



Management Report

2021

Telecom Egypt - Management Report 2021:

The purpose of the company is:

Setting up, owning, operating and developing telecommunications networks for transmitting and providing telecommunications and information technology services inside and outside the Arab Republic of Egypt, and all other services that can be provided by using wire and wireless networks, techniques and technology. In addition, it shall have the right to perform all acts and specialties which will lead to achieving its purpose. For achieving such purposes, the Company shall have the right to perform the following:

- 1- Owning, setting up, operating, maintaining and developing telecommunications networks and infrastructure required for telecommunications services for using and/or managing and/or leasing to others and/or dealing in same.
- 2- Providing audio and visual telecommunications and data transmission services to subscribers and/or managing and/or leasing to others and dealing in same;
- 3- Participating or sharing in global telecommunications systems, such as maritime cables and satellites, and obtaining capacities or circuits therein, for using and/or managing and/or leasing to others and/or dealing in same;
- 4- Dealing, contracting or participating with agencies, authorities, companies, organizations or any entities that practice the same or similar activity to the activities of the Company, are related thereto, or assist the Company to achieve its purposes, whether inside the Arab Republic of Egypt or overseas;
- 5- Managing, selling, leasing, purchasing, possessing, renting and dealing in any properties and rights, or benefit or right therein, including movable and immovable properties, that the Company may possess or own;
- 6- Selling, purchasing and distributing landline telephone sets, mobile phones, computers, peripherals, accessories, auxiliaries and supplementary devices thereof, their required spare parts as well as the maintenance works associated therewith;
- 7- Setting up audio, video and written data transmission networks; and providing value-added services, content services, marketing, electronic signature and money transfers through internet; and
- 8- Real estate investment to serve its purposes and carry out its projects.

For achieving its purposes, the Company may establish or participate in the establishment of new or existing companies, which operate in the field of its activity, or in fields related or supplementary to its activity, whilst observing the provisions of applicable laws, regulations and decrees, and provided that the Company shall obtain the licenses required for practicing its activity.

Fixed-term of the company	25 years from the date of registration in the commercial registry	Listing date in the stock exchange	29 th December 1999
The law governing the company	Law No.159 / 1981	Share Nominal value	EGP 10/share
The last authorized capital	EGP 17,070,716,000	The last issued capital	EGP 17,070,716,000
The last paid up capital	EGP 17,070,716,000	Commercial register number and date of registration	3930 - 1999

Investor relations contact:

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Holders of 5% or more out of the company's total shares:

Holders	# of shares	% out of total shares
The state	1,365,657,280	80%
Total	1,365,657,280	80%

Current Board of Directors (BoD) structure*:

Name	Occupation	Representing	Role nature
Magued Ibrahim Osman	Chairman	The government	Non- exe.
Adel Hamed Gadallah	CEO and Managing Director	The government	Executive
Hany Mahmoud Sayed Mansour	BoD member	The government	Non- exe.
Mohamed Nasser El-Din Mohamed Ali	BoD member	The government	Non-executive
Mohamed Hassan Shamroukh	BoD member	The government	Executive
Tarek Mohamed Salah El-Din Tantawy	BoD member	The government	Non- exe.
Tarek Mohamed Mohy El-Din Abou Alaam	BoD member	The government	Non- exe.
Ibrahim Tewfik Heikal	BoD member	company's Labor Union	Labor union
Ahmed Gamal Abou Ali	BoD member	Independent board member	Non- exe.
Lobna Mohamed Helal	BoD member	Independent board member	Non- exe.
Mohamed Said Sultan	BoD member	Independent board member	Non- exe.
Mohamed Kamal Eldin Barakat	BoD member	Independent board member	Non- exe.

*The Generally Assembly, during its meeting held on 31st March 2022, elected the current structure to serve for a new term of 3 years ending by March 2025.

Last Audit Committee structure:

Member name	Representing
Mohamed Kamal Eldin Barakat	Independent board member
Hany Mahmoud Sayed Mansour	The government
Mohamed Said Sultan	Independent board member

- The Audit Committee held (12) meetings during the year 2021.



Employees data in 2021*:

Average number of employees in the group	43,717
Average employee's salary during 2021 (in EGP)	171,585

* Excluding Employees' and BoD share in profits

The company's contribution during the year 2021 in the field of social responsibility:

Through our pioneering role as the first integrated telecom operator in Egypt, we at Telecom Egypt highly value society and this is reflected on our sustainability and social responsibility vision that aims to capitalize on our services to enrich people's lives and enhance human resources. As such, we strongly believe that telecommunication service technologies can help communities achieve both sustainable development and economic growth.

