

du Announces Interim Dividend of 12 Fils per Share Q2 2014 Year-on-Year Revenues Exceed AED 3 billion for First Time

Emirates Integrated Telecommunications Company PJSC ("du") publishes Q2 2014 Results

- *Q2 revenues of AED 3.02 billion, a 13.7% increase on Q2 13 – the first time quarterly revenues have surpassed AED 3 billion*
- *Q2 Net Profit before Royalty of AED 949 million, a 22% increase on Q2 13*

Dubai, 24 July 2014 – Emirates Integrated Telecommunications Company PJSC ("du") today announced its financial results for the second quarter of 2014 demonstrating robust growth.

In line with du's progressive dividend policy, the Company has announced that it will issue shareholders with an interim dividend of 12 fils per share as a reward for their continued support.

Key drivers behind the solid performance include an uptick in Fixed revenue of 30% as well as almost a 10% rise in Mobile revenue fuelled by an increase in Post Paid customers. In addition, du's efficiency strategy is continuing to deliver resulting in a reduction in overheads from Q1 2014.

The UAE TRA's 'My Number, My Identity' campaign requiring all mobile users to register their mobile number to protect customer privacy and to avoid fraud, resulted in a natural churn of 468,000 customers in the pre-paid segment as unregistered mobiles were withdrawn from the market place. Further attrition is possible in the coming quarters.

Financial Highlights for Q2 2014:

- Revenues grew to AED 3.02 billion; a 13.7% increase against Q2 2013 (AED 2.66 billion)
- EBITDA increased 17.9% compared to Q2 2013 to AED 1.29 billion from AED 1.09 billion
- Net profit before Royalty grew 22% to AED 949 million versus Q2 2013 (AED 778 million)
- Net Profit after Royalty in Q2 2014 grew to 548 million AED a 15.5% increase on Q2 13

Revenue Breakdown:

- Mobile revenue reached AED 2.26 billion, a 9.5% increase year-on-year (AED 2.07 billion)
- Mobile data revenues increased by 18.6%, from AED 573 million in Q2 13 to AED 680 million
- Fixed revenue increased by 30% to 541 million compared to 416 in Q2 2013
- Data now represents 29.3% of mobile service revenues, up from 27.1% in Q2 2013

Osman Sultan, du's Chief Executive Officer, commented: "I am pleased to report another quarter of solid growth, with double digit growth across many of our key indicators and an increase in the number of higher-value post-paid customers we serve. These results show that by continuously developing innovative propositions to meet our customers' requirements and rigorously implementing our efficiency strategy, we are able to deliver steady growth despite a highly competitive environment.

"Our strong performance is reflected in our net profit before royalty, which was up 22% on 2013 at AED 949 million. EBITDA for the quarter reached AED 1.29 billion, an increase of

17.9% compared to the same quarter last year. Data continued to be a key market driver during the quarter which translated into data revenues of AED 680 million in Q2 2014, an 18.6% increase on Q2 2013 as our customers' demand for connectivity remained strong.

"We are pleased to announce that the Board is recommending an interim dividend of 12 fils per share to be approved at the general assembly.

"Going forward, we are proud to be working under the umbrella of the UAE's 2021 Vision to implement Smart Government and we look forward to outlining our plans to contribute to the transformation of Dubai into a Smart City in the near future."

Profit & Loss Summary

(AED m)	Q2 '14	Q2 '13	YoY Change	Q1 '14	QoQ Change
Revenue	3,024	2,660	13.7%	2,955	2.3%
EBITDA	1,290	1,094	17.9%	1,183	9.0%
EBITDA Margin	42.7%	41.1%	1.5 basis points	40.0%	2.6 basis points
Net profit before royalty	949	778	22.0%	865	9.7%
Net profit margin	31.4%	29.2%	2.1 basis points	29.3%	2.1 basis points

Balance Sheet Summary

(AED m)	As of 30 June 2014	As of 31 March 2014
Cash & Cash Equivalents	4,243	5,264
Total Assets	15,683	16,796
Total debt	4,085	3,892
Net Cash	158	1,372
Total Equity	7,316	6,767

