

The Egyptian Company for Mobile Services [Mobinil] Year-end 2009 Earnings Release



Mobinil continues to lead mobile telecommunications in the Egyptian market with 25.354 million subscribers; 5.24 million net additions; revenue growth of 8%; EBITDA growth of 9% and consolidated net income growth of 3% over full year 2008.

Cairo: February 10th, 2010 | The Egyptian Company for Mobile Services (Mobinil) announced its Year end 2009 consolidated results. The reported figures reflect:

- 25.354 million Subscribers, an increase of 26% over 2008 closing subscribers' base.
- Full year subscribers' additions reached 5.24 million subscribers.
- Full year net revenues reached EGP 10,807 million representing an increase of 8% over 2008.
- Full year EBITDA reached EGP 5,122 million representing an increase of 9% over 2008.
- Full year net income reached EGP 2,038 million representing an increase of 3% over 2008.
- Full year free cash flow of EGP 1,678 million compared to EGP 24 million in 2008.

Commenting on 2009 results, Alex Shalaby, Chairman said:

"The year 2009 was filled with intense challenges and adverse conditions driven by the global economic crisis and aggressive competition. In spite of these factors, Mobinil continued to lead the Egyptian Telecommunications market and maintained its position as the largest Mobile operator in the MENA region in terms of subscriber base serving over 25 Million customers.

I am really delighted to see the level of growth achieved given the tough conditions we operated under during the year. This could not have been achieved without the trust of our customers in the quality and innovation of our services and the dedication of our world-class employee base".

Commenting on 2009 results, Hassan Kabbani, CEO said:

"I am proud of Mobinil's achievements despite the 2009 challenges; Mobinil's market leadership was reaffirmed for the eleventh consecutive year exceeding the 25M subscribers mark despite the aggressive competition.

The commercial and financial objectives were achieved thanks to the innovative offers and services that were developed all along the year to meet the customers'evolving needs & expectations.

Mobinil managed to achieve good growth in revenue and profitability despite the global economic turmoil, reaching 8% in revenue, 9% in EBITDA and in 3% in net profit.

The management efforts were focused on reinforcing Mobinil's capabilities through operational efficiency, infrastructure upgrades and quality enhancements.

Mobinil managed to fulfil its commitment and responsibility towards our community through a unique corporate social responsibility campaign during the month of Ramadan.

I would like to congratulate the Mobinil team for their continuous efforts and dedication as demonstrated in 2009 and I look forward to the successful implementation of the 2010 objectives."

The reported fourth quarter net revenues reached EGP 2,799 million representing a growth of 6% over the same period last year while the full year revenues YoY growth finished at 8%.

Full year blended ARPU has reached EGP 39 with a decline of 16% versus 2008. Fourth quarter global ARPU reached EGP 37 with a decline of 15% over the same period last year mainly driven by the impact of aggressive competition in the market.

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The logo for Mobinil, consisting of the word "mobinil" in a lowercase, sans-serif font, enclosed within a dark grey rounded rectangular border.

EBITDA for the fourth quarter reached EGP 1,322 million reflecting an EBITDA margin of 47.2%. Full year EBITDA reached EGP 5,122 million representing an increase of 9% over the same period last year reflecting an EBITDA margin of 47.4% reflecting an increase of 0.6 PTS over the same period last year due to our capitalization on our on-net strategy and applied cost optimization initiatives.

Net profit for fourth quarter reached EGP 581 million representing an increase of 5% over the same period last year. Full year net profit reached EGP 2,038 million represent an increase of 3% over the same period last year.

Capital expenditure for the fourth quarter reached EGP 974 million, and full year expenditure has reached EGP 2,616 million versus EGP 3,172 for full year 2008.

Mobinil issued a local bond towards the end of the year for an amount of EGP 1.5 billion that is fully underwritten by EFG Hermes.

