

Press Release

du Announces Full Year 2010 Results

- *Revenues exceed AED 7 billion with a 32% increase for the full year 2010*
- *Net profit before royalty exceeds AED 1.2 billion with a 132% increase*

Dubai, 3 March 2011 – Emirates Integrated Telecommunications Company PJSC (“du”) today announced its financial results for the fourth quarter and full year 2010, showing record revenues, and continued healthy customer additions.

Highlights for the full year 2010:

- **856,000 net active¹ mobile customers added** during the year, taking the total at year end to 4.3 million.
- **Revenues reached AED 7,074 million**, a 32% increase versus 2009 (AED 5,339 million).
- **Gross margin grew by 31%** year on year to AED 4,601 million versus 2009 (AED 3,507 million).
- **EBITDA² grew 90%** to AED 2,018 million versus 2009 (AED 1,064 million).
- **Net profit before royalty increased by 132%** year on year to AED 1,226 million versus 2009 (AED 528 million).
- **Net profit after royalty** increased to AED 1,310 million from AED 264 million in 2009, following the announcement by UAE Federal Government that the royalty rate for the Company commences from 1 January 2010 and that royalty rate for the year ended 31 December 2010 is 15%.³
- **First year of positive free cash flow⁴ in 2010** of AED 33 million; the decision on royalty and the success of the rights issues together with the signing of the vendor financing agreements, whilst fundamental in achieving its optimal capital structure, have strengthened the options available to the company when considering its loan repayment of AED3bn due in June 2011 and its future needs for development and value creation to shareholders.
- **Post paid active mobile customer additions grew 89% in 2010** to 260,000 representing 6% of the customer base.
- **Fixed line revenues increased 21% year on year** to 1,177 million versus 2009 (AED 970 million).

¹ Defined by the Telecommunications Regulatory Authority as a customer that has sent or received a call, or sent an SMS or MMS within the last 90 days.

² du calculates EBITDA as operating profits before interest, depreciation, amortisation, impairment charges, non-operational income and expenses and royalty

³ Royalty for the year is a net write-back of AED 84 million comprising of a release of AED 268 million relating to royalty provisions prior to 1st January 2010 and a charge of AED 184 million for 2010. This follows the announcement by the UAE Federal Government

⁴ Free cash flow is defined as cash generated from operating activities Less Net cash used in investing activities.

- **Strong earnings per share** - AED 0.31 compared to AED 0.06 in 2009. Taking into account the recent royalty announcement, underlying earnings per share for the year was AED 0.24, compared to 0.13 in 2009, representing an increase of 85%.

Highlights for the fourth quarter:

- **252,000 net active¹ mobile customers added** during the fourth quarter.
- **Record revenues of AED 2,046 million achieved**, a 34% increase compared to Q4 09 (AED 1,530 million) and a 17% increase compared to Q3 10 (AED 1,745 million).
- **Gross margin grew by 32%** year on year to AED 1,306 million (Q4 09: AED 993 million) and increased 16% quarter on quarter (Q3 10: AED 1,126 million).
- **EBITDA² grew 84%** versus Q4 09 (AED 366 million) to AED 675 million and grew 29% compared to last quarter (Q3 10: AED 523 million).
- **Net profit before royalty increased by 106%** year on year to AED 431 million versus AED 209 million in Q4 09, representing a 32% increase over the previous quarter of AED 326 million.
- **Net profit after royalty** was AED 912 million for the quarter which included the effect of the recent UAE Federal Government announcement, concerning the 15% royalty rate.
- **Sustained momentum in post paid active mobile customer additions** with 50,600 added during the quarter bringing the total to 260,000, up 89% vs. Q4 09 (138,000) and 24% vs. Q3 10 (209,000), and now equal to 6% of the total mobile customer base.
- **38% growth in du's fixed line customer base** from 405,900 lines in Q4 09 to 561,000 lines in Q4 10, with 45,500 lines added during the quarter.

