

Q1 2015 Results

Emirates Integrated Telecommunications Company PJSC

April 2015



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Market Information

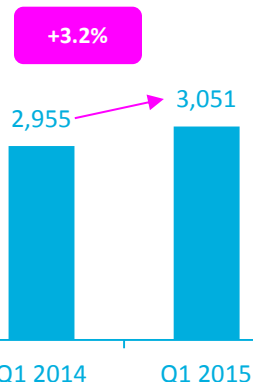
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Q1 Financial Highlights

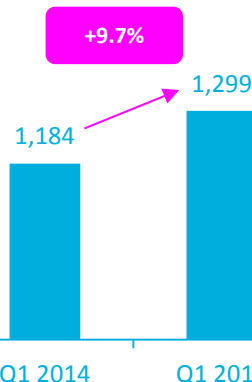
Total Revenue (AED M)



Profitable revenue growth

- Increased focus on higher margin products
- Growth in postpaid and fixed services
- Continued growth in data revenue

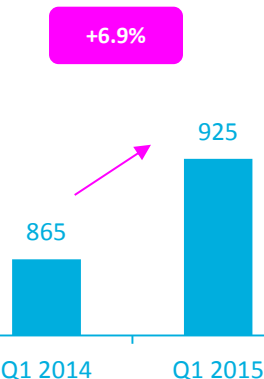
EBITDA (AED M)



9.7% EBITDA growth

- Shift of revenue to higher margin products contributed to improved EBITDA %
- Continued operational efficiencies further reduced operating expenses as a percentage of revenue

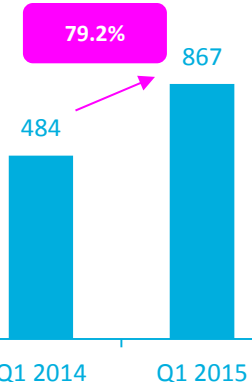
Net Profit before Royalty (AED M)



Net profit growth of 6.9%

- Strong growth in EBITDA contributing to Net Profit before Royalty growth.
- Adversely impacted by financial charges of AED 23m on. Normalized for this growth is 9.6%

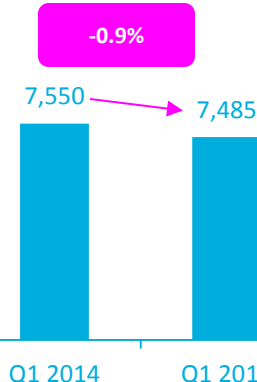
Free Cash Flow Quarterly (AED M)



Growth in FCF

- Strong growth in EBITDA contributing to Free Cash Flow growth.
- Regulatory payments of AED 222m will be paid in Q2 '15. Normalised for this FCF growth is 33.3%

Mobile subscribers (000s)



Strong post-paid customer base

- Focus on high value customers meant that postpaid subscribers continued to grow
- Approximately 659K active subscribers were suspended due to My Number My Identity program as mandated by TRA. This has not impacted the active subscriber base in Q1 2015.



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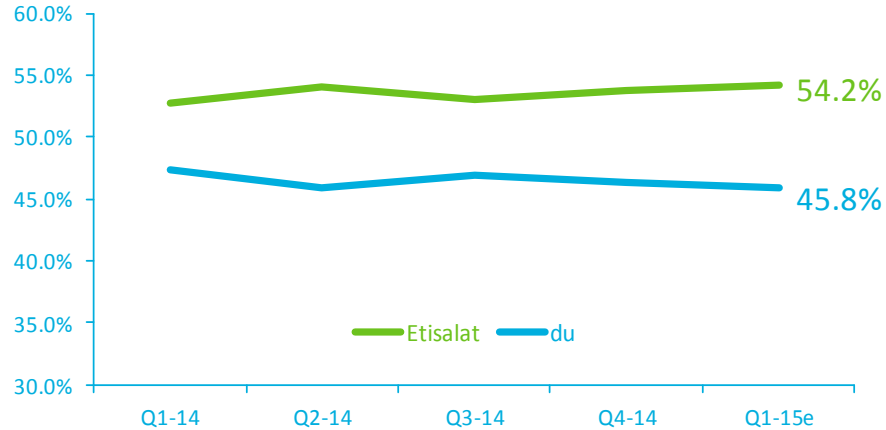
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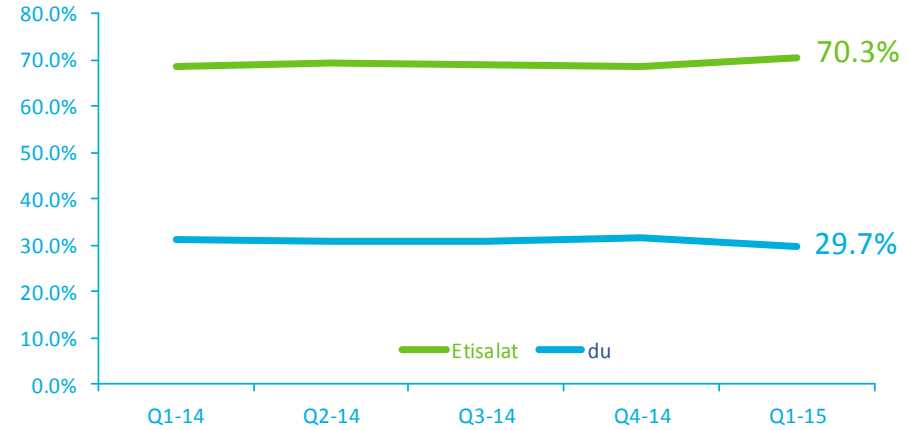
Market Overview