Cash Flow Summary

(AED m)	Q2 2014	Q2 2013
Operating & investing cash	(333)	(106)
Financing	(688)	(1,031)
Net change in cash	(1,021)	(1,137)
Ending cash balance	4,243	2,812

Customer Summary

(000s)	Q2 '14	Q2 '13	YoY Change	Q1 '14	QoQ Change
Mobile Customers	7,161	6,654	7.6%	7,550	-5.2%
Fixed line customers	619	578	7.1%	614	0.9%
Telephony	262	239	9.8%	259	1.1%
Broadband	163	148	10.5%	161	1.3%
TV	136	126	8.0%	134	1.4%
Call Select	58	66	-11.5%	59	-1.6%

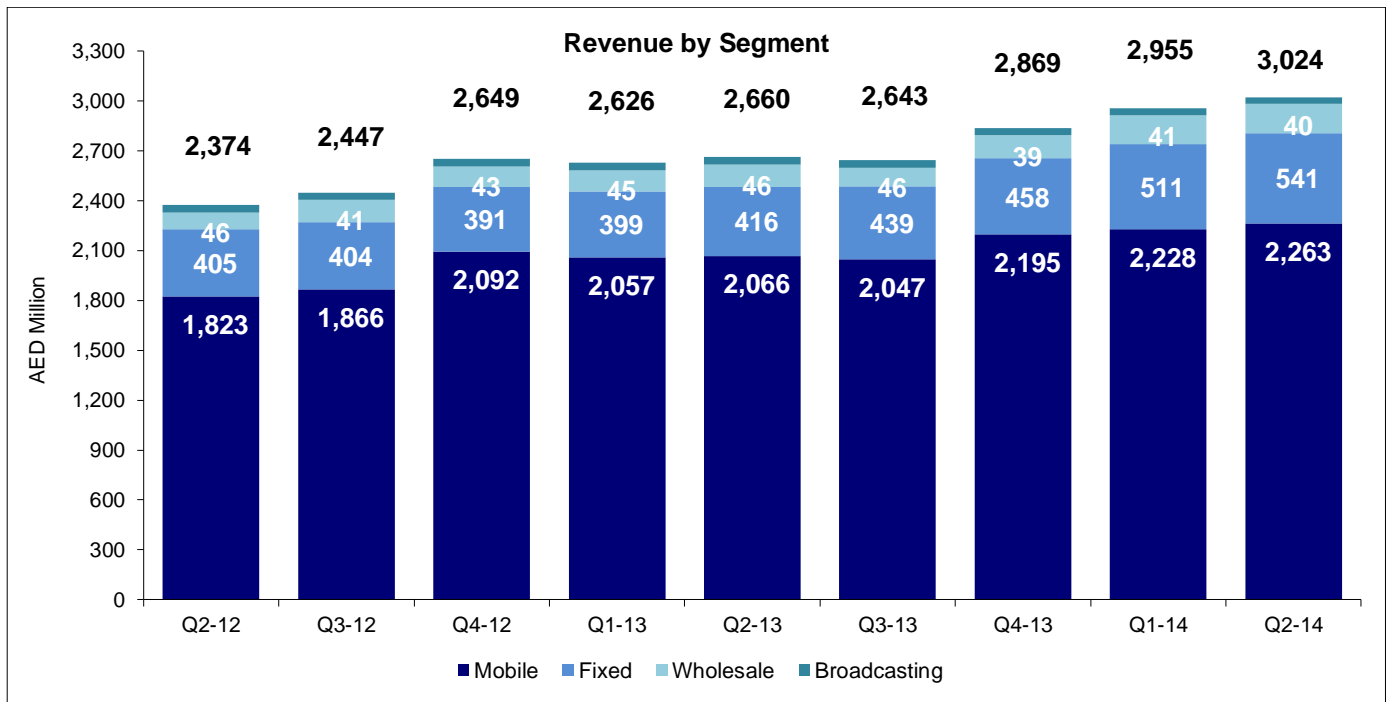
Q2 2014 Results Analysis

Total Revenue

Revenues grew to AED 3.02 billion; the first time revenue has lifted over AED 3 billion for a quarter, and a 13.7% increase against Q2 2013 (AED 2.66 billion). This increase was driven by consistent data revenues and a continued focus on the post-paid segment.