Ahmad Bin Byat, Chairman of du, said: "2010 represented another year of robust growth and considerable achievements for our company, continuing the successful trend of the last four years since we started operations. We have done this by maintaining our focus on continued innovation, offering value for money, and driving operational excellence, supported by the strong leadership of the management team..."

"We entered 2010 hoping to see a return to the positive sentiment that drove the UAE economy so successfully in recent years. We were not disappointed. The International Monetary Fund upgraded its GDP forecast for the UAE to 2.4%, a modest but healthy growth following contraction in 2009. Throughout the country we saw signs of a return to business confidence across a variety of sectors, which in turn meant more demand for our company's diverse products and services. Against this, we set out to continue delivering sustainable business performance and growth, and investing in the development and enhancement of our network, service levels and people.

"I am pleased to say that we progressed significantly in each of these areas, Net profit before royalty increased by 132% to AED1.2bn from AED0.5bn in 2009 a tremendous achievement. In addition we received the determination from the Federal Government on the royalty charge for 2010, and will be advised on the royalty rate for future years in due course. This determination has enabled us to crystallise our liability in respect of royalties payable to the Federal Government. The effect of the royalty decision has meant that we achieved a net profit after royalty of AED1.3bn compared to AED264m in 2009. The most widely acknowledged success is the continued growth of our market

share. By the end of 2010, according to figures from the Telecommunications Regulatory Authority ('TRA'), we held nearly 40% of the mobile market in the UAE. This is a remarkable achievement in just four years of operation, and a milestone which we are extremely proud of."

Osman Sultan, du's Chief Executive Officer, said, "I am delighted to report that 2010 has been another successful year for our company, building on what has been an extraordinary period of growth for du since start of operations in 2007. Our financial results exceeded expectations and across the business our people, processes, products and services delivered on all fronts. In addition to record revenue growth we achieved company-wide operational efficiencies, while maintaining ongoing investment in our network.

"Our ongoing efforts, to provide innovative products and services that directly address the communications needs of individuals and businesses, saw us achieve record revenues of AED7.1 billion in 2010. This equates to an annual growth of 32%, one of the highest levels for the telecom sector in the entire region. We now have a market share of almost 40% in the UAE, an incredible feat in just four years of operation. Customers want what we have to offer: quality, innovation and value for money. This is clear from the 856,000 new customers who joined us in 2010, taking our mobile base to over 4.3 million. Our revenues benefited not only from customer additions but also from increased usage, particularly data given the rapid take up of smartphones in the UAE, leading to one of the healthiest ARPU (Average Revenue Per User) levels in this region according to financial analysts.

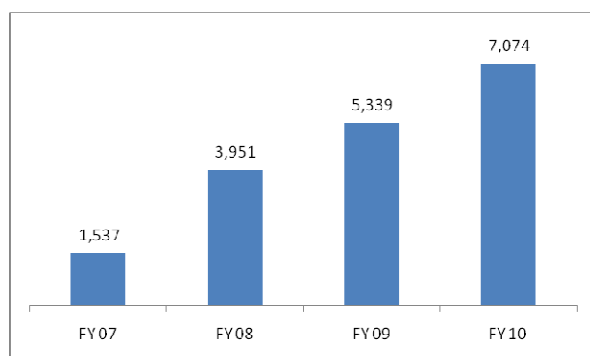
"Over the course of 2010, management has also focused on strengthening the business after a period of substantial growth and transformation. A variety of cross-functional initiatives were started in 2010 to drive cost optimisation and continuous efficiency improvements. These were implemented across the company through the work and dedication of our employees, leading to our highest ever EBITDA of AED2 billion in 2010 and net profit before royalty of AED1.2 billion, which is an increase by 132%. We are conscious that the story of efficiency is not a one year story, and this is something we will continue to focus on as the company grows.