Market share consolidation – emphasis on growing revenue share

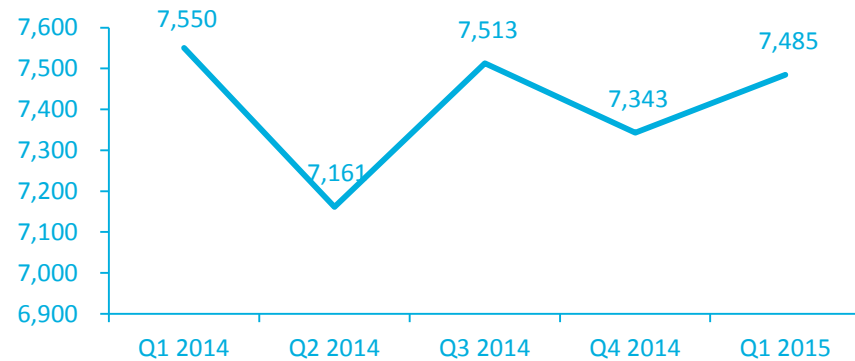
UAE Mobile Subscribers - Market share quarterly evolution



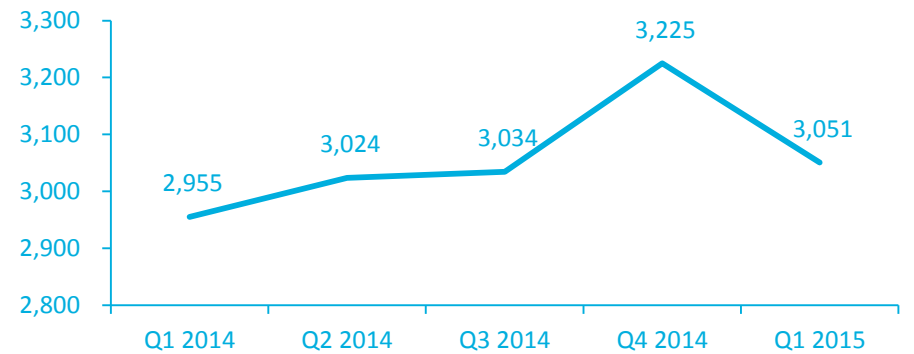
UAE Telecom Market - Revenue share quarterly evolution



du Mobile Subscribers – Active 90 Days (000s)



du Total Revenues (AED M)



Source: TRA Market Statistics October 2014, Internal estimates, Etisalat quarterly/annual financial reports

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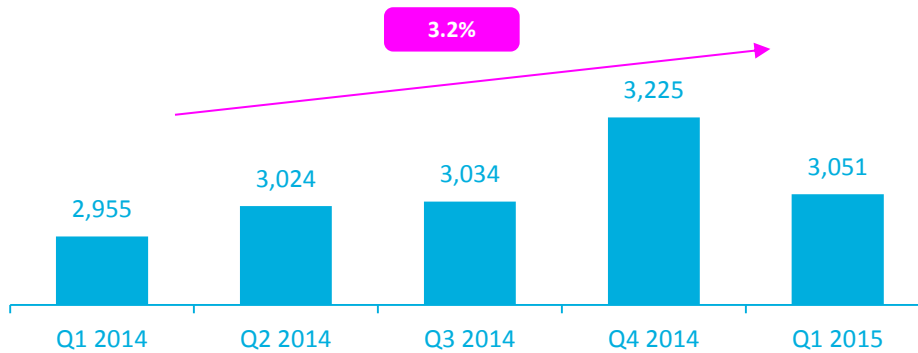
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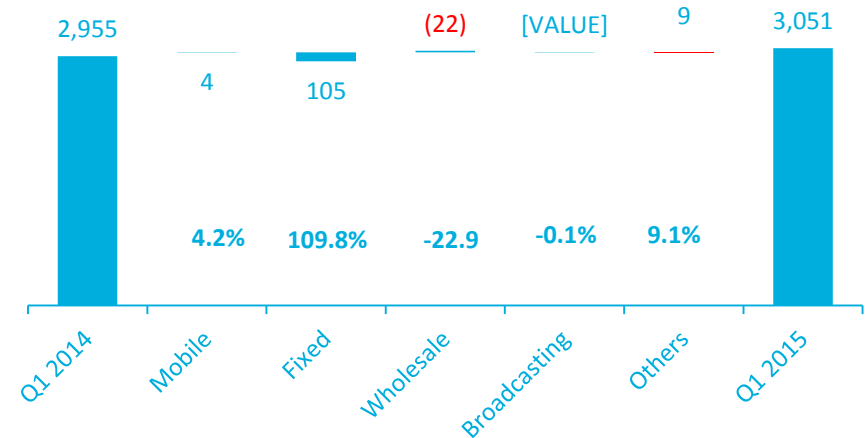
Total Revenues

