



**VODAFONE EGYPT**

***KPI Report  
July 26, 2005***

## **PRELIMINARY ANNOUNCEMENT QUARTER ENDED JUNE 2005 RESULTS**

Vodafone Egypt announces key performance indicators for the quarter ended 30 June 2005. The main highlights are:

- Closing customer figures increased by 50% in comparison to June 2004 and 9% versus the previous quarter to reach 4.5 million customers at June 2005
- Revenues increased by 36% to LE 1,270 million compared to June 2004
- EBITDA increased by 40% to LE 683 million compared to June 2004
- Net Profits before legal provisions increased by 39% to LE 431 million compared to June 2004. After legal provisions profits amounted to LE 334 million an increase of 80%.

### ***Ian Gray, Chief Executive Officer of Vodafone Egypt:***

I am pleased to announce that we had another quarter of solid financial results. We have seen the market expand to a new level of growth since November 2004 with a new range of products and services aimed at accelerating market growth, the bulk of which is targeted at the pre-paid customers. VFE has continued to focus on revenue growth, usage stimulation and customer growth; as a result we have been able to sustain our margins in light of the growth we have seen up to the quarter ending June 2005.

The nature of our product offerings is being geared towards meeting the needs of the new customers that are added to our network. VFE initiated several new offers in the last quarter including a handset bundle for LE 300 and new tariffs including 0-10 and El Kart Business. We intend to continue these attractive offers into the market place with the aim of making mobile more affordable to a wider customer base.

### ***Customer Growth***

In total, approximately 365 thousand customers were added during the quarter. The total customer base has increased to 4.5 million, up approximately 50% on June 2004. The Company has witnessed an increase of 9% in the post-paid customer base compared to June 2004, currently standing at 637 thousand customers. The pre-paid customer base increased by 60% compared to June 2004, to reach 3.87 million pre-paid customers. This result reflects our strategy of accelerating growth of active customers although this is likely to result in lowering average spend per customer. Despite a policy of only having products allowing for migration between tariffs this rate of growth may still lead to some churn in the coming year.

### ***ARPU***

Pre-paid twelve months rolling ARPU has increased by 4% to L.E. 586<sup>1</sup> in comparison to June 2004 and post-paid twelve months rolling ARPU has increased by 2% in comparison to last year, reaching L.E. 3,156<sup>1</sup>. As a result of the increasing weight of Pre-paid customers in the customer mix the twelve months rolling blended ARPU decreased by 3% over the last quarter reaching L.E. 1,188<sup>2</sup> for June 2005, down 1% compared to last year.

### ***Dividends***

Dividends of L.E. 1.75 per share in respect of the year to 31 March 2005 were distributed to shareholders on 14<sup>th</sup> July 2005.

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<sup>1</sup> ARPU includes airtime, interconnect – inbound, monthly fees, and SMS revenues

<sup>2</sup> ARPU includes airtime, interconnect – inbound, monthly fees, SMS revenues, and visitors revenue.



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### *Legal Provisions*

Vodafone Egypt's claim for a full 10-year tax holiday is currently under discussion with the relevant authorities. Until the dispute is cleared, Vodafone Egypt will provide for the potential loss of a court case with a legal provision deducted from Net Profit. For the current quarter the company has made legal provisions at the rate determined by the new tax law.

### *Corporate Social Responsibility*

At Vodafone Egypt we believe in Corporate Social Responsibility and are committed to the long-term development of the local community. We achieve this through The Vodafone Foundation, which is funded by Vodafone Egypt and Vodafone Group. The Foundation supports major development projects in the areas of health and education for young people. Some of the latest examples of the Foundation's projects include the funding of IT labs in 100 schools with CARE international and creating an IT lab for deaf, mute and blind people with the NGO Resala.

Vodafone Egypt is very active in the Egyptian community through a range of projects. We support medical treatment with our campaign to fight blindness in low income areas, fund open-heart surgery operations on children and actively encourage people to donate blood through SMS campaigns. We help the infrastructure by providing funds for hospitals in low income areas and by improving the housing and general quality of life for orphaned children. We help minority groups by supporting a conference for drug prevention amongst young people and sponsoring the Special Olympics for people with disabilities. In addition, we care for the wider community by conducting a Safe Driving campaign throughout the summer and for the environment by encouraging people to recycle their handsets.

### *Key Performance Indicators*

12 Months Rolling ARPU	June 2005 (LE)	June 2004 (LE)	Change %	March 2005 (LE)	Change %
Blended (Including Visitors)	1,188	1,198	-1%	1,220	-3%
Blended (Excluding Visitors)	1,022	1,025	0%	1,046	-2%
Pre-Paid (Excluding Visitors)	586	565	4%	586	0%
Post-Paid (Excluding Visitors)	3,156	3,080	2%	3,112	1%

Closing Customers	June 2005	June 2004	Change %	March 2005	Change %
Total Customers	4,501	3,000	50%	4,136	9%
Pre-Paid	3,864	2,417	60%	3,511	10%
Post-Paid	637	583	9%	625	2%



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### *Financial Highlights*

Financial Highlights	Three Months Ending June 2005		Change %
	1 Q 2005	1 Q 2004	
Total Revenue	1,270	934	36%
EBITDA	683	488	40%
EBITDA %	54%	52%	
EBIT	460	342	35%
EBIT %	36%	37%	
Finance Cost	-29	-31	-6%
Profits Before Legal Prov .	431	311	39%
Legal Provision	97	125	
Net Profit	334	186	80%

### *Share Data*

Authorized Capital:	LE 2,000,000,000
Paid-in Capital:	LE 1,200,000,000
Number of Shares:	240,000,000
Free Float (June 30, 2005):	15.95%
Reuters ticker symbol:	VODE.CA
Listing:	Cairo and Alexandria Stock Exchange
Market Capitalization (as of 30 June, 2005):	LE 20.6 billion

### *Quarter-End Results*

The full set of June 30 2005 quarterly results will be made available on the Vodafone Egypt website, [www.vodafone.com.eg](http://www.vodafone.com.eg), and announced by CASE on 12<sup>th</sup> August 2005.

For further information related to the financial performance of Vodafone Egypt:

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