"Our employees are the engine that drives our company. We are acutely aware that without the quality, commitment and enthusiasm of our staff such excellent results would not be achievable. As such we strive to train and motivate our employees and continue to seek to be an employer of choice for talent in the UAE. Our ongoing Emiratisation programme has also delivered strong results, increasing the number of Emiratis to 23% of the total workforce, of which one in three are executive managers. In order to maintain this trend, we launched a new graduate training programme in 2010 aimed at young Emirati graduates called Masar (meaning 'career path' in Arabic), which has proven to be highly successful. Results of studies by Gallup have shown that our employee engagement has improved significantly over the past two years, with double the number of employees now engaged year on year, placing us near the top quartile of companies worldwide.

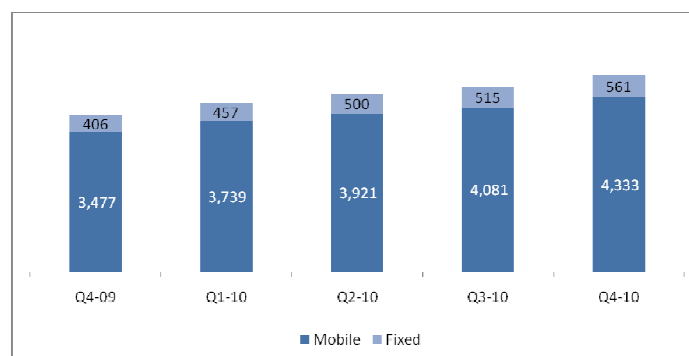
"Beyond our continued focus on customers, 2010 was a defining year for us. As we are now entering a more mature phase in the life of our company, we are expanding our horizons from pure growth to driving value by seeking to launch new diversification initiatives through the establishment of EITC Investment Holdings Limited. This new entity has the strategic goal of identifying and nurturing new market and revenue growth opportunities that are adjacent to telecoms. We already have a number of initiatives underway and in 2010 launched the first of these, Anayou, a multi screen platform designed to facilitate the delivery of digital services through the internet, mobile and set-top TV for the very rapidly growing 21st century digital Arabia generation.

"2010 has been an outstanding and defining year for du, largely as a result of our unwavering focus on our mission: to delight our customers, be the employer of choice for the best talent, create optimal value for our shareholders through business excellence and innovation, and proudly contribute to the transformation of our community. We feel confident that we are entering 2011 on a strong footing and are well positioned to take advantage of new opportunities. Extensive preparations have been made for a competitive fixed line market, and I am pleased to say we are now well positioned to take full advantage of this and other market developments."

Full Year 2010 results analysis



Revenue Growth (AED Millions)



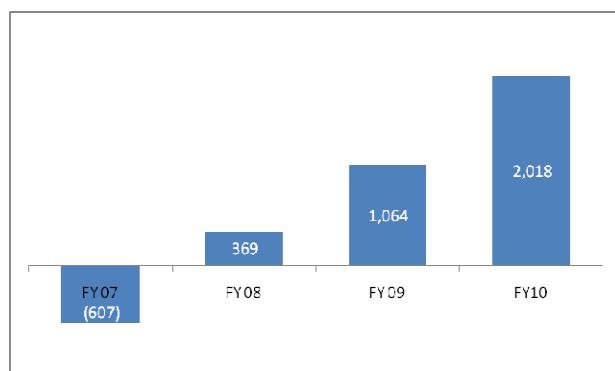
Mobile & Fixed Subscriber Growth (Thousands)

Full year revenues for 2010 grew 32% to AED 7,074 million compared to AED 5,339 million in 2009, largely as a result of the growth in du's market share over the past twelve months, which has now reached around 40%, according to data published by the Telecommunications Regulatory Authority ('TRA') at the end of 2010. This reinforces du's position as the provider of choice for the majority of new mobile subscribers in the UAE with 856,000 added during the year, reaching a total of approximately 4,332,800 active mobile subscribers at year end.

