

du returns AED 1.0 billion to shareholders

Proposed special dividend of AED 0.10 per share and

Initiation of interim dividend programme with proposed dividend of AED 0.12 per share in 2013

Q2 Net profit before royalty up 19.5% to AED 778 million

Dubai, 25 July 2013 – Emirates Integrated Telecommunications Company PJSC ("du") today announced its financial results for the second quarter of 2013.

Financial highlights for the quarter:

- **Revenues¹ increased 12.05%** year on year to AED 2.66 billion, up from AED 2.37 billion in Q2 2012
- **Mobile revenue increased 13.33%** year on year to AED 2.07 billion, up from AED 1.82 billion in Q2 2012
 - **Mobile data revenue increased 44.81%** year on year to AED 573 million from AED 396 million in Q2 2012
- **Wholesale revenues increased 33.05%** year on year to AED 133 million from AED 100 million in Q2 2012
- **EBITDA increased by 16.19%** year on year to reach AED 1.09 billion, up from AED 941 million in Q2 2012, with an **EBITDA margin of 41.11%** in Q2 2013 compared to 39.65% in Q2 2012
- **Net profit after royalty² increased 45.64%** year on year, reaching AED 474 million compared to AED 326 million in Q2 2012 and AED 468 million in Q1 2013
- **Proposed³ special dividend payment** of AED 0.10 per share and **initiation of interim dividend payment** of AED 0.12 per share, subject to Extraordinary General Meeting ('EGM') approval

Special dividend <i>(one-off payment Q3 2013)</i>	AED 0.10 per share
Interim dividend	AED 0.12 per share
Total	AED 0.22 per share

Customer highlights for the quarter:

- **Total mobile customer base** reaches 6,653,905 active mobile customers; a 16.07% increase in customers from Q2 2012 (which had a total of 5,732,907)
 - **Postpaid mobile customers** now represent 8.9% of the mobile customer base, up from 7.8% in Q2 2012
 - **Prepaid mobile customers increased to 6,064,043**, a 14.78% increase from Q2 2012
- **Fixed line subscribers increased to 578,026**, a 5.74% increase from Q2 2012

¹ Like for like revenues based on the change in accounting treatment reported at full year 2012. There is no effect on EBITDA due to the change in accounting treatment.

² Q2 2013 provision for royalty was made at a rate of 7.5% of the total licensed revenue excluding broadcasting revenue and other allowable deductions, plus 20.0% of the net profit for the year before distribution and after deducting 7.5% of the total adjusted licensed revenue.

³ An Extraordinary General Meeting ('EGM') will be held in August 2013 to approve the proposed dividend payment. The company will send an official notification to shareholders prior to the EGM date.

Osman Sultan, du's Chief Executive Officer, said, "We are delighted to return AED 1.0 billion to our loyal shareholders this quarter by way of a special dividend and the start of du's interim dividend programme. Our balance sheet and cash generation remains strong, and we are committed to generating attractive and sustainable returns to our shareholders by balancing the long-term investment needs of our business and shareholder expectations.

"Thanks to further progress made during the first half of this year in our key areas of strategic focus – market leading products and services and driving cost efficiencies through our business – we have achieved good growth in revenues and profits and our margins remain strong.

"This quarter we have developed new innovative propositions for our customers which we look forward to launching over the coming months against the backdrop of rapidly evolving consumer requirements and technology advances in the telecommunications industry. I remain excited about our longer term prospects as customer appetite for high speed data continues to increase. By focusing on efficiency and fostering innovation, I am proud to retain our position as the operator of choice."

Profit & Loss Summary

(AED m)	Q2'13	Q2 '12	YoY change	Q1'13	QoQ change
Revenue	2,660	2,374	12.05%	2,626	1.28%
EBITDA	1,094	941	16.19%	1,053	3.81%
EBITDA Margin	41.11%	39.65%	146 basis points	40.11%	100 basis points
Net profit before royalty	778	651	19.48%	752	3.45%
Net profit margin	29.24%	27.42%	182 basis points	28.63%	61 basis points

Balance Sheet Summary

(AED m)	AS of 30 June 2013	AS of 31 March 2013
Cash & Cash Equivalents	2,812	3,949
Total Assets	13,624	14,695
Total Liabilities	6,522	8,068
Net Cash	170	1,685
Total Equity	7,102	6,627