Mobile revenue grew to AED 2.26 billion, a 9.5% increase year-on-year (AED 2.07 billion). Fixed revenue increased by 30% to 541 million compared to 416 million in Q2 2013.

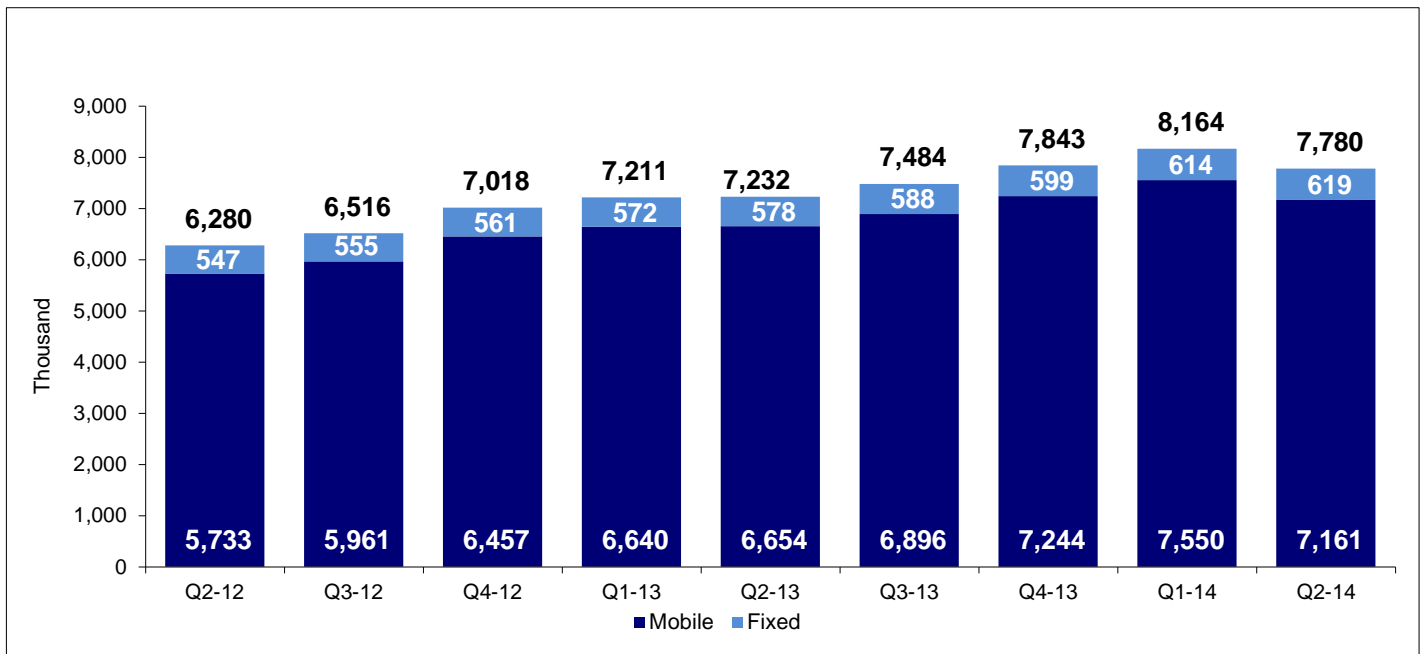
The company remains focused on innovation and improving service experience to retain high value customers across all segments.



Mobile and Fixed Customer

The company is proud to now serve a total of approximately 7.2 million active mobile subscribers. The 'My Number My Identity' deadline during Q2 2014 resulted in churn of 468,000 active subscribers but the steady increase (7.6%) of the total mobile subscriber base year on year is an acknowledgment of du's attention to product innovation and customer service.