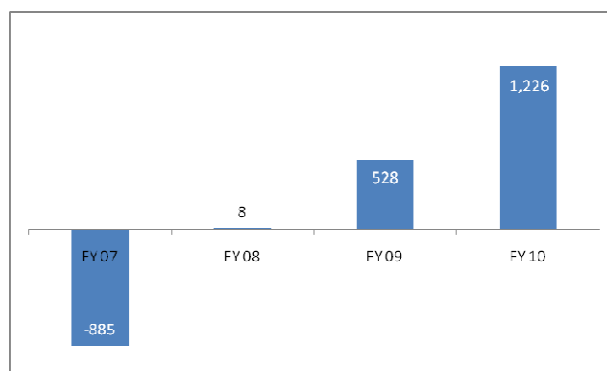
Strong subscriber acquisition rates continued to drive growth in mobile revenues, which reached AED 5,312 million for the year 2010, up 43% compared to full year 2009 (AED 3,727 million). du's continued strategy and investment focus to attract and retain high-end mobile users has resulted in an 89% increase in the number of post-paid subscribers being added during the year bringing the total to 260,000, equal to 6% of the mobile subscriber base.

Net revenues for du's fixed line business, including fixed telephony, TV and Broadband, amounted to AED 1,146 million for the full year 2010, a 23% year on year increase (2009: AED 932 million) reflecting approximately 561,000 lines⁵.

⁵ These are the number of lines/contracts, not number of customer accounts. In case of multiple products on the same contract, a line is counted against each service.



EBITDA⁶ (AED Millions)



Net Profit before Royalty (AED Millions)

Despite significant growth in the number of customers and services, total overheads for the full year 2010 increased only marginally (5.7%) to AED 2,583 million, compared to AED 2,443 million in 2009.

EBITDA grew 90% compared to 2009, reaching AED 2,018 million compared to AED 1,064 million a year prior. EBITDA margins also improved to 29% in 2010, up from 20% in 2009.

du's full year 2010 net profit before royalty of AED 1,226 million represents an increase of 132% compared to AED 528 million in 2009.

Following the UAE Federal Government announcement that the confirmed royalty rate for du in 2010 is 15%, net profit after royalty for the full year is AED 1,310 million.

The ongoing royalty for subsequent years will be advised to the Company in due course.

Earnings per share of AED 0.31 were delivered, compared to AED 0.06 in 2009. Taking into account the recent royalty announcement, underlying earnings per share for the year was AED 0.24, compared to 0.13 in 2009, representing an increase of 85%.

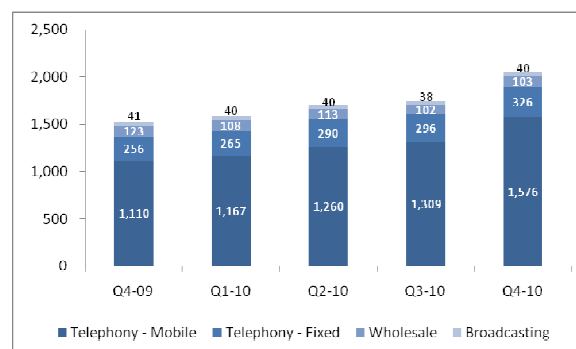
The company also finished the year free cash flow positive for the first time since its foundation, a major milestone for the operator. Free cash flow at the end of 2010 was AED 33 million.

Q4 2010 results analysis

Total combined revenues for Q4 10 rose to AED 2,046 million compared to AED 1,530 million for Q4 09, representing year on year growth of 34%, a reflection of the strong and sustained mobile customer growth over the past twelve months.

252,000 new mobile customers were added during the quarter.