Healthy growth in fixed business and postpaid mobile

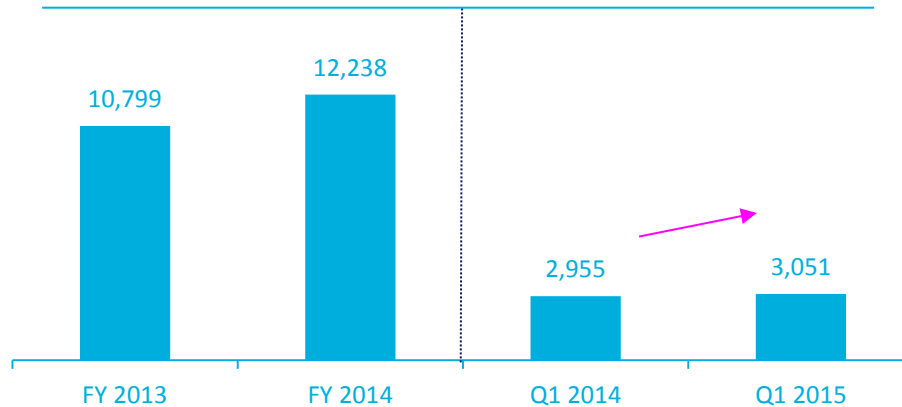
Quarterly Revenue (AED M)



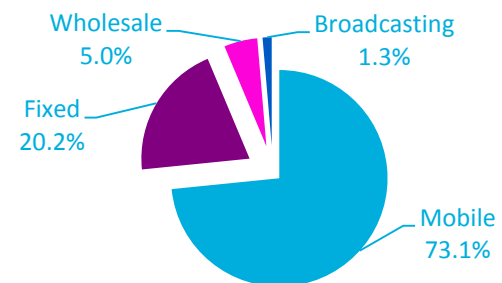
Like for Like Revenue Breakdown Quarter Change (AED M)



Full Year Revenue (AED M)



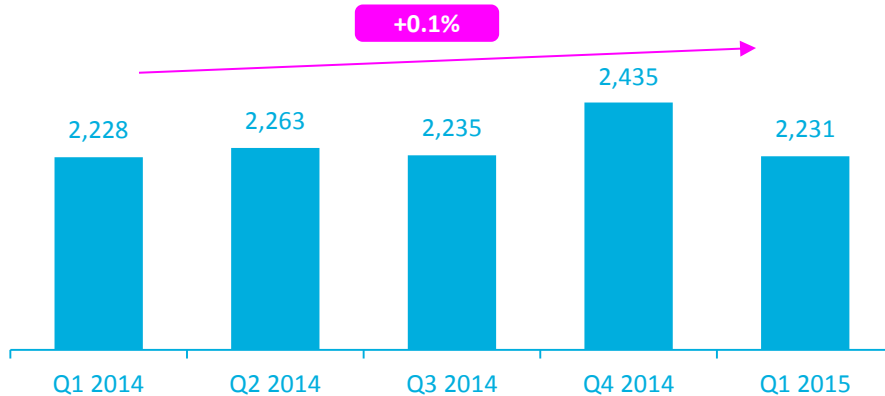
Revenue Split Q1 2015



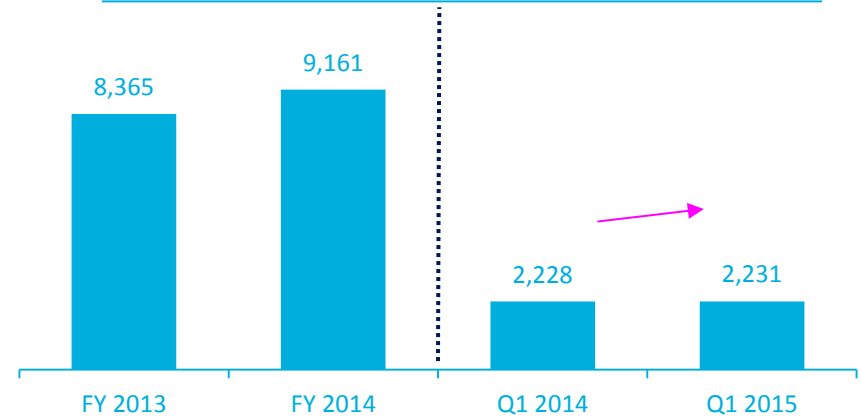
Revenue Drivers – Mobile

Growth in quarterly subscribers and stable Mobile ARPU

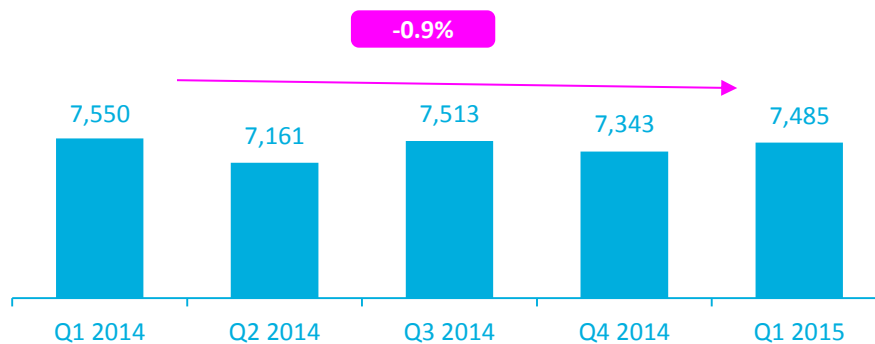
Quarterly Mobile Revenues (AED M)



