

Strategy Overview

Building from strong foundations

e& serves over 159 million subscribers across 16 countries, 13 of which are ranked as first or second in terms of value share and is riding a wave of outstanding performance. e& has reached new highs in areas from product innovation and sales to networks and branding. e& has the world's leading mobile network performance and one of the highest fibre penetrations on earth due to its investments within the UAE. Such exemplary performance has resulted in being recognised as the most valuable global telecommunications brand with e& outperforming virtually every other Telco globally over the past year in terms of share price, which more than doubled along with market cap. e& also posted over AED 53 billion in revenue, which was complemented by a highly efficient operating model that contributed to a world-class EBIDTA performance. At the same time, e& has made significant improvements across ESG Sustainability ratings following the launch of sustainability frameworks and enhancement of policies in line with international best practices.

e&'s exceptional performance came as no surprise having laid the foundations of a world-class core telco business built on infrastructure and customer experience. However, going forward, e& is not content to rest on its solid performance of the core business. While the Group is excelling as a telco – and its telecommunications operations will continue to provide a robust foundation for the Group – e&'s future is certainly larger and broader than connectivity.

Responding to the digital future with a new Vision

The global digital revolution – accelerated by the impact of the pandemic – is rapidly changing the world for businesses and customers alike. This change creates new white spaces; emerging gaps that provide massive opportunities for new and innovative solutions. e& has what it takes to grasp these opportunities of the future to become a leader in a range of technology fields, from AI to IoT, fintech, and the latest digital content. We are accelerating our footprint in these ground-breaking technology solutions to capture value for our investors and bring new possibilities to our customers.

To excel in these spaces, e& must transform itself across a range of levers. For example, e& needs to build new capabilities, bring innovative solutions to market, forge new ecosystem partnerships, further modernise its technology infrastructure and adopt agile methods – new ways of working, largely unheard of in the telecommunications sector.

Overall, e& has set itself an ambitious yet achievable strategic vision which is to transform from a Regional Telecommunication Giant to a Global Technology Group.

Importantly, e&'s transformation journey has already begun with its technology footprint growing and broadening to reach several milestones in 2021. For example, e& entered a joint venture with G42 to establish the UAE's largest data-centre provider, setting up e& to become a market leader in this space. e& also increased its stake in fintech firm Digital Financial Services (DFS) and acquired eGrocer, an online marketplace for groceries with 500+ registered outlets.

Introducing the new e& operating model

To realise its ambitions to become a Global Technology Group, e& has launched a new operating model consisting of five focused verticals supported by common Group functions.

These five verticals are structured as follows:

- **Telecom UAE** - Continue leadership position in the core and enhance digital customer experience and operational agility
- **Telecom International** - Accelerate international growth to enable e&'s expansion into new geographic markets
- **e& life** - Create a leading consumer ecosystem player, starting with Fintech and Entertainment
- **e& enterprise** - Accelerate growth in cloud, cyber and IoT and expand internationally through new, fast growth business models
- **e& capital** - Acquire, grow, and support the visionary technology businesses that are moving the world forwards

The establishment of such an operating model will increase management attention and organisational agility for each priority vertical, enable seamless M&A execution, attract relevant strategic partners and investors in line with growth objectives, and facilitate attraction and retention of talent to drive each vertical forward whilst also enabling increased synergy capture across e&.

Telecom UAE

Telecom UAE is the largest contributor to e&'s revenue, EBITDA and net profit and aims to continue its leadership position in the core business. In 2021, the success story of Telecom UAE continued, with the delivery of AED 30.2 billion revenue, AED 15.5 billion EBITDA at an EBITDA margin of 51% and net profit of AED 7.8 billion at a net profit margin of 26%.

Going forward, the pandemic has reinforced the criticality of core connectivity services, as the lifeblood of the economy and society. Building on this critical positioning, Telecom UAE can play a deeper role in this “Connectivity renaissance” driven by a bold Government agenda, accelerated technology adoption and the New Normal, which offers growth opportunities in both the core and consumer digital adjacencies.