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Key performance highlights for year end 2009

| Commercial KPIs | Q4 2009 | 2009 | Q4 2008 | 2008 | Growth | |
|--|---------------|---------------|---------------|---------------|-------------|-------------|
| | | | | | Q4 | YoY |
| Closing Base (KSub)¹ | 25,354 | 25,354 | 20,115 | 20,115 | 26% | 26% |
| Postpaid (KSub) | 686 | 686 | 639 | 639 | 7% | 7% |
| Prepaid (KSub) | 24,668 | 24,668 | 19,477 | 19,477 | 27% | 27% |
| Churn rate | -10.3% | -35.0% | -8.7% | -30.3% | -1.6PTS | -4.7PTS |
| Active Base (KSub)² | 24,137 | 24,137 | 19,190 | 19,190 | 26% | 26% |
| Postpaid (KSub) | 686 | 686 | 639 | 639 | 7% | 7% |
| Prepaid (KSub) | 23,450 | 23,450 | 18,552 | 18,552 | 26% | 26% |
| Blended ARPU³ | 37 | 39 | 44 | 46 | -15% | -16% |
| Postpaid ARPU | 224 | 222 | 255 | 266 | -12% | -17% |
| Prepaid ARPU | 30 | 32 | 35 | 36 | -15% | -12% |
| Global without visitor Roaming | 36 | 37 | 42 | 44 | -16% | -15% |
| Blended ARPU "Annual Rolling" | 39 | 39 | 46 | 46 | -16% | -16% |
| Postpaid ARPU "Annual Rolling" | 222 | 222 | 266 | 266 | -17% | -17% |
| Prepaid ARPU "Annual Rolling" | 32 | 32 | 36 | 36 | -12% | -12% |
| Global without visitor roaming "Annual Rolling" | 37 | 37 | 44 | 44 | -15% | -15% |
| Global Network Minutes "MEGP"⁴ | 10,284 | 40,804 | 8,312 | 30,205 | 24% | 35% |
| Financial KPIs | Q4 2009 | 2009 | Q4 2008 | 2008 | Growth | |
| | | | | | Q4 | YoY |
| Global Revenue "MEGP"⁵ | 2,799 | 10,807 | 2,644 | 10,015 | 6% | 8% |
| Connection fees | 34 | 155 | 36 | 133 | -5% | 16% |
| Handset & others | 30 | 99 | 24 | 78 | 25% | 26% |
| Service Revenue | 2,612 | 10,168 | 2,493 | 9,287 | 5% | 9% |
| Roaming Revenue | 123 | 385 | 91 | 516 | 35% | -25% |
| EBITDA | 1,322 | 5,122 | 1,343 | 4,681 | -2% | 9% |
| EBITDA % | 47.2% | 47.4% | 50.8% | 46.7% | -3.5PTS | 0.6PTS |
| Consolidated income before tax | 725 | 2,573 | 696 | 2,468 | 4% | 4% |
| Consolidated net income | 581 | 2,038 | 551 | 1,970 | 5% | 3% |
| Operational KPIs | | 2009 | | 2008 | Growth | |
| | | | | | YoY | |
| Total number of sites | | 4,299 | | 3,800 | 13% | |
| Total number of switches & Gateways | | 36 | | 34 | 6% | |

¹ Customers connected to the network at the end of the period.

² Customers that made an outgoing chargeable call during the last three months (including voice, messaging or other data services) or receiving an incoming voice call.

³ ARPU calculations are based on the closing subscribers' figures.

⁴ Includes all minute (incoming and outgoing for national, Free and Roaming minute)

⁵ Some figures have been restated for comparative purpose.

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Commercial highlights for fourth quarter 2009

- **Mobinil launched El Masry prepaid promotion** during Al-Adha Barium which offered the lowest on net rate of 8PT per minute as well as an attractive 19PT cross-net rate.
- **Mobinil launched the new Star 1000 Unlimited** which offered customers unlimited on-net calls and 1000 inclusive minutes to any mobile destination for EGP 250 per month.
- **Mobinil offered “Mobinil Grand Trivia”** where customers entered a general knowledge competition and gained daily, weekly, and monthly prizes.
- **Mobinil offered 15% discount on international calls** for a limited time to all Star tariff plans including iPhone tariff plans, and selected Mobinil Business tariff plans.
- **Mobinil introduced three new enterprise prepaid Tariff plan** for the first time, where enterprise clients can now enjoy no monthly bills, control spending and enjoy free minutes to all destinations.