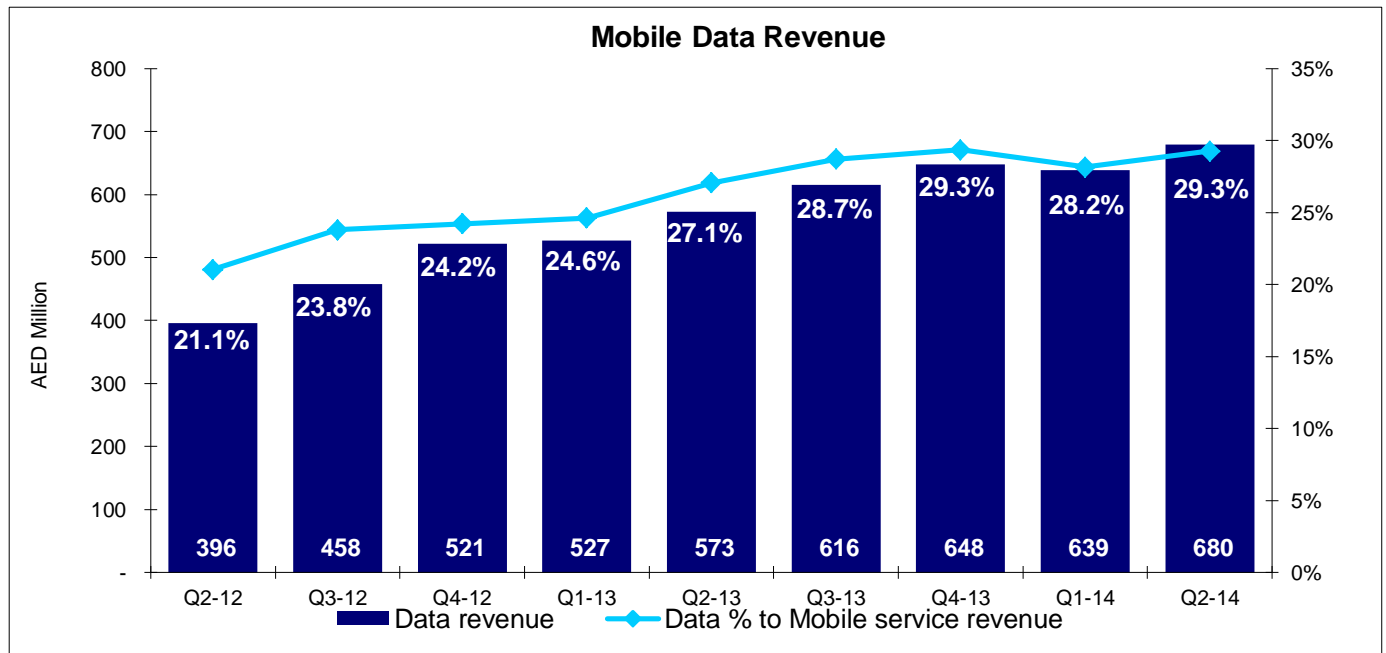
ARPU lifted in Q2 2014 due to the company's focus on data revenue and increasing the proportion of post-paid customers. du continues to experience pricing pressures from competitors and the popularity of VOIP services, a trend the entire industry is facing. ARPU is expected to remain steady over the coming quarters.



Mobile Data (AED Million)

