



## **Press Release**

# **du Announces Third Quarter 2008 Results**

**First quarter with positive net earnings reached 19 months after launch of services**

**Revenues exceed AED 1 billion for the quarter; Results well ahead of plan**

Dubai, 2 November 2008 – Emirates Integrated Telecommunications Company ("du") today announced that the company has made a net profit of AED 31 million for the three months ended 30 September 2008, its first net profit since the company started trading in February 2007 and a year ahead of financial plan announced during the IPO.

### **Financial highlights for the quarter:**

- Total revenues exceeded AED 1bn for the first time, an increase of 157% year on year to AED 1,060 million
- Gross margin of 63%, up from 53% in Q3 2007
- Earnings before interest, tax, depreciation and amortization (EBITDA<sup>1</sup>) of AED 101 million, up from a loss of AED 186 million in Q3 2007
- Net profit of AED 31 million, up from a net loss of AED 242 in Q3 2007 and a net loss of AED 44 million in Q2 2008

### **Operational highlights for the quarter:**

- Strong growth in subscriber acquisitions, with total subscribers increasing by 453,000 in the quarter to 2,671,000
- Active mobile subscribers<sup>2</sup> exceeded expectations, reaching 2,077,000, up from 659,000 in the same period in 2007
- Fixed line subscribers reached 248,000, an increase of 30,000 in the quarter

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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

<sup>2</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





Commenting on the results, Ahmed Bin Byat, Chairman of du, said, "These strong results, where we have achieved our first quarterly profits well ahead of internal planning and market expectations, is a real endorsement of du's strategy of focusing on delivering what our customer base in the UAE wants most: high quality, innovative services at competitive pricing levels."

Osman Sultan, du's Chief Executive Officer, said, "Achieving net profits in just 19 months of operation is a very significant milestone in du's history. This is all the more significant, considering we entered a market with such a high level of penetration. Becoming EBITDA positive within a year is unprecedented specifically in such a highly penetrated telecommunications market. We are proud of this terrific achievement, and look forward to continuing the du growth story."

## **The Road To Profitability**

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

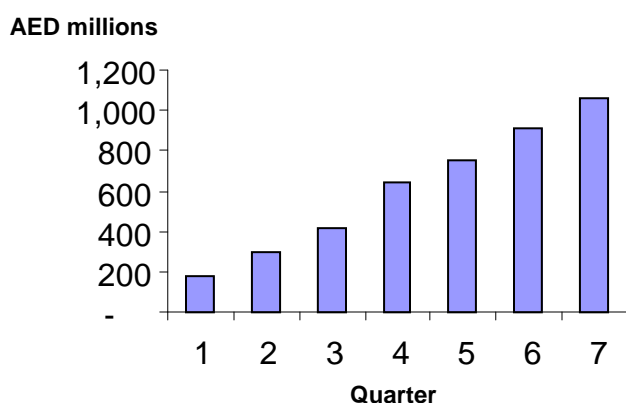
<b>Date</b>	<b>Event</b>
December 2005	Emirates Integrated Telecommunications Company incorporated
February 2006	UAE's 2 <sup>nd</sup> license awarded to EITC for fixed and mobile telephony du brand launched
April 2006	du IPO raises AED2.4 billion
February 2007	Launch of mobile services
November 2007	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





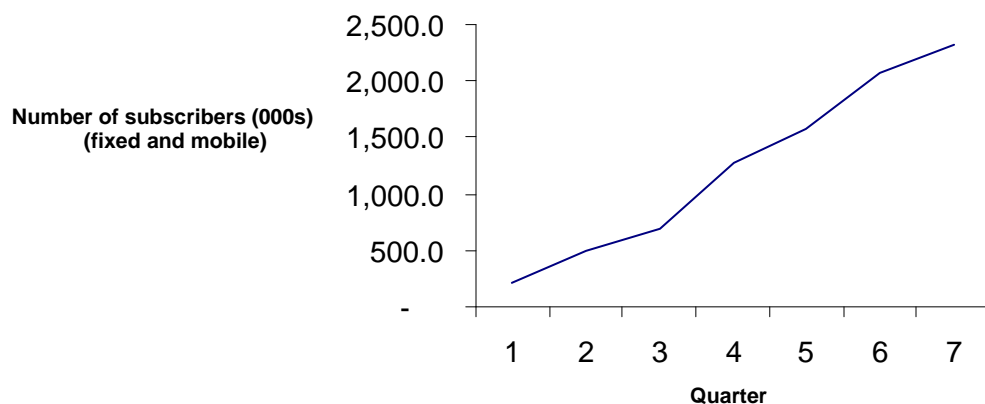
### ***Revenue Growth since launch***

The significant revenue growth witnessed by the company quarter on quarter has been achieved primarily through the success of the mobile operations whilst the company has continued to demonstrate quarter on quarter growing its fixed line business as it strives to enhance its fully integrated service provider model.



The company's subscriber base has grown to 2,077,000 active mobile subscribers and 248,000 fixed line subscribers at the end of September 2008, as demonstrated below:-

### ***Subscriber Growth since launch***





## Results Analysis

Overall revenues in the quarter grew by 157% year-on-year to AED 1,060 million, primarily due to continued strong growth in mobile revenues from new subscribers and increased international inbound roaming. In the third quarter, du added a further 453,000 mobile subscribers with a resulting Mobile revenue being reported of AED 819m, an increase of 233% year on year and 22% quarter on quarter.

In the third quarter, du launched its Blackberry service and the Ramadan SMS Challenge, along with the launch of 4, 8 and 12 MB internet service, the fastest in the UAE.

Fixed line revenue accounted for AED212m in the quarter, a 54% year on year increase and 2% increase quarter on quarter reflecting seasonality while broadcasting revenues remained stable in the period in line with forecasts.

The proportion of overheads to revenue continues to decline, underlining the company's commitment to keeping control of costs as the company continues to grow. Overheads to revenue fell to 54%, down from 59% in Q2 2008.

Capital expenditure continued in the period, with a total of AED 347m million being invested into the development of du's fixed and mobile networks in the UAE.

## 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 23 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

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