Corporate Social Responsibility

- **Mobinil launched “Proud to be Egyptian” campaign** to be part of the Egyptian community to support the Egyptian national soccer team.
- **Habitat Volunteer Work Camp in El Menia** in cooperation with Habitat for Humanity Egypt to help build and restore the housing for impoverished families in Talla village, in El Menia.
- **Mobinil sponsored Race for the Cure and Cleaning up the Pyramids Area** to raise awareness on the disease and stressing on the importance of its early detection.
- **Lions club honored Mobinil** in recognition of corporate responsibility activities, where The club governor presented the award to Mr Alex Shalaby.
- **Mobinil launched a distinctive CSR initiative during the month of Ramadan** where more than 23 million Egyptians (Mobinil’s subscribers) came together for the well being of their community. Mobinil deducted an amount from each transaction from its own revenue to fund four major NGOs to support micro-finance projects for under-privileged communities and people with special needs.

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Currency : EGP in (000)'s

The Egyptian Company for Mobile Services Consolidated Balance Sheet as of

| | 31/12/2009 | 31/12/2008 | Y to Y | % |
|---|-------------------|-------------------|------------------|---------------|
| Assets | | | | |
| Current assets | 1 869 354 | 1 587 874 | 281 480 | 17.7 % |
| Net fixed assets | 8 911 008 | 7 870 041 | 1 040 967 | 13.2 % |
| Assets under construction | 889 391 | 1 000 281 | (110 890) | (11.1) % |
| Net intangible assets | 2 956 458 | 3 186 777 | (230 319) | (7.2) % |
| Rent deposit | 13 452 | 12 139 | 1 313 | 10.8 % |
| Investment available for sale | 0 | 900 | (900) | (100) % |
| Total Assets | 14 639 663 | 13 658 012 | 981 651 | 7.2 % |
| Liabilities and Shareholders' Equity | | | | |
| Current liabilities | 5 593 000 | 5 101 553 | 491 447 | 9.6 % |
| Current portion of long term debt | 407 200 | 327 200 | 80 000 | 24.4 % |
| Long term liabilities | 4 960 866 | 5 987 099 | (1 026 233) | (17.1) % |
| Total Liabilities | 10 961 066 | 11 415 852 | (454 786) | (4) % |
| Shareholders' Equity | | | | |
| Paid-up capital | 1 000 000 | 1 000 000 | 0 | - |
| Treasury shares | (3 454) | (11 355) | 7 901 | - |
| Reserve (gains from treasury shares) | 51 644 | 84 895 | (33 251) | (39.2) % |
| Legal reserve | 200 000 | 200 000 | 0 | - |
| Equity settled share based payments | (6 683) | 8 089 | (14 772) | (182.6) % |
| Current year earnings | 2 037 984 | 1 970 229 | 67 755 | - |
| Retained earnings | 622 741 | 59 244 | 563 496 | - |
| Interim distributions | (222 599) | (1 071 474) | 848 875 | - |
| Minority Interest | (1 036) | 2 532 | (3 568) | - |
| Total Shareholders' Equity | 3 678 597 | 2 242 160 | 1 436 437 | 64.1 % |
| Total Liabilities & Shareholders' Equity | 14 639 663 | 13 658 012 | 981 651 | 7.2 % |

