



Approval on acquisition of MENA Cable by a subsidiary and obtaining long-term USD facilities

Cairo, 10 May 2018: Telecom Egypt announces that its Board of Directors today approved two strategic decisions to increase its return on investment, and provide the liquidity to facilitate the implementation of its business plan.

First resolution: The acquisition of MENA Cable by a subsidiary of Telecom Egypt

The BoD approved the acquisition of Middle East and North Africa Submarine Cable (MENA Cable) by a 50% owned subsidiary (Egyptian International Submarine Cables Company) with a total enterprise value of USD 90 million to be financed through a shareholder loan from Telecom Egypt.

MENA Cable, a subsidiary of Orascom Telecom Media and Technology Holding, is licensed operator in Egypt and Italy operating a submarine telecommunications system connecting Europe to the Middle East and South East Asia.

Telecom Egypt's BoD approved the decision to acquire MENA Cable to:

- achieve a short-term return from this investment.
- preserve the revenue stream of the cable systems' segment.

On the other hand, Telecom Egypt is in process of finalizing negotiations with an international player to provide the latter with its requirements of international capacity.

Second resolution: Obtaining USD credit facilities

The BoD approved obtaining the following credit facilities in USD with the aim of 1) converting short-term USD overdrafts into longer-term loans to enable the company to repay installments in line with its cash flow generation, 2) providing flexibility to finance its working capital needs and 3) availing a lower interest financing option to invest in its 4G network:

- 5-year syndicated loan of up to USD 500mn arranged by Mashreq Bank and First Abu Dhabi Bank.
- Renewable 12-month short-term credit facility provided by Abu Dhabi Islamic Bank and African Bank for Import and Export with a maximum of USD 200mn.
- 4-year vendor finance agreement with Huawei with a limit of USD 200mn and a grace period of 24 months.



Ahmed El Beheiry, Managing Director and Chief Executive Officer, commented:

The decision to acquire MENA Cable is one of the most important steps towards implementing the company's strategic plan to invest in the submarine cable business. This investment will ensure the sustainability of submarine cable revenues and reinforce the contribution of the USD revenue stream. The new cable will be added to Telecom Egypt's network of submarine cables that connect the world from East to West, as the cable runs from India in the east passing through Egypt all the way to Italy in the west. The addition of MENA cable will fortify the position of Telecom Egypt as the most important cable operator in the Middle East.

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Please refer to Telecom Egypt's full financial statements that can be downloaded from the website: ir.te.eg

For more information, contact:

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About Telecom Egypt

Telecom Egypt is the first total telecom operator in Egypt providing all telecom services to its customers including fixed and mobile voice and data services. Telecom Egypt has a long history serving Egyptian customers for over 160 years maintaining a leadership position in the Egyptian telecom market by offering its enterprise and consumer customers the most advanced technology, reliable infrastructure solutions and the widest network of submarine cables.

Aside from its mobile operation "WE", the company owns a 45% stake in Vodafone Egypt, the leading and most profitable mobile operator in Egypt.

Telecom Egypt's shares and GDRs (Ticker: ETEL.CA; TEEG.LN) are traded on The Egyptian Exchange and the London Stock Exchange.