



## **Press Release**

# **du Announces Second Quarter 2009 Results**

## **Record results achieved for the quarter**

Dubai, 26 July 2009 – Emirates Integrated Telecommunications Company ("du") today announced record second quarter 2009 results.

### **Highlights for the second quarter:**

- 2.9 million active<sup>1</sup> mobile subscribers at quarter end, up from 1.8 million in the same period in 2008
  - 155,900 active mobile additions during the quarter
  - Encouraging increase in post-paid (Monthly Plan) mobile additions in Q2 of 16,700
- Total revenues for the quarter of AED1,310 million, up 12% vs Q1 09 (AED1,166 million) and 44% vs Q2 08 (AED908 million)
- Gross margin remained strong at 66%
- EBITDA<sup>2</sup> of AED242 million, a strong increase of 52% vs Q1 09 (AED159 million), and 734% vs Q2 08 (AED29 million)
- Net profit (before royalty) for the quarter surpassed AED100 million for the first time, reaching AED115 million. More than double the AED47 million achieved in Q1 09 and compared to a loss of AED44m in Q2 08

**Commenting on the results, Ahmed Bin Byat, Chairman of du, said,** "du has seen another strong quarter with record revenues, EBITDA and net profit. It is encouraging that, despite the global economic conditions, du's customer proposition continues to attract the

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<sup>1</sup> 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

<sup>2</sup> Earnings before interest tax, depreciation and amortization (EBITDA) is a commonly used performance indicator and demonstrates the underlying performance of a company





majority of new subscribers. We have seen solid progress across the business and, having already reached our target of 30% market share one year ahead of schedule, we are now working towards capturing 35% of the market in 2010. However, we do expect to be operating in challenging times for the next one or two quarters.”

**Osman Sultan, du’s Chief Executive Officer, said,** “For 2009 onwards, we are focused on growing significantly the proportion of du’s high end, post-pay (Monthly Plan) customer base. We made our first steps in this direction in April with the launch of our post-paid Elite and Premier Plans and have already started seeing the benefits of this strategic move with strong take up of both this quarter. Yet with our ‘One World, One Rate’ roaming tariff, introduced in June, we continue to demonstrate our attractive value proposition for all our customers. The continued investments in our network and market leading customer service, as well as our increasing range of products and services, continues to attract more and more customers, as evidenced by our healthy net additions again this quarter.

“In line with du’s strategy of increasing transparency for its investors, having been the first to define and disclose its active customer base, we are releasing our pre- and post-pay (Pay as you Go and Monthly Plan) mobile subscriber additions for the first time this quarter. We intend to continue demonstrating to our investors that we are committed to being open.”

## **Q2 2009 results analysis**

Revenues grew 12.4% to AED1,310.1 million in the second quarter from AED1,165.8 million in the first quarter. This compares to AED907.8 million in the same period of 2008. Revenue growth was seen across the business and was boosted in particular by the continued increase in mobile subscribers and a strong performance from the wholesale business.

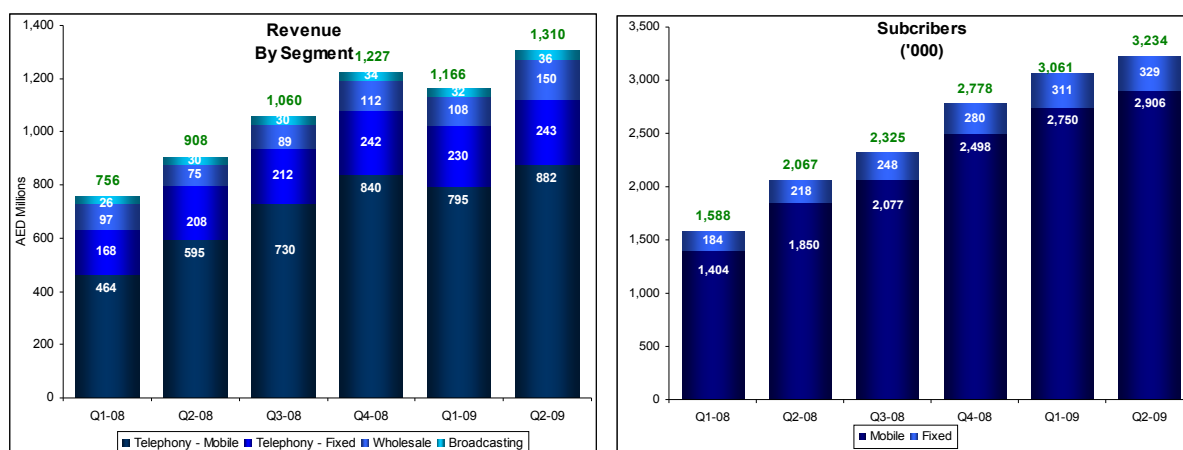
Active mobile subscribers in the quarter increased to 2.9 million following the net addition of 155,900 subscribers. Mobile subscriber growth in the UAE has fallen from previous periods in line with the economic downturn. However, mobile revenues reached a record high of





AED881.6 million for the quarter, an increase of 11% over Q1 09 (AED795.1 million) and 48% year on year (AED594.6 million).