Mobile revenues reached AED 1,576 million, up 42%



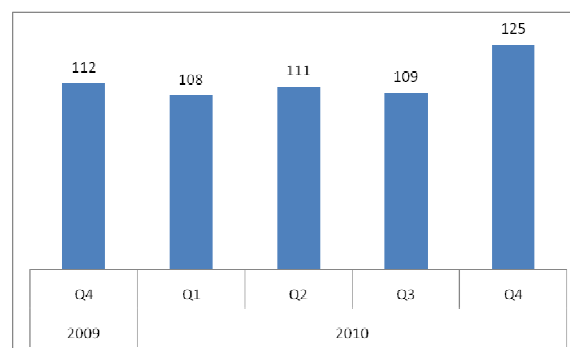
Revenue Growth (AED Millions)

⁶ du calculates EBITDA as operating profits before interest, depreciation, amortization, impairment charges, non-operational income and expenses and royalty.

compared to Q4 09 (AED 1,110 million) and 20% versus Q3 10 (AED 1,309 million). A further 50,600 post-paid customers were added during the quarter.

Mobile ARPU grew to AED 125 for the quarter, up from AED 112 during the fourth quarter of 2009, a reflection of the usage driven by the new product and service innovations introduced, and partially due to seasonal festivals that fell within the quarter.

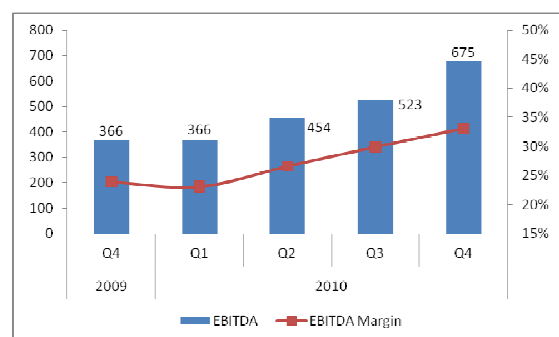
Revenues for du's fixed line business, including fixed telephony, TV and Broadband, amounted to AED 326 million, a 27% year on year increase (Q4 09: AED 256 million) and a 10% quarter on quarter increase (Q3 10: AED 296 million).



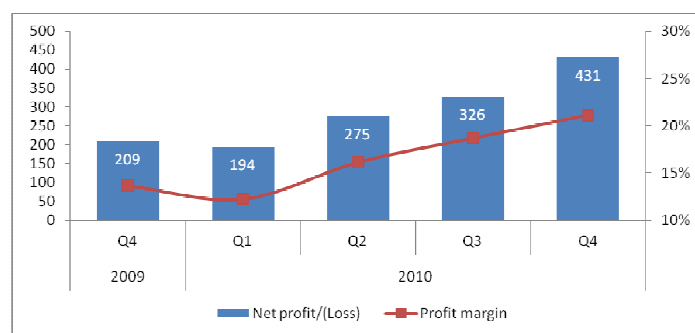
Mobile ARPU (AED)

Total overheads increased quarter on quarter to AED 631 million, compared to AED 603 million in Q3 10, but remained flat year on year from AED 627 million in Q4 09. The quarter on quarter increase resulted from third quarter results incorporating a one time favourable adjustment of AED 104 million, as a result of a regulatory decision in favour of du, of which AED 75 million⁷ relates to 2009 and prior years.

During the fourth quarter, EBITDA grew by 84% year on year and 29% quarter on quarter, reaching AED 675 million compared to AED 366 million and AED 523 million respectively. EBITDA margins also improved to 33% in Q4 10, up from 30% in Q3 10 and 24% in Q4 09.



EBITDA⁸ (AED Millions)



Net Profit before Royalty (AED Millions)

du's Q4 10 net profit before royalty of AED 431 million represents an increase of 32% quarter on quarter (versus AED 326 million in Q3 10) and more than double the AED 209 million reported for Q4 09. Net profit after royalty was AED 912 million for the quarter which included the effect of the recent UAE Federal Government announcement, concerning the 15% royalty rate.

du's capital expenditure programme remains focused on building out the mobile infrastructure to further improve du's network.

⁷ Amount was estimated to be AED 69 million in Q3. Actual figure is AED 75 million.