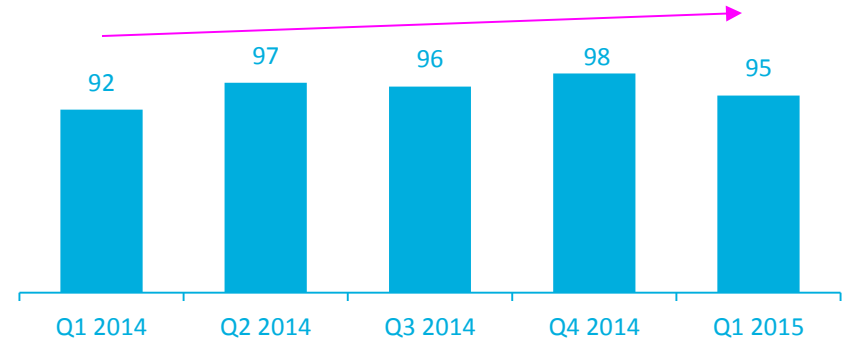
Year on Year Mobile Revenues (AED M)



Mobile Subscribers Active 90 Days ('000)



Quarterly Mobile ARPU (AED)*



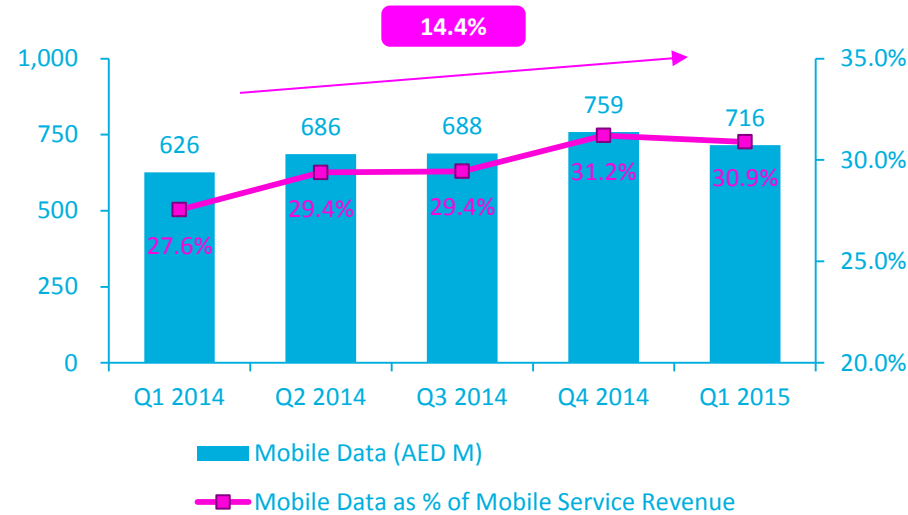
* Revenue for Mobile ARPU has been restated from total mobile revenue to service revenue e.g. outgoing and incoming voice, data, SMS and outbound roaming.



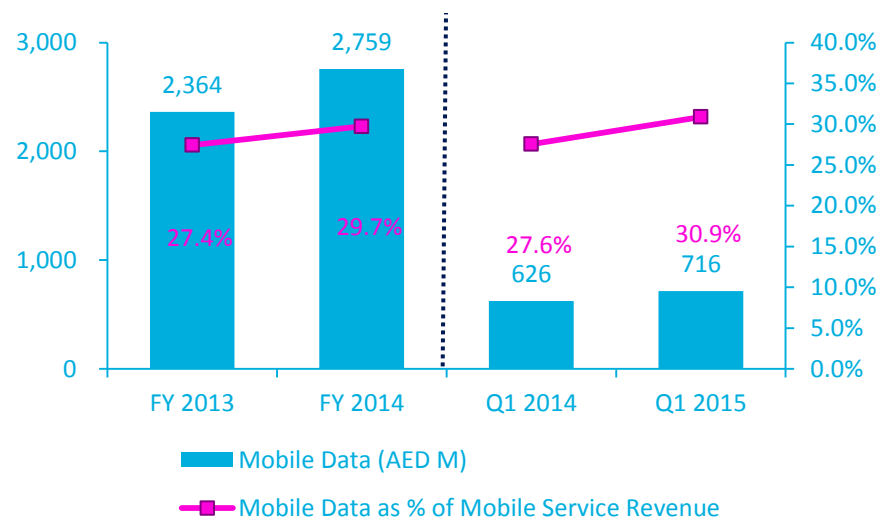
Revenue Drivers – Mobile Data

Data revenues continue its growth trend along with global demand for data

Quarterly Mobile Data Revenues (AED M)



Yearly Mobile Data Revenues (AED M)