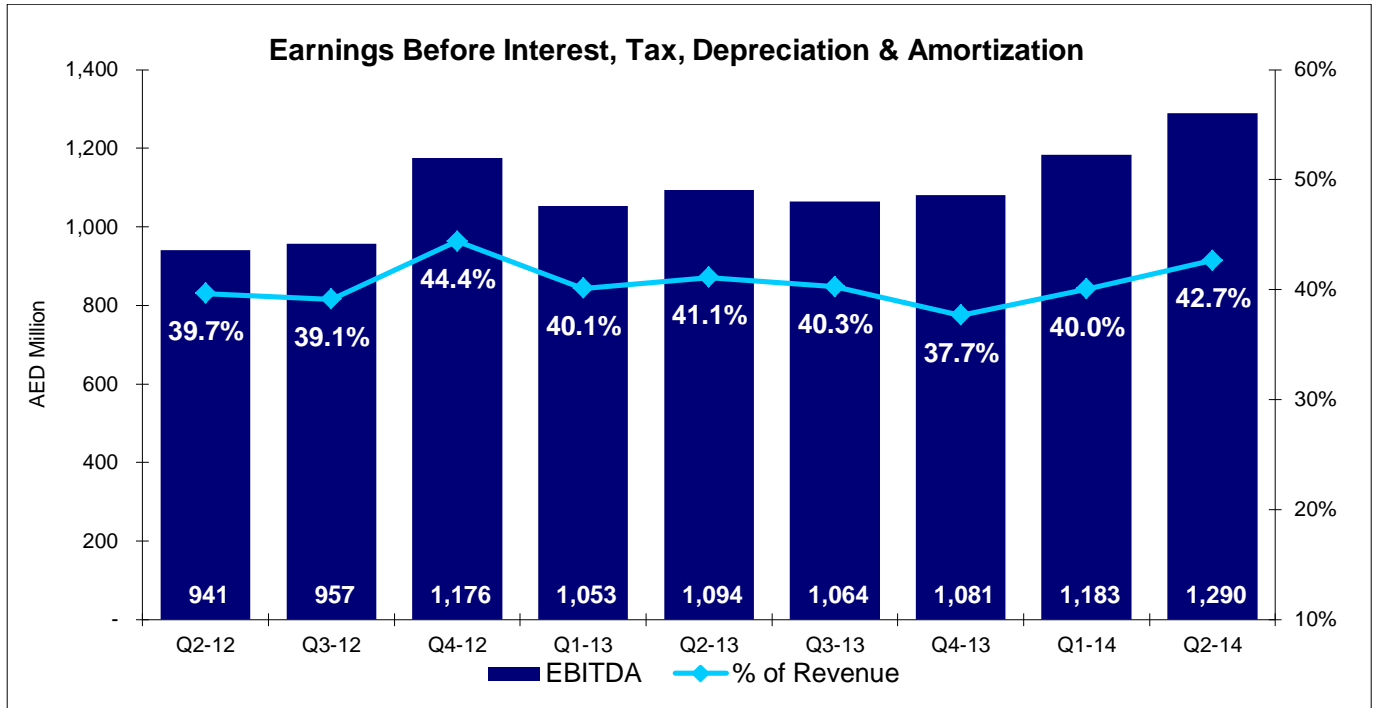
Mobile data revenue increased 18.6% to AED 680 million in Q2 2014 from AED 573 million in Q2 2013. Data now represents 29.3% of mobile service revenues, up from 27.1% in Q2 last year.

du customers are using increasing amounts of data and as a result, the company has developed propositions to provide their users with the data services required to meet their needs. The ability to monetise data is a challenge faced by the industry as a whole but as a result of the company's commitment to innovation in this area, revenues from mobile data continue to steadily increase.