Cash Flow Summary

(AED m)	Q2 2013	Q2 2012
Operating & investing cash	(143)	414
Financing	(994)	(839)
Net change in cash	(1,137)	(425)
Ending cash balance	2,812	2,021

Customer Summary

(000s)	Q2'13	Q2 '12	YoY change	Q1'13	QoQ change
Mobile customers	6,654	5,733	16.07%	6,640	0.22%
Fixed line customers	578	547	5.74%	572	1.14%
Telephony	239	217	10.07%	234	1.98%
Broadband	148	132	11.93%	145	2.14%
TV	126	117	7.00%	124	0.92%
Call Select	66	80	(17.98%)	68	(3.49%)

Q2 2013 results analysis

du delivered a strong revenue performance in the second quarter, with total revenues reaching AED 2.66 billion. This represented an increase of 12.05% year on year, up from AED 2.37 billion in Q2 2012 and an increase of 1.28% quarter on quarter, up from AED 2.63 billion in Q1 2013.

Mobile revenues remain stable

Mobile revenues reached AED 2.07 billion, representing a 13.33% increase year on year, up from AED 1.82 billion in Q2 2012 and remained stable as compared to AED 2.06 billion in Q1 2013.

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

The company added 14,356 new mobile customers during Q2 2013, bringing the total mobile customer base to 6,653,905 active mobile customers, a 16.07% increase from 5,732,907 active mobile customers in Q2 2012 and a 0.22% increase from 6,639,549 in Q1 2013. du estimates a market share of 46.5% according to the Telecommunications Regulatory Authority ('TRA') and competitor reports.

du continues to strengthen its position as operator of choice by bringing state-of-the-art products to the market. The mobile postpaid customer base grew by 31.21% year on year to reach 589,862 active mobile postpaid customers in Q2 2013. The postpaid customer base now represents 8.9% of the total customer base.

Mobile ARPU⁴ decreased to AED 108 in Q2 2013, from AED 110 in Q1 2013.

Fixed line revenues were stable, growing 4.27% quarter on quarter and 2.66% year on year, to reach AED 416 million in Q2 2013, up from AED 399 million in Q1 2013 and AED 405 million in Q2 2012. In addition, fixed line customers showed stable growth, with 6,510 new lines, bringing the total to 578,026 lines, an yearly increase of 5.74% from Q2 2012 (546,640 lines) and a quarterly increase of 1.14% from Q1 2013 (571,516 lines).

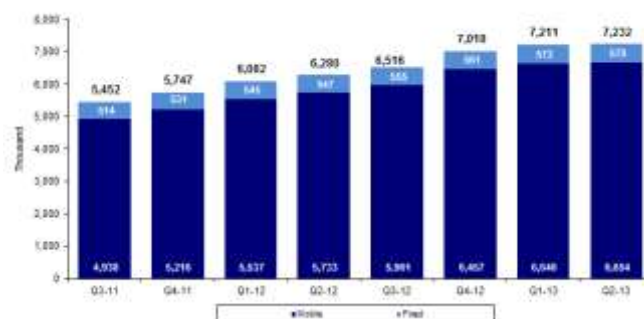
Strong data revenue growth

Data revenues reached AED 573 million, representing a healthy increase of 44.81% from AED 396 million in Q2 2012. This reflected global sector trends, with data usage increasing due to the rapid adoption of smartphones and tablets. Quarter on quarter, data revenues increased 8.78%, up from AED 527 million in Q1 2013.

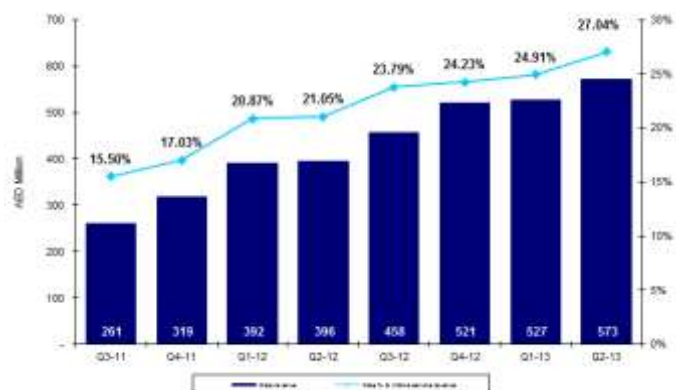
Total Revenue (AED million)



Mobile and Fixed Customer base



Mobile Data (AED million)



⁴ ARPU is defined as average revenue per user and is calculated by total mobile revenue divided by the average number of customers for the quarter.