Data offerings and increasing demand for data contributed to growth

- After data promotion in Q4 2014 ended, data revenue as a % of mobile service revenue has shown healthy growth compared to previous quarters
- New prepaid Easy social and Extra social offers introduced in Q1 2015
- Continued effort in monetization of mobile data

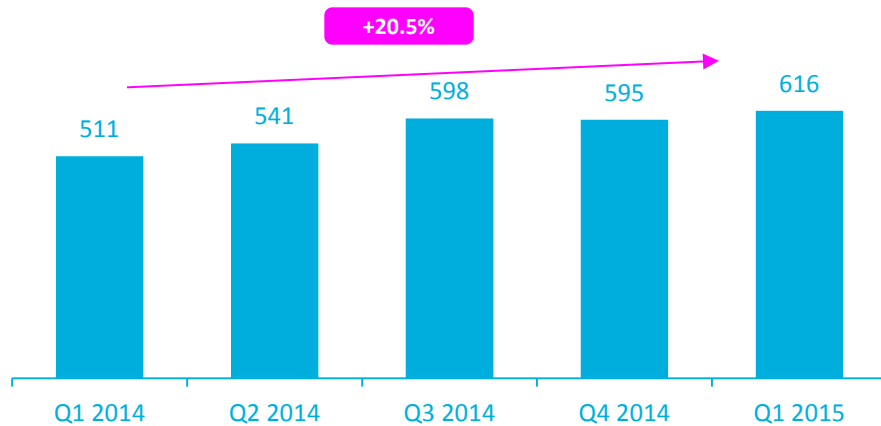


* Allocation of revenue to data was earlier on the nominal value of usage available within a bundle. This has now been changed to align with actual usage within bundles. Refer to Appendix 1 on slide 18 for a comparison with previous definition

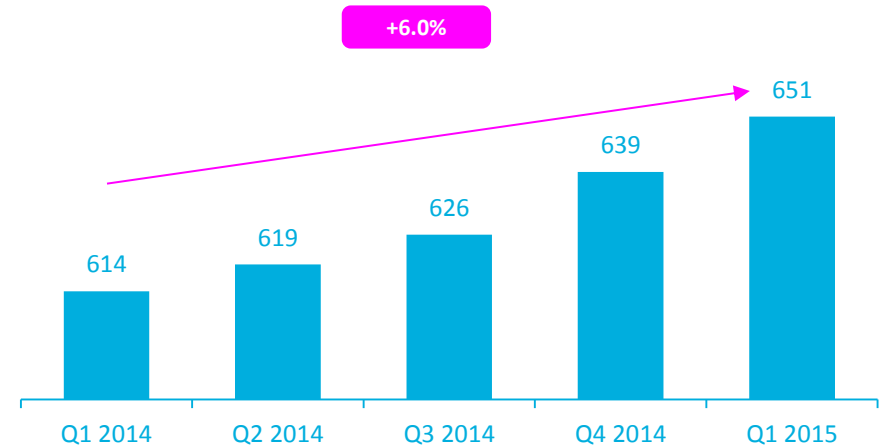
Revenue Drivers – Fixed

Strong performance in fixed business

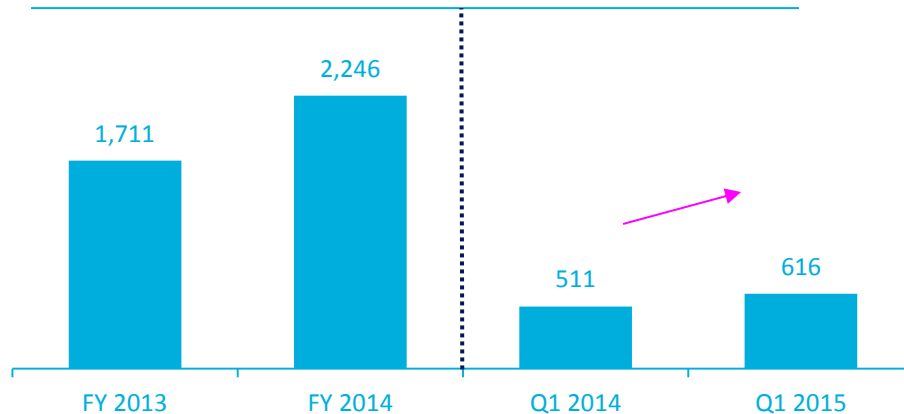
Quarterly Fixed Revenue (AED M)



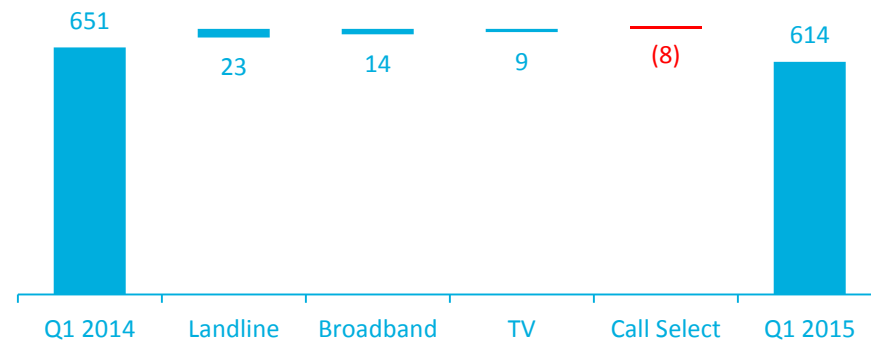
Yearly Fixed Line Subscribers ('000)