⁸ du calculates EBITDA as operating profits before interest, depreciation, amortisation, impairment charges, non-operational income and expenses and royalty.

Products & Services

Product, service and promotion initiatives during the fourth quarter included:

Mobile:

- Introduced special calling rates on the occasions of Eid, Hajj and Diwali through all day off-peak rates to destinations across the world as well as special SMS tariffs, to enable subscribers to get in touch with friends and family more easily and affordably.
- Launched the new BlackBerry® Torch™ 9800 smartphone in the UAE, bringing rich functionality to subscribers.
- Partnered with Nokia on the Nokia C7 phone to provide a free data package of 1GB per month

Fixed Line:

- Launched 42.2 Mbs broadband – making du the first in the region to launch such high speed mobile broadband, following the network upgrade to next-generation DC-HSPA+ technology.
- Launched the Middle East's first VNOC (video network operations centre) through an agreement with FVC, the Value Added Distributor for Polycom in the Middle East and North Africa (MENA), offering Managed Video Services to businesses around the UAE.
- Signed a partnership agreement with Turner Broadcasting System Ltd (operator of popular channels such as CNN and Cartoon Network), to provide a turnkey solution to Turner's broadcast needs in the Middle East.

Diversification:

- du Media Lab's Anayou and US-based Prodea Systems unveiled "nxt" during the fourth quarter, a new innovative suite of services designed to simplify and enhance people's digital lives, and that can be accessed remotely from anywhere within the home or abroad by any device. The offering has been launched in the UAE and will soon be extended to operators across the MENA region. At launch, nxt will provide a host of benefits to subscribers:
 - o "nxt store" - a movie and TV show store with latest releases from Arabic cinema and TV, Hollywood and Bollywood to watch on demand, in HD
 - o "nxt club" - an all-you-can-watch selection of hit movies and favourite TV shows
 - o "nxt YouTube" - YouTube videos in high definition on your TV screen
 - o "nxt Social" - Personalized Facebook and Twitter applications on your TV while you watch your favourite programs
 - o "nxt radio" - Over 75,000 Internet radio stations on your TV and stereo with RadioTime
 - o "nxt share" - a sharing service that shares all your photos, music, and video collection across different devices in your home. With "nxt share" you can even share content with other "nxt" users from TV to TV or anyone with an email address
 - o "nxt cam" - a home security service with Wi-Fi cameras that is accessible from your TV, PC or phone anywhere in the world
 - o "nxt care" - real time help on the phone or over the web for all home networking problems

- Ends -

About du

du, a leading integrated telecommunications service provider in the UAE, launched mobile telecommunication services in February 2007 across the UAE, in addition to internet and pay TV services that du provides in some of the free zones of Dubai. Call Select, du's nationwide fixed line services for voice telephony, was launched in July 2007. By the end of 2010, du had approximately 4.3 million mobile customers.

Among du's many firsts is its historic Number Booking Campaign for both individuals and business, Pay by the Second billing system, Mobile TV, Mobile Payments, first of its kind 'WoW' recharge card (which offers customers the choice between more credit, more time and now 'more international' recharge option with additional credit on international calls) and Self Care.

For business customers, du business offers include Closed Business User Group and preferred International Destinations. du Broadcast Services division brings scalable media technology platforms and telecommunication solutions to the broadcast community through its world class teleport (Samacom) and Master Control Room (MCR) facilities.

du products and services for consumers and business are available through du's retail network, currently comprising over 30 du shops located in strategic locations across the UAE, more than 3,000 authorized dealers or through du e-shop, accessible at <http://www.du.ae/en/where-to-buy/eshop.html>. du shops are a "one stop shop" for mobile service, carrier select and the payment of the service bills.

du is 39.5 percent owned by Emirates Investment Authority, 19.75 percent by Mubadala Development Company PJSC, 19.5 percent by Emirates Communications and Technology LLC and the remaining stake by public shareholders. It is listed on the Dubai Financial Market (DFM) and trades under the name du.

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