Consequently, Telecom UAE is repositioning itself to be a “Digital Telco that is a Customer Champion in a Hyper-connected Digital World”. In line with this aspiration, a new Strategy is being implemented that is focused on three pillars of Grow-Transform-Excel with strategic priorities defined under each pillar as follows:

Grow: Core and Digital Services

- **B2C:** To deliver a premium B2C core with curated digital experiences that maximise engagement
- **B2B:** Transform our B2B position from Telecommunication Service Provider to Telecommunications Orchestrator

Transform: Our Technology and Operating Model

- **Network/IT:** To develop a simplified and converged technology factory powering innovative use cases
- **Operating Model:** Create a digital centric, agile, and efficient organisation

Excel: In Customer and Employee Experience

- **Customer Experience:** Deliver analytics powered, personalised and phygital experiences
- **Talent and Culture:** Create a thriving, open and inclusive culture that encourages innovation, where talent can reach their full potential

The successful implementation of the Grow-Transform-Excel strategy will ultimately allow Telecom UAE to continue its growth path, maintaining its role of prime value creation engine for e&. Further, Telecom UAE will also work in close relationship with other e& verticals, to maximise the generation of revenue and cost synergies.

Telecom International

Over the years, our international telecommunication portfolio evolved into operations in 15 countries spread across three geographic regions in the Middle East, Africa, and Asia with strong market positioning, being either the highest-ranked or second highest-ranked operator in terms of value share in most of these countries. Today, growth in these markets is mainly driven by data revenue and mobile money.

Over the last four years, international operations were a key driver for the growth of the Group. Today, its customer base exceeds 146 million customers with revenue of AED 22.6 billion, representing 42% of the Group's consolidated revenue and EBITDA of AED 10.8 billion, contributing 40% to the Group's consolidated EBITDA, with an EBITDA margin of 48%.

Telecom International has defined a clear strategic vision to increase shareholder value leveraging on its diversified portfolio and economies of scale and access to specialised talent and resources. Telecom International developed advanced skills and capabilities, for example in digital, AI, machine learning and virtualisation, and is scaling up its Centres of Excellences to create value across operating companies.

In addition to pursuing organic growth, Telecom International will pursue inorganic growth opportunities in new geographies and explore new business development opportunities such as strategic partnerships and joint ventures in selected areas, achieving scale and synergies while reducing home market dependence and diversifying its footprint.

e& life

e& life has been created with the objective of becoming a leading consumer ecosystem player, starting with Fintech and Entertainment. As a new growth arm that will capitalise on the growing demand of consumer digital services, e& life will create value for e& by scaling up new consumer digital businesses as well as supporting e& Telecommunication brands in optimising their core revenue.

e& life is uniquely positioned to capitalise on e&'s existing financial, operational and brand strengths, such as large addressable markets and an existing customer base, the strong financial position of e&, world-class networks and technical capabilities along with the world's strongest telecoms brand.

Amongst a portfolio scope covering a wide range of potential consumer digital services, Fintech and Multimedia have been selected as priority areas for initial scale-up for e& life. Both areas present a sizeable and growing market opportunity along with e& life possessing strategic advantages that can result in successful business scale-up. In terms of strategic advantages, for example, in both areas e& life can leverage a large customer base, an extensive distribution network, rich sources of data, superior network infrastructure and platforms along with differentiated technology capabilities.

In Fintech, e& life aspires to become the leading player in the region within five years, creating a comprehensive Super-App platform in the fintech ecosystem, powered by partnerships, with use cases spanning from payments and remittance to open banking services, insurance, wealth management and micro lending.