Full Year Fixed Revenue (AED M)



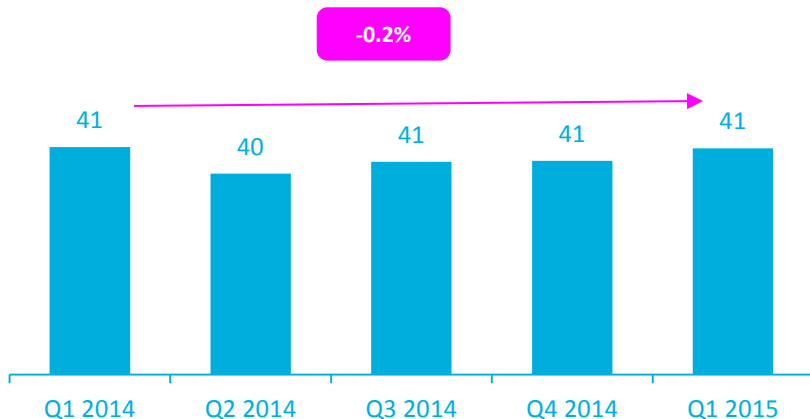
Fixed Line Subscriber Breakdown Yearly Change ('000)



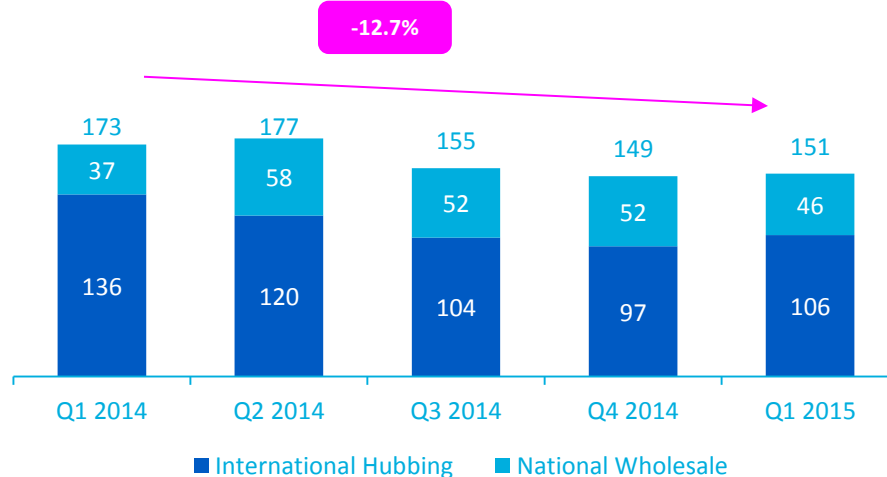
Revenue Drivers – Broadcast & Wholesale

Growth of 24% in national wholesale

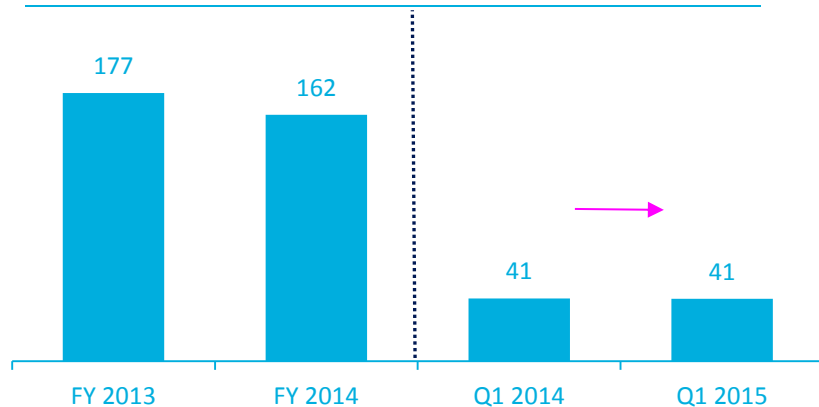
Quarterly Broadcast Revenues (AED M)



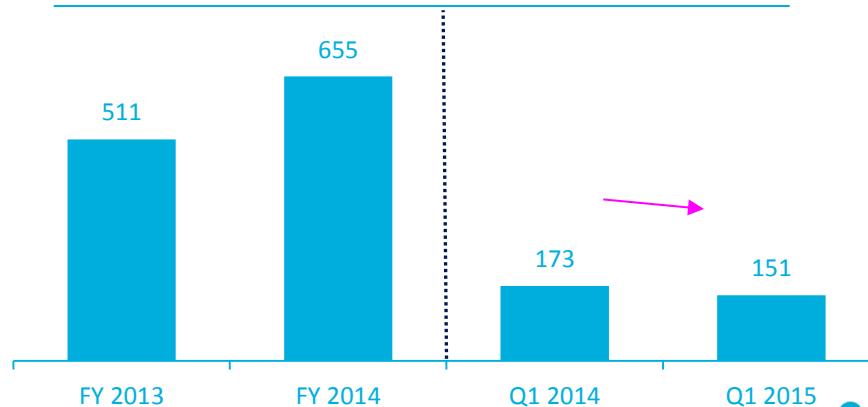
Quarterly Wholesale Revenues (AED M)



