



## **Press Release**

# **du Announces Full Year 2008 Results**

## **Records first profitable year achieved in less than two years of operation**

### **Strong quarter-on-quarter EBITDA growth throughout 2008**

Dubai, 9 February 2009 – Emirates Integrated Telecommunications Company (“du”) today announced its first profitable full year to 31 December 2008, recording a net profit before Royalty of AED 8 million less than two years after launch and well ahead of analysts expectations. .

#### **Highlights for the fourth quarter:**

- 628,000 mobile customers added during the quarter
- Total revenues for the quarter reached AED 1,227 million, nearly double those for the same period in 2007 (AED 640 million)
- Gross margin of 66%, up from 58% in Q4 2007
- Earnings before interest, tax, depreciation and amortization (EBITDA<sup>1</sup>) of AED 236 million, compared to an EBITDA loss of AED 79 million in Q4 2007
- Net profit of AED 78 million, up from a net loss of AED 147 million in Q4 2007 and more than double Q3 2008 profit of AED 31 million

#### **Highlights for the full year:**

- 1,881,000 mobile customers acquired, with total active mobile subscribers increasing by 104% year-on-year to 2,498,000.
- 72% growth in du’s fixed line subscriber base from 163,000 to 280,000 active subscribers

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<sup>1</sup> EBITDA is a commonly used performance indicator in the telecommunications industry and demonstrates the underlying performance of a company





- Total revenues more than doubled to AED 3,951 million compared to AED 1,537 million for 2007
- Gross margin of 64%, up from 56% in 2007
- EBITDA reached AED 368 million, up from an EBITDA loss of AED 706 million for FY 2007.
- Net profit before Royalty of AED 8 million up from a net loss of AED 885 million in FY 2007.

**Commenting on the results, Ahmed Bin Byat, Chairman of du, said,** “2008 was a year of milestones for du. Not only did we record a net profit for the first time – a substantial achievement in its own right – but we did this well ahead of expectations. In December, we passed the three million customers mark, more than doubling our customer base in less than a year. This is truly exceptional performance and testament to the hard work and dedication of du’s management and employees.

“We start 2009 stronger than ever before, but mindful of potential challenges ahead. We are not complacent – either in terms of our market share or the global economic environment. We will continue our focus on innovation and value for money to develop and launch services that our customers want to use. As a result, I feel confident that du is well positioned to prosper throughout 2009 and beyond.”

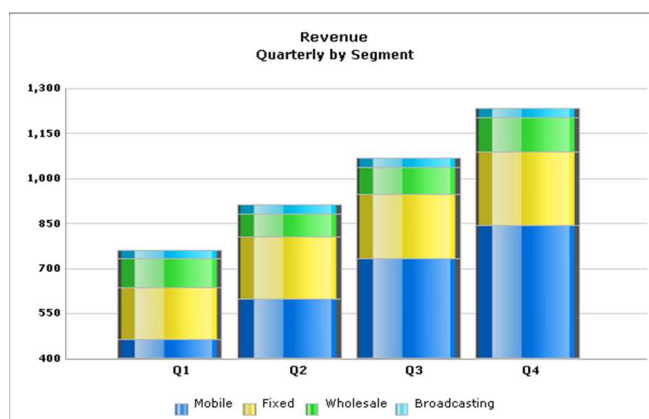
**Osman Sultan, du’s Chief Executive Officer, said,** “In less than two years, du has made remarkable progress. Throughout 2008, we built on the solid foundations already in place to grow our business substantially. Active mobile subscribers more than doubled year-on-year, with fixed line subscribers demonstrating strong growth. Furthermore, while we have upheld our quality offering and remained competitive on price, this has not been at the cost of profitability and the bottom line. In a mature telecoms market, we continue to offer our customers new and original packages that will also help grow our business across all segments.”



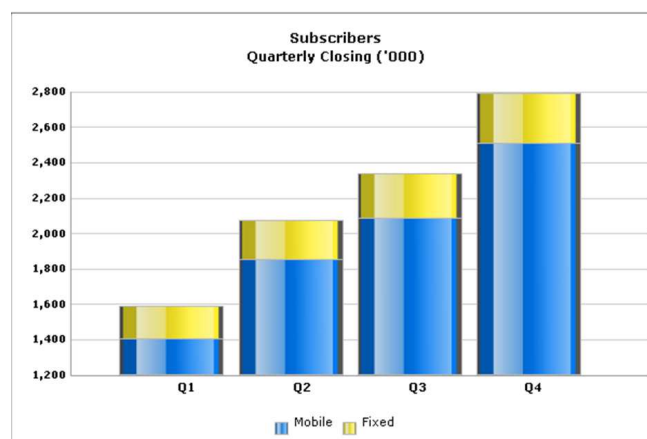


## 2008 results analysis

### 2008 Revenue Growth



### 2008 Subscriber Growth



Focus on evolving du's existing offering, as well as pioneering new products and services to deliver innovative, tailor-made packages reaped rewards in 2008.

Overall revenues for FY 2008 grew by 157% year-on-year to AED 3,951 million, compared to AED 1,537 million for 2007. This growth was primarily driven by the strong growth in mobile revenues from new subscribers aided by continued growth in our fixed subscriber base.