The company's strategy is based on achieving long-term national goals in line with sustainable development goals and Egypt's Vision 2030, which involves creating a positive impact on the community in different fields, such as education, training, community development and healthcare. Through our social responsibility role, we prioritize our efforts towards helping the most vulnerable groups including the poor, persons with special abilities, working women and youth. Furthermore, based on our belief that our employees are our most valuable asset, we are continuously developing specialized programs to support their needs. Our employees also play a key role in the decision-making process and are involved in various social activities and initiatives.

It is the responsibility of national companies and institutions--and should remain a continuous commitment as such to develop and improve the educational, cultural, economic and social level of community members by contributing to the provision of various services. In that regard, Telecom Egypt carried out a lot of initiatives across different domains including health, education, youth empowerment and community development.

The company's strategy:

Stemming out from its pivotal role as a main contributor to Egypt's strategy in developing the ICT sector on local and international fronts, Telecom Egypt continues to upgrade its backbone network to provide high quality services and customer experience. The company's adopted strategy to reach "Digital Egypt" is based on four main pillars:

1) Leading ICT provider

Innovative information and communication technologies are being developed every day, and they are altering the global ICT market in extraordinary ways. Telecom Egypt is committed to remaining at the forefront of such changes by developing solutions that improve customer lives. During the past 3 years, the company has monetized its steep network investments by launching best value for money and innovative products. Telecom Egypt provides a plethora of ICT services to the educational, healthcare, financial, and governmental sectors, which not only ensure business growth, but also facilitate national digital transformation.



2) A premium digital hub

The company is working on expanding its international footprint through building new submarine cables, landing stations and terrestrial routes to span its global reach in the African continent and neighboring countries, while enhancing Egypt's role in the international connectivity market given its distinctive location in the heart of the world that enables it to offer the best route for data traffic from east to west. In order to ideally optimize its international network, the company has developed its strategy towards building and operating global-standard data centers, to attract international content players and solidify Egypt's position as a regional digital hub in MEA region. The new data centers will enhance the provision of cloud computing services and the introduction of new applications for local customers.

3) Financial & operational excellence

The company works towards achieving financial and operational excellence through managing its head count, reducing operational costs, rationalizing capital expenditures, implementing an effective procurement plan in the short and long terms, improving working capital and reducing risks through the using non-operating assets. It also focuses in the improvement of internal operations' framework to facilitate the achievement of the company goals, with a great attention on occupational health & safety standards, and creating a healthy work environment based on employee engagement and empowerment, while ensuring the abidance with all environmental standards and laws.

4) Digital WE

The company deploys the latest technological systems to develop and digitize all its internal processes and operating systems to best serve its employees and customers. This step will enhance the company's resiliency in responding to changeable market and environmental dynamics by developing the digital skills and capabilities of its workforce and applying advanced IT technologies in customer service field and using data analytics to accurately segment its customers.

Financial performance during 2021:

FY 2021 results reflected Telecom Egypt's outstanding performance across the board. Top line grew 17% YoY, mainly attributable to the 26% YoY spike in retail revenue driven by strong data performance, while EBITDA reached EGP 13.2bn, recording a strong margin of 36% and this filtered through to a record-high net profit of EGP 7.5bn.

The company adopted a multi-layered work plan to achieve the best performance on the operational and financial levels, which is one of the company's strategic pillars by growing revenues and reflecting this growth on profitability margins through the expenses rationalization and the reduction and restructure of the company's outstanding debts to lower the finance costs. The company currently focuses on generating strong free cash flows through rationalizing CapEx, strong operational performance and the steady distribution of dividends from its investments. Free cash flows during the fiscal year reached almost EGP 7bn and after normalizing the special dividends form Vodafone Egypt it reaches EGP 3bn, which reflects the company's ability to achieve strong cash flows organically.

The following are the most important financial and operational indicators for FY 2021:

- According to the IFRS financial statements for FY 2021:
 - Topline amounted to EGP 37.1bn during 2021 compared to EGP 31.8bn in 2020.

- EBITDA reached EGP 13.2bn, achieving a margin of 36%.
- Net profit after taxes came in at EGP 7.5bn with a margin of 20%.
- Earnings per share amounted to 4.36 EGP.
- The FBB market share reached 80% by the end 2021 supported by the increase in customer base with 1.1mn subscribers, with average revenue per user (ARPU) reaching EGP 145.6.
- The number of mobile subscribers at the end of the year reached 9.4 million customers.
- Cash capex amounted to EGP 13.6bn.
- Net debt, as of 31st December 2021, landed at EGP 13.3 bn.



Adel Hamed

Managing Director & CEO, Telecom Egypt