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The Egyptian Company for Mobile Services Consolidated Income Statement for the Period/Year

| | Q4 2009 (1) | YTD 2009 (2) | Q4 2008 (3) | YTD 2008 (4) | Variance (2)-(4) | % |
|--|------------------|-------------------|------------------|-------------------|---------------------|--------------|
| Revenues | 2 798 501 | 10 806 855 | 2 644 100 | 10 014 951 | 791 904 | 7.9% |
| Cost of Sales | 563 902 | 2 038 710 | 522 444 | 2 069 594 | (30 884) | (1.5) % |
| Gross Margin | 2 234 599 | 8 768 145 | 2 121 656 | 7 945 357 | 822 788 | 10.4 % |
| Gross Margin % | 79.8 % | 81.1 % | 80.2 % | 79.3 % | 1.8 PTS | 2.3 % |
| * Operating Expenses excluding D & A | 912 886 | 3 646 556 | 779 132 | 3 263 946 | 382 610 | 11.7 % |
| Depreciation and Amortization | 478 471 | 1 907 146 | 494 887 | 1 659 572 | 247 574 | 14.9 % |
| Operating Margin | 843 242 | 3 214 443 | 847 637 | 3 021 839 | 192 604 | 6.4 % |
| Operating Margin % | 30.1 % | 29.7 % | 32.1 % | 30.2 % | (0.5) PTS | (1.7) % |
| EBITDA | 1 321 713 | 5 121 589 | 1 342 524 | 4 681 411 | 440 178 | 9.4 % |
| EBITDA % | 47.2 % | 47.4 % | 50.8 % | 46.7 % | 0.6 PTS | 1.4 % |
| Non Operating Expenses | | | | | | |
| Interest | 142 289 | 688 043 | 118 017 | 546 209 | 141 834 | 26 % |
| Other Non-Operating Income / Expenses | (23 744) | (46 753) | 34 917 | 71 621 | (118 374) | (165.3) % |
| Corporate tax no longer required | 0 | 0 | (1 721) | (64 000) | 64 000 | (100) % |
| Total Non Operating Expenses | 118 545 | 641 290 | 151 213 | 553 830 | 87 460 | 15.8 % |
| Net Profit before taxes | 724 697 | 2 573 153 | 696 424 | 2 468 009 | 105 144 | 4.3 % |
| Net Profit after taxes and minority | 580 653 | 2 037 984 | 551 099 | 1 970 229 | 67 755 | 3.4 % |

* Less provision no longer required

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Currency : EGP in (000)'s

The Egyptian Company for Mobile Services Consolidated Cash Flow Statement for the Period/Year

| | YTD 2009 | YTD 2008 | Variance | % |
|--------------------------------------|------------------|----------------|------------------|------------------|
| Cash flow from operating activities | 4 042 367 | 3 555 899 | 486 468 | 13.7 % |
| Cash flow from Investment activities | (2 364 570) | (3 531 839) | 1 167 269 | (33.1) % |
| Free Cash Flow | 1 677 797 | 24 060 | 1 653 737 | 6 873.4 % |
| Cash flow from financing activities | (1 698 984) | 206 173 | (1 905 157) | (924.1) % |
| Net Cash Flow changes | (21 187) | 230 233 | (251 420) | (109.2) % |
| Beginning cash balances | 275 681 | 45,448 | 230 233 | 506.6 % |
| Ending cash balances | 254 494 | 275 681 | (21 187) | (7.7) % |

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About the company

| | | |
|------------------------------|---|--|
| Activity | To establish, operate and maintain a GSM wireless communication network in co-operation with the Egyptian authority for telecommunications according to law no. 8 issued in 1997, and to provide mobile communication services inside the Arab Republic of Egypt in accordance with its license agreement | |
| Listing | ECMS is listed on the Cairo and Alexandria Stock Exchange RIC: EMOB.CA | |
| Capital Structure | Authorized capital | EGP 3,000,000,000 |
| | Issued and fully paid-in capital | EGP 1,000,000,000 (100,000,000 shares @ EGP10.00 / share) |
| Shareholder Structure | Mobinil Telecom | 51.03% |
| | FT Orange Group | 71.25% |
| | Orascom Telecom Holding | 28.75% |
| | Orascom Telecom Holding | 20% |
| | Free Float | 28.97% |

More information

Mobinil Investor Relations

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