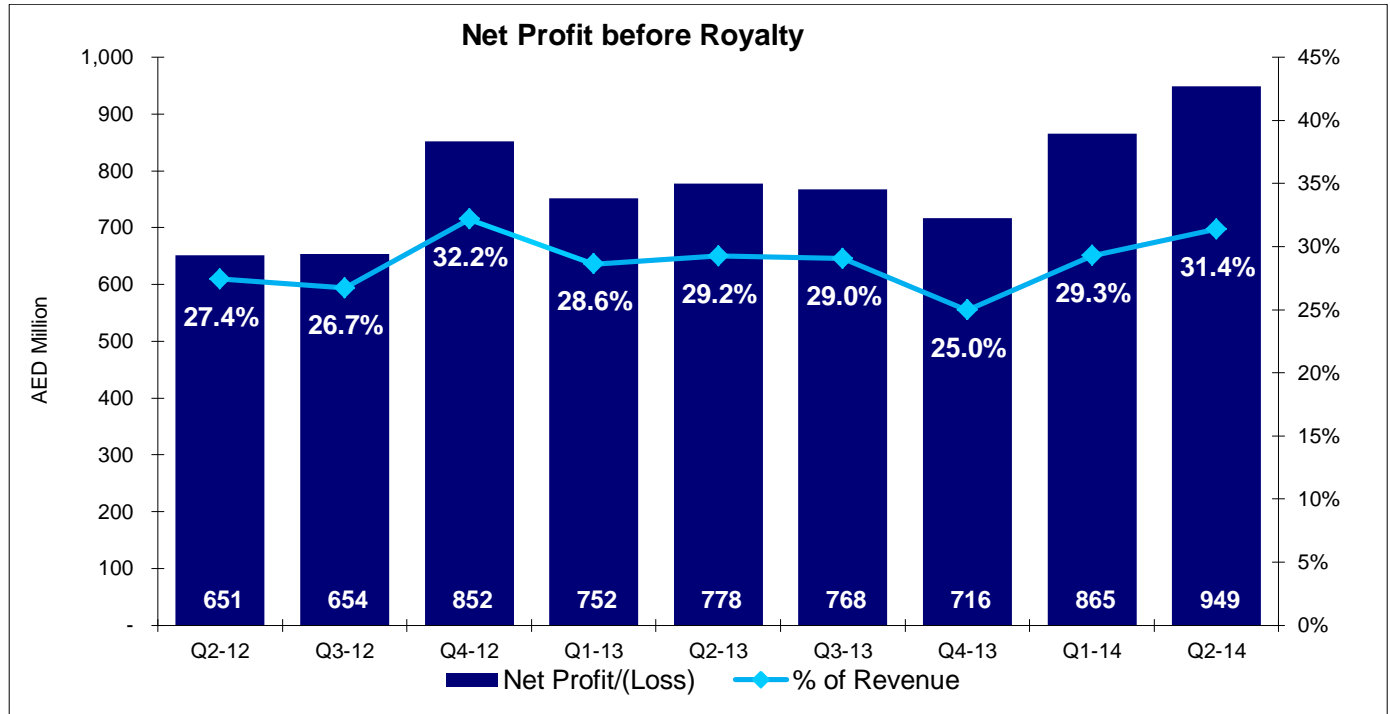
EBITDA (AED Million)

EBITDA in Q2 2014 increased 17.9% compared to Q2 2013 to AED 1.29 billion from AED 1.09 billion. This growth represents an improvement in operating expenses as a percentage of revenue from 26.3% in Q2 2013 to 23.9% in Q2 2014. The EBITDA level was also favourably impacted by settlements of prior year provisions.



Net Profit Before Royalty

du demonstrated continued growth in net profit after a solid start in 2014. Net profit before Royalty grew 22% to AED 949 million versus Q2 2013 (AED 778 million) whilst Net Profit after Royalty in Q2 2014 increased to AED 548 million, a 15.5% increase on Q2 2013.



- ENDS -

About du

We opened for business in 2006. We offer mobile and fixed telephony, broadband connectivity and IPTV services to individuals, homes and businesses. We also provide carrier services for businesses and satellite up/downlink services for TV broadcasters. As a rapidly-growing enterprise, we have a team of experts working to enhance and expand our bouquet of service offerings. Our people come from over 60 countries - we mirror the rich cultural diversity of our nation, while being able to serve our customers in a variety of languages.

We remain committed to providing fulfilling opportunities for quality talent in a cosmopolitan working environment. By the end of Q1 2014, more than 7.5 million individual customers and over 80,000 businesses have chosen to use our services. In 2013 we were awarded the Dubai Chamber CSR Label for the second year in recognition of our continuing commitment to CSR best practice and the Small Energy Award – Golden Category at Emirates Energy Award for our LEED platinum-certified Fujairah retail shop. We were also

awarded with the Premier Plan Best Business Service commsMEA awards in 2013 and the award Best Cloud Provider for Datamena at Telecom Review Industry Awards.

du is 39.5 percent owned by Emirates Investment Authority, 20.08 percent by Mubadala Development Company PJSC, 19.5 percent by Emirates Communications and Technology LLC and the remaining stake by public shareholders. du is listed on the Dubai Financial Market (DFM) and trades under the name 'du'

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