months period ended September 30, 2005. Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

Key performance indicators for the period are highlighted below:

- Total number of fixed-line subscribers up to 10.3 million
- Teledensity reached 14.5% in September 2005
- Revenues reached L.E 6.4 billion, an increase of 8.3% on September 2004
- Net Profit before Tax up 45.4% to L.E 2.1billion
- Net Profit after Tax up from L.E. 1.1 billion to L.E. 1.6 billion
- Earnings per Share (EPS) increased by 50% to reach L.E. 0.93 vs. L.E. 0.62 in September 2004
- Monthly ARPU was L.E. 72, down from L.E. 72.5 in the same period in 2004
- EBITDA¹ reached L.E. 3.5 billion, up from L.E. 3.4 billion in September 2004
- EBITDA margin as of 30 September 2005 was 55.4%

Commenting on the results, Mr. Ali Salama, Chief Financial Officer, said:

“We are pleased with another set of strong numbers in the third quarter of 2005, continuing our sustained growth across the business over the last few years. At 55.4%, our EBITDA margins are amongst the highest in the industry. Given our excellent profitability, the strength of our customer base and network and new growth opportunities in broadband and Algeria, Telecom Egypt is well positioned to deliver sustained growth in the future.”

Subscribers

TE strengthened its position as the largest provider of fixed-line telecommunications services in the Arab World, with an increase of around one million new subscribers from the same period in 2004. Total fixed-line subscribers now total over 10.3 million, up from 9.35 million in September 2004.

Total internet subscribers at TE Data increased by 368% to 23,863, up from 5,100 in the same period to September 2004.

Revenues

An increased customer base of 10.3 million fixed-line subscribers was the main factor that resulted in TE revenues for the period increasing to L.E 6.4 billion, an increase of 8.3% on the nine months to the end of September 2004. Retail revenues accounted for 74.0% of total revenues, with wholesale revenues derived from other operators using TE's extensive infrastructure accounting for 26% of total revenues.

Revenues for the period have been positively impacted by increases in access revenues, incoming international and fixed to international traffic.

The contribution to total revenues coming from TE data has also been positively impacted by the increase in subscribers and higher internet usage, both from its own services, but also via the provision of wholesale services to other ISPs using Telecom Egypt's fixed line network for Internet access. TE Data revenues for the period to 30 September 2005 increased by 104% to LE 17.2 million.

Net Profit

Telecom Egypt's cautious control of costs contributed to its net profit before tax for the period reaching L.E 2.1 billion, compared to L.E 1.4 billion in the nine months to end of September, 2004. This represents an increase of 45.4%.

Net profit after tax reached L.E. 1.6 billion compared to L.E. 1.1 billion in September 2004, an increase of 45.5%. Overall net profit was boosted by several non-cash items, in particular foreign exchange gains resulting from improvement in domestic currency stability.

This resulted in a net profit margin improvement to 24.2% from 18.0% in the same period in 2004.

Capex

Capital expenditure was predominantly a function of the infrastructure roll-out that has boosted teledensity to 14.5%, compared to 13.5% in the same period in September 2004. Capex-related cash outflows in the first nine months of 2005 reached L.E. 2.2 billion, in line with management assumptions.

1[1] EBITDA calculated as operating profit before financing costs plus

depreciation & amortization

About Telecom Egypt

Telecom Egypt (TE), Egypt's incumbent telecommunications operator, was established in 1998 to replace the former Arab Republic of Egypt National Telecommunication Organization (ARENTO). The company has a fixed line subscriber base in excess of 10 million subscribers which makes it the largest fixed line provider in the Middle East and Africa.

Investor Relations Contacts

Tarek Tantawy

Telephone: +202 5788826
Fax: +202 5789314

Eman Anis

Telephone: +202 5788787
Fax: +202 5789314

E-mail: investor.relations@telecomegypt.com.eg