Full Year Broadcast Revenues (AED M)



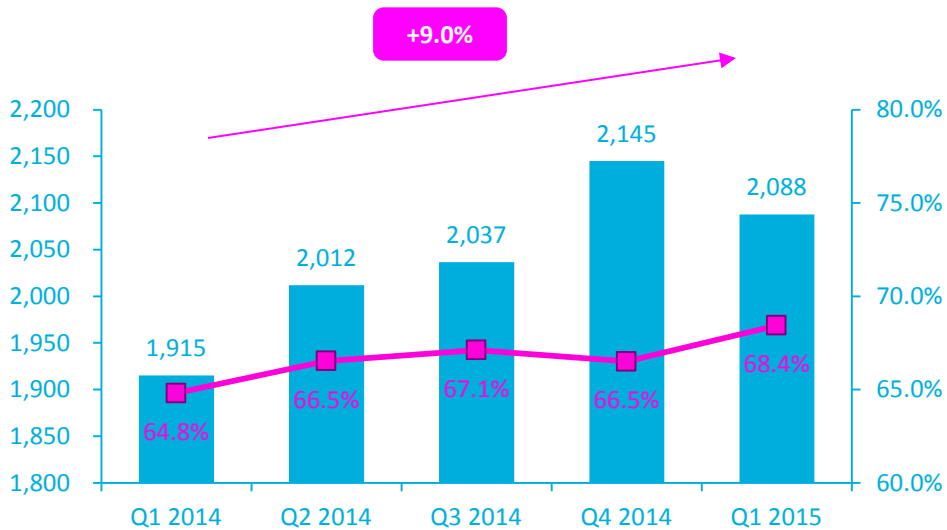
Full Year Wholesale Revenues (AED M)



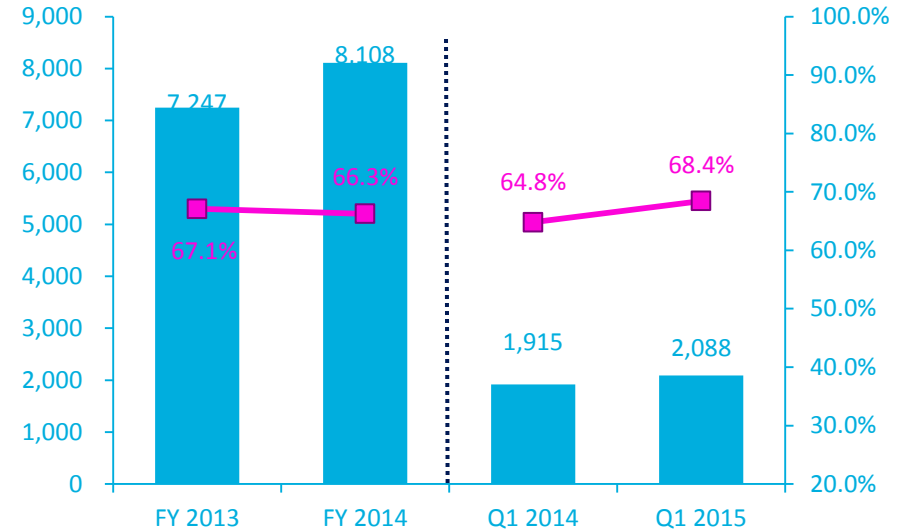
Gross Margin

Strong gross margin performance

Quarterly Gross Margin (AED M) and Gross Margin %



Yearly Gross Margin (AED M) and Gross Margin %



Healthy gross margin

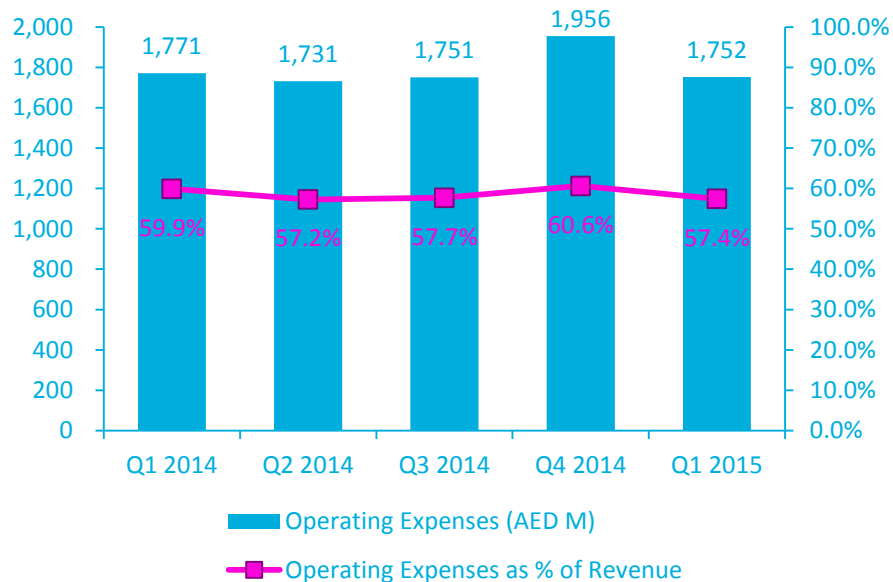
- Quarterly gross margin saw a 9.0% increase from Q1 2014 in comparison with a 3.2% in revenue due to focus on profitable growth
- Year on year, gross margin % grew from 64.8% to 68.4% driven by optimizing product profitability