In Multimedia, e& life aspires to create a regional 360-degree media and entertainment business by leveraging E-Vision to build a specialised MediaCo at arm's length to the core telecommunication business. E-Vision is already the largest content aggregator in the UAE, and will be expanding its content in video, gaming, and audio to be distributed through a Direct-to-Customer platform as well as via a Business-to-Business white label solution.

e& life will achieve its strong growth ambition via a balanced combination of organic and inorganic opportunities.

e& enterprise

To execute e&'s strategy of accelerating growth and unlocking additional value from ICT adjacencies, we have created e& enterprise via the carve out of Etisalat Digital. The rationale for the creation of e& enterprise is to accelerate growth in Cloud, Cybersecurity, IoT and AI, and expand our international footprint through new, fast-growth business models. This in turn has led to the formulation of a clear vision, which is guiding the future growth trajectory of e& enterprise, "To be the Leading Digital Enabler for Enterprise & Governments within the MENAP region".

Of note, e& enterprise has already secured a solid position in the market with around 1000 digital experts, a portfolio of advanced digital platforms, innovative ecosystems and agile services models with strong fully managed operational capabilities. These pillars of e& enterprise's delivery engine have led to sustained revenue growth of circa 24% annually since the inception of Etisalat Digital and with revenues reaching around AED1.8 billion. A wide range of key strategic client references have also been secured with landmark projects executed, such as the design and delivery of an end-to-end Multicloud infrastructure for Expo 2020 in the UAE.

e& enterprise has established clear strategic direction in each aspect of its portfolio. Specifically, in Cloud, e& enterprise enables customers on their journey to the cloud with an end-to-end multi-cloud proposition supported by the strongest data centre network in the UAE. Meanwhile in Cybersecurity, through its dedicated company, Help AG, e& enterprise offers industry leading, next-generation cybersecurity services and solutions to help customers remain resilient against cyber-attacks and maximises their level of protection. Finally, within IoT & AI, e& enterprise has developed a customer centric proposition using the latest platforms and technologies and incorporating AI at the centre of its solutions. Through a dedicated team of IoT experts, data scientist and AI practitioners, e& enterprise enables process automation and informed decision-making for its customers based on real-time data.

e& enterprise is also scaling up FutureNow, its innovation engine and a reference model for collaboration with the wider ecosystem. FutureNow is a wide programme

encompassing our open innovation centres, co-creation labs and collaboration programmes with scale-ups, with a soon to be launched venture builder designed to launch new ventures in an agile and industrialised manner.

Overall, the ambition of e& enterprise is to double its revenues by 2025, accelerating its growth by expanding regionally as well as pursuing selected inorganic opportunities. To achieve such ambition, e& enterprise will reinforce its commercial model, invest in the expansion of capabilities and platforms and reposition in the market with the new brand.

e& capital

As part of the transition from a Regional Telecom Giant to a Global Technology Group, e& capital will focus on acquiring, growing and supporting the visionary technology businesses that are moving the world forwards.

e& capital is well positioned to engage in Venture Capital and tap into Private Equities and Minority Investments as a move that can generate key strategic benefits for the whole of e&. In fact, through e& capital's investments, e& will be able to move faster in exploring new technology and business models, fill capability gaps by leveraging the agility and innovation of start-ups and drive further growth in adjacencies while keeping an active role in emerging trends and new technology. This will ultimately allow e& to broaden its M&A strategy by increasing the scope of the companies it will target for acquisition, along with testing in advance new priority areas of expansion.

Case Study

Expo 2020 Dubai

Connecting the World's Greatest Show

Expo 2020 Dubai is the largest event ever held in the region and the largest in the world since the COVID-19 pandemic. As a showcase of trailblazing innovation that brings the whole world together in the UAE, it was crucial for Expo 2020 Dubai to have the right partner with the expertise and capability to deliver the needed complex architecture and seamless experience.

Even more importantly, they needed to choose a partner with the telco infrastructure and digital services to ensure that the site was connected with cutting-edge technology – smart, fast and dependable – for the six month duration of the event.

Groundbreaking connectivity at scale

Expo 2020 Dubai selected Etisalat to be the official telecommunications and digital service premier partner, making the landmark event Etisalat's first commercial 5G enterprise customer in the MEASA region.

In line with the Group's efforts to drive the digital future to empower society, this partnership presented a unique opportunity to create one of the fastest, smartest and most connected sites on earth, helping to position Dubai and the UAE as a global innovation leader in technology and infrastructure.