Delivering shareholder value

As the company's capital position remains strong, the Board proposed the return of approximately AED 1.0 billion to shareholders by way of a one-off, special dividend of AED 0.10 per ordinary share this quarter. In addition, du initiated the company's interim dividend programme from Q2 2013 calculated at AED 0.12 per share in 2013. An Extraordinary General Meeting ('EGM') will be held in August 2013 to approve the proposed dividend payment. The company will send an official notification to shareholders prior to the EGM date.

During Q2 2013, EBITDA increased 16.19% year on year, and 3.81% quarter on quarter to AED 1,094 million, compared to AED 941 million and AED 1,053 million respectively. EBITDA margins increased to 41.11% in Q2 2013, up by 1.46% from 39.65% in Q2 2012, and up by 1.00% compared to the previous quarter.

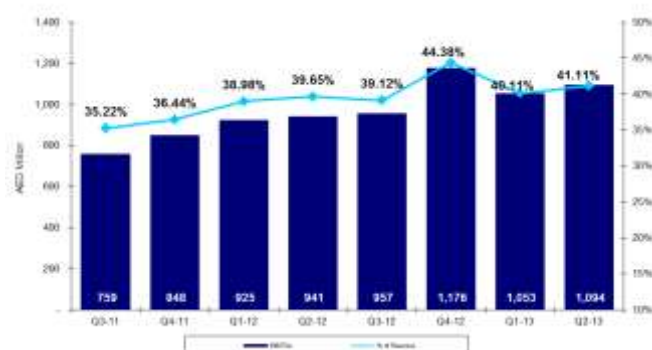
Net profit before royalty increased 19.48% year on year to AED 778 million in Q2 2013, up from AED 651 million in Q2 2012. Net profit before royalty increased 3.45% quarter on quarter from AED 752 million in Q1 2013.

The company registered a strong net profit after royalty⁵ reaching AED 474 million in Q2 2013, up from AED 326 million in Q2 2012. Quarterly, net profit after royalty increased 1.32% (up from AED 468 million in Q1 2013).

In line with strategic objectives, the company is continuing to maintain cost controls and is focusing on optimising efficiencies. This is demonstrated by the total overheads for the quarter, which remain stable at AED 700 million. As a percentage of revenue, overheads are 26.31%, representing a decrease of 4.57% over the same period a year ago, (30.88% in Q2 2012) and a quarterly decrease of 0.27% (26.58% in Q1 2013). Decrease in overheads is also in part attributed to the collection of bad debts during Q2 2013.

du's capital expenditure programme remains stable and in line with that of a developed company with AED 323 million being invested during Q2 2013. Strategic capex spend and infrastructure investments are in line with evolving consumer requirements and technological advances.

EBITDA (AED million)



Net Profit Before Royalty (AED million)



⁵ du has applied revenue royalty to 100% of revenue excluding broadcasting and certain allowable deductions.

Product & Service initiatives during the second quarter

- du exclusively launched the award-winning new HTC One smartphone in the UAE market, enabling customers to benefit from the telco's 4G LTE network.
- du introduced a Daily Data Bundle for all prepaid customers, enabling instant internet access at AED 5 per day, allowing greater flexibility and more control over data spend.
- du enhanced its SME offering with comprehensive additions to its tailored mobile plans: the International Business Plan and National Business Plan. Each plan has a monthly prorated fee of just AED300, and up to 700 international minutes for free.
- du announced a partnership with SamTech to offer M2M enterprise solutions including data connectivity, SIM cards, devices and managed reporting, as a one-stop-shop to meet customers' needs in this space.

- 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 over 2,000 people 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.

Over 50% of our senior management team and customer-facing employees are UAE nationals, and we remain committed to providing fulfilling opportunities for quality talent in a cosmopolitan working environment.

By the end of Q4 2012, more than 50,000 businesses had chosen to use our services. In a survey conducted by ARC Chart, we were named the Best Mobile Broadband Network 2012 in the Middle East and Africa region.

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

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