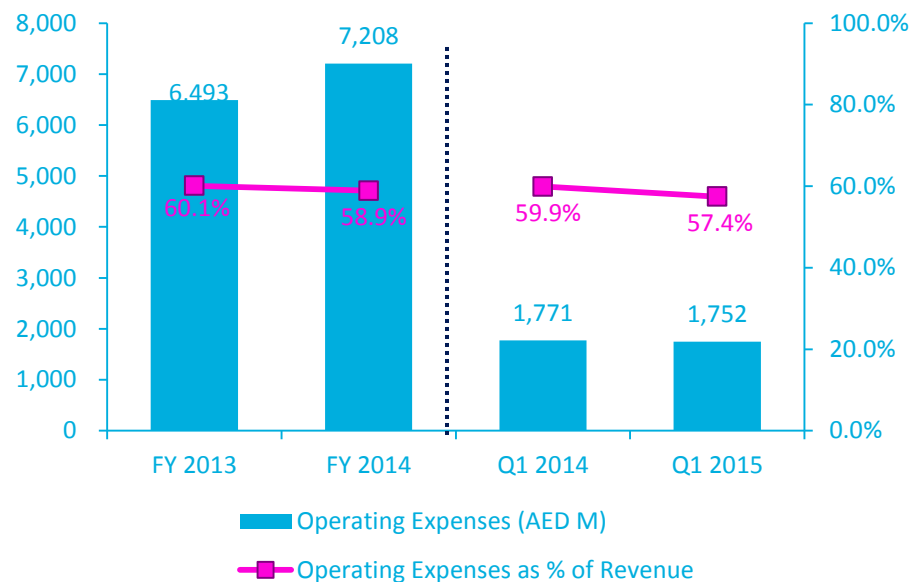
Operating Expenses

Maintained efficiencies along with continued drive for improved performance

Quarterly Operating Expenses (AED M)



Year on Year Operating Expenses (AED M)



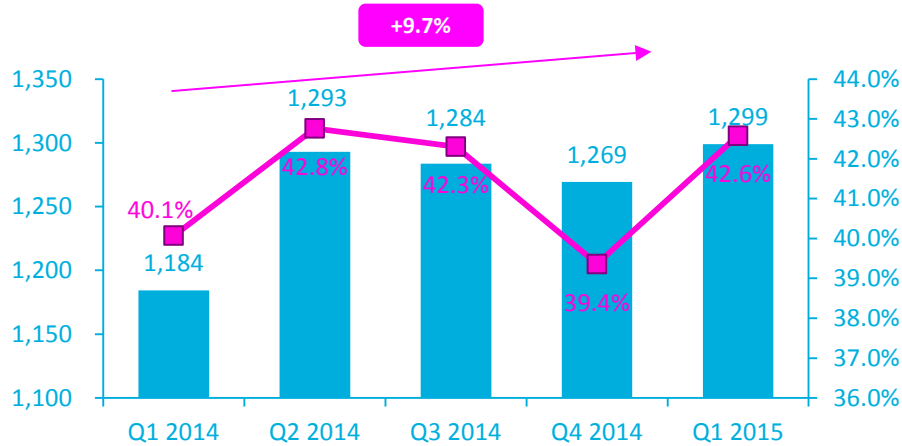
- Lower mobile handset cost in comparison with Q1 2014
- Change in mix of revenues, higher revenues with increased margins
- Savings in operations and maintenance costs



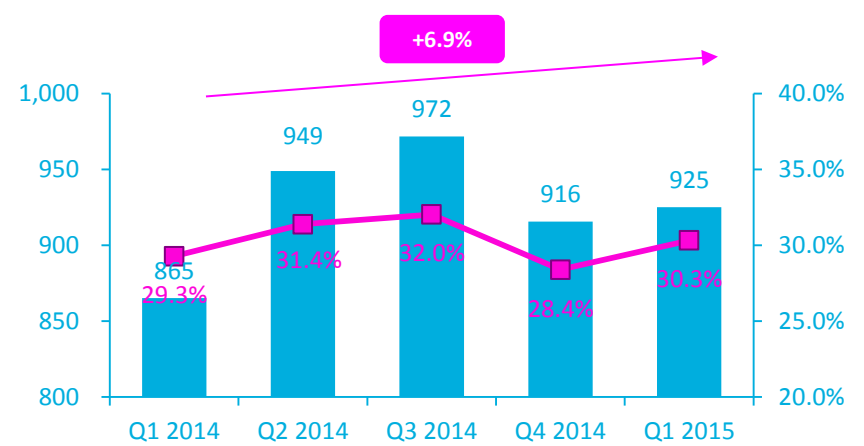
Profitability

Increased profitability from EBITDA and Net Profit before Royalty