Delivering an exceptional visitor experience

To deliver on this promise, Etisalat worked hand in hand with the Expo 2020 Dubai team to prepare for every eventuality and ensure success. With more than 100+ experts on the ground, Etisalat developed and is operating state-of-the-art infrastructure – from telecommunications to the Cloud to digital solutions – to create memorable experiences for millions of visitors from around the world.

- **Telco Infrastructure:** Etisalat UAE provides heterogeneous coverage over the entire Expo 2020 district, with 5G network speed and slicing, a highly redundant Wi-Fi network, Multiprotocol Label Switching (MPLS), and Internet Dedicated Access (IDA) services with more than 8,000 access points and over 600 km of the latest fibre technology.
- **Cloud and IoT:** Etisalat UAE hosts and manages Expo 2020 Dubai's multi-cloud environment and provides command and control platforms to enhance Expo's operational capabilities, from ticketing to workforce tracking and surveillance platforms to deliver our solutions as a service.

- **Visitor Experience:** Etisalat Digital delivers business analytics and marketing applications, accreditation and event management, and smart solutions to enhance visitor experience, including the visitor website, portals and a mobile application.
- **Country Pavilions:** Etisalat offers Expo 2020 Dubai's international participants solutions to maximise traffic to their pavilions, deliver memorable experiences, and operate seamlessly thanks to our state-of-the-art telecommunication infrastructure, our managed services and our digital solutions.
- **Project Management and Operations:** After Expo 2020 Dubai's successful grand opening ceremony, the Etisalat team of expert technicians transitioned to providing 24/7 onsite support, collaborating closely with the Expo teams to deliver the UAE's promise to host the best Expo in history and bring the world together.

Hosting the world at the Etisalat Hospitality Lounge

With its hospitality lounge on site, Etisalat has been able to host 140 Expo customer visits. Thanks to its partnership with Expo 2020 Dubai, the Company can showcase how it provides a superior network and digital experience to Expo 2020 Dubai's participants and visitors.

It is a way to extend Expo 2020 Dubai's theme "Connecting Minds, Creating the Future" as Etisalat can also showcase its latest technology breakthroughs with its demos and applications.

Throughout Expo 2020 Dubai, Etisalat allows millions of virtual and physical visitors to connect – anytime, anywhere. Visitors experience a seamless, cutting-edge, immersive digital experience with our state-of-the-art network.



Case Study

Smiles

More Smiles through online food delivery

Etisalat UAE's ambition for our Smiles loyalty programme has been to gradually evolve it into a fully fledged commerce platform with both 'online to offline' as well as '100% online' models to better serve the diverse needs of our customer base. By focusing on the most frequently used lifestyle categories, we aimed to drive user growth and satisfaction, while continuing to enhance our proposition and increase share of wallet.

A unique proposition for our customers

In line with our 360° strategy, online food delivery was identified as the first, natural expansion phase for Smiles to expand into the 100% online space, taking into consideration:

- User behaviour and preferences – offline dining emerged as the most popular category, in terms of both frequency and volume of transactions.
- Market positioning – with a solid presence in offline dining, the next phase was expansion into the online food delivery space.

- Market benchmarks – both global and UAE based players showed significant growth in terms of value, which was further accelerated by COVID-19.
- Customer behaviour benchmarks – confirming a robust YoY growth in time spent in food delivery apps and a significant share of online food delivery transactions.
- Potential synergies – with our core business and our digital ecosystem (e.g. eWallet).

Achieving growth and engagement

Through the expansion of Smiles into the 100% online space with online food delivery, as well as continuous efforts to enhance the programme and experience during the year, Smiles closed 2021 with 2.6+ million users and 3 times year over year growth in time spent in the app, driving customer value and unlocking multiple cross-sell opportunities for our business.

The time our customers spent on our Smiles app grew by 3x in 2021, clearly demonstrating the programme's increased engagement and unique proposition to create value and bring joy to our customers.