Revenues for du's fixed business, including fixed telephony, TV and Broadband, amounted to AED242.6 million versus AED230 million in the first quarter of 2009 and AED207.6 million in the same quarter last year, reflecting 328,500 lines. Net additions during the quarter slowed due to the same factors mentioned above.



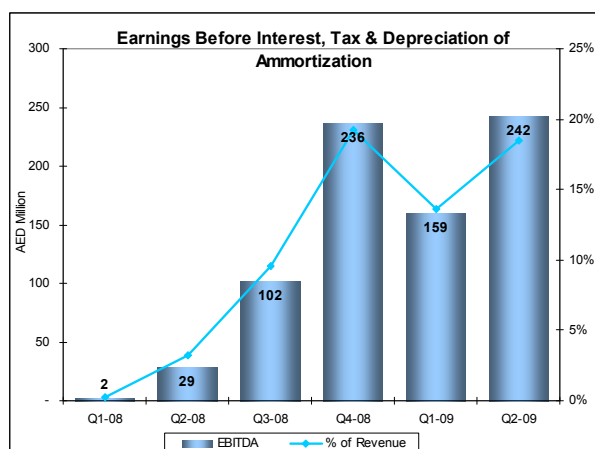
For the first time, du is disclosing the breakdown of pre- and post-paid (Pay as you Go and Monthly Plan) mobile subscribers. In the second quarter, du added 16,700 post-paid mobile subscribers, a significant increase over previous periods and a result of a post-paid (Monthly Plan) marketing focus, as well as 139,200 pre-paid (Pay as you Go) mobile subscribers. Post-paid (Monthly Plan) customers still represent a small proportion of du's overall mobile customer base at 3%, however the encouraging take up during the quarter has reaffirmed the company's stronger strategic focus on higher-end users, while still continuing to develop a compelling value proposition for our pre-paid (Pay as you Go) customers.

Total overheads increased slightly to AED620.9 million in the quarter, compared with AED616.6 million in the previous period. However, as a result of du's continued focus on cost controls and driving efficiencies, the percentage of costs to revenue fell from 53% to 47% in Q2.

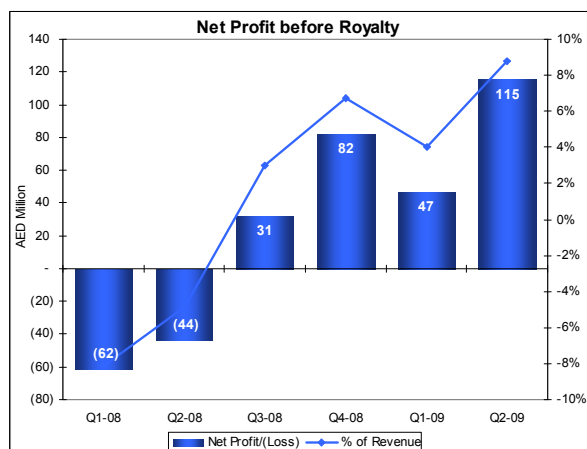




EBITDA increased to AED242 million up 52% compared to Q1 09 of AED159 million and similar to levels achieved in Q4 08 of AED236.3 million. This represents 18% of revenues, up from 14% of revenues in the first quarter of the year, again highlighting du's effective cost control management.



Net profit before Royalty exceeded AED100 million for the first time, reaching AED115.3 million for the period. This compares to AED46.7 million in the first quarter and a net loss of AED43.9 million in the second quarter of 2008.



du's ongoing capital expenditure programme is anticipated to exceed AED 2 billion in 2009, with AED404.5 million accounted for during Q2 2009 bringing year to date expenditure to AED1,043 million. This CAPEX programme is fundamental to du's ongoing growth strategy





and is resulting in enhanced network capabilities, as well as continued competitive products and services.

- Ends -

### **About du**

du, the integrated telecom 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 2008, over 3 million people in the UAE chose to become du 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 numbering 32 du shops located in strategic locations across the UAE, more than 3000 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 the UAE Federal Government, 19.75 percent by Mubadala Development Company, 19.5 percent by Emirates Communications & Technology Company LLC and the remaining stake by public shareholders. It is listed on the Dubai Financial Market (DFM) and trades under the name du.

### **Awards to date**

- du presented with an award for Best Middle Eastern Local Currency Deal 2008 by UK's EuroWeek
- du won two prestigious awards at UAE Web Awards 2008. du e-shop portal won the best strategic online portal award in the e-commerce category and du media club website won the bronze award in the media and press category.
- du corporate brand launch campaign awarded a Cristal MENA award in 2008
- du declared 'Best Brand' at Telecoms World Awards Middle East 2007 for innovative branding and outstanding brand success
- Second place in the New Brand Launch category at the GMR Effectiveness in Marketing Awards 2007
- Silver Award for the best website in the ICT category at the UAE Web Awards 2007





du WoW TV Commercial awarded amongst the best 50 TV commercials in mobile telecom category in the world for 2007

**For more information, please contact:**

Sonia Kribi  
Capital MS&L  
T: +971(0)4 367 6175