Over the twelve month period du added a further 1,881,000 mobile customers translating into a closing active subscriber base of 2,498,000 and a corresponding mobile revenue of AED 2,628 million, a substantial increase of 274% year on year.

During the year, mobile launches included the groundbreaking Freetime offer to all du mobile customers giving free credit on international calls, saving up to 60% on call rates, the 'Alo', Pay as you Go mobile service targeted at the large expatriate labour workforce in the UAE and MyFamily, another first of its kind offer in the region giving 50% discounts on calls between family members.

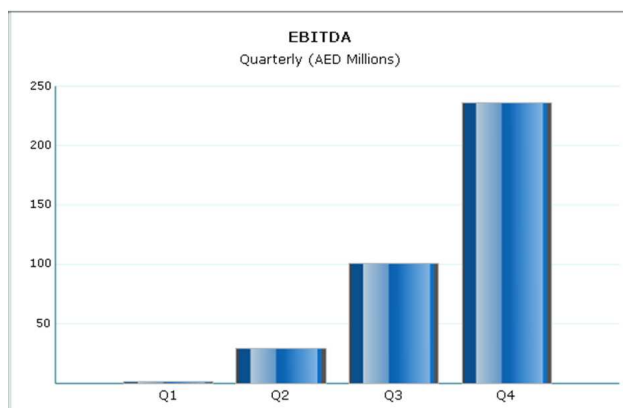




Fixed line revenue accounted for AED 830 million for the full year - a 58% year on year increase and 14% increase quarter-on-quarter, due to a significant increase in the subscriber base. Broadcasting revenues remained stable during the year in line with forecasts. In 2008, du introduced some of the fastest internet broadband speeds in the region offering 4, 8 and 12 MB broadband speeds. All fibre network infrastructure also replaced certain copper cabling to give customers the opportunity to increase their bandwidths to a maximum of 20MB per second, making it one of the fastest connections anywhere in the region. The du team also continued to work hard to deliver high-definition TV broadcasting to subscribers, providing access to over 165 TV channels from the company's state of the art teleport facilities.

Earnings before interest, tax, depreciation and amortization (EBITDA<sup>2</sup>) increased significantly quarter on quarter from AED2 million in Q1 to AED 236 million by the end of the year.

### **2008 EBITDA growth**



Capital expenditure continued with a total of AED AED1.9 billion invested into the development of du's fixed and mobile networks in the UAE. We see this CAPEX programme as a fundamental part of our 2009 plan, and view a modern, reliable infrastructure as critical to our ability to offer an extensive and high quality service to our customers.





In 2008 we continued to build new base stations to expand our coverage and capacity across the UAE and so provide deeper access to du services to more people in more areas of the country.

Our state of the art 2.5G mobile network now covers over 94% of the UAE whilst we continued to build out our 3G capabilities. We aim to keep on improving on this achievement in 2009.

- Ends -

## About du

**du**, the integrated telecom service provider in the UAE, was awarded the second license to operate fixed and mobile telecommunications services in February 2006. The company launched its 'du' brand in the same month and listed 20% of its shares on the Dubai Financial Market in April 2006. du launched mobile telecommunication services on 11 February 2007 across the UAE in addition to internet and pay TV services in some of the free zones of Dubai. Call Select, the first of du's nationwide Fixed line services for voice telephony, was launched in July 2007.

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 and more time) and Self Care. du business offers include Closed Business User Group and preferred International Destinations.

du's retail network, currently numbering 27 du shops located in strategic locations across all emirates, was launched on 25 February 2007, supporting the delivery of du services to customers.

**du** is 40 percent owned by the UAE Federal Government, 20 percent by Mubadala Development Company, 20 percent by Emirates Communications & Technology Company LLC and 20 percent by public shareholders. It is listed on the Dubai Financial Market (DFM) and trades under the name du.

## Awards to date

- 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.
- du corporate brand launch campaign awarded a Cristal MENA award in 2008.
- du's e-shop portal won Best Strategic Online Portal at the UAE Web Awards 2008.
- du has also been nominated by EuroWeek for 'Best Middle Eastern local currency deal' for the successful syndication of a AED 3 billion loan facility.

## **The road to profitability**

### ***Milestones in du's History***

| <b>Date</b>    | <b>Event</b>   |
|----------------|--|
| December 2005  | Emirates Integrated Telecommunications Company incorporated  |
| February 2006  | UAE's 2 <sup>nd</sup> license awarded to EITC for fixed and mobile telephony<br>du brand launched                    |
| April 2006     | du IPO raises AED2.4 billion   |
| February 2007  | Launch of mobile services  |
| November 2007  | Reaches 1 million mobile subscriber acquisitions   |
| March 2008     | du reports first quarter in which it achieved a positive EBITDA  |
| May 2008       | Reaches 2 million mobile subscriber acquisitions   |
| September 2008 | du reports first quarter in which revenues exceeded of AED 1 billion and a net profit is achieved for the first time |
| December 2008  | Customer base exceeds 3 million for the first time<br><br>du reports first profitable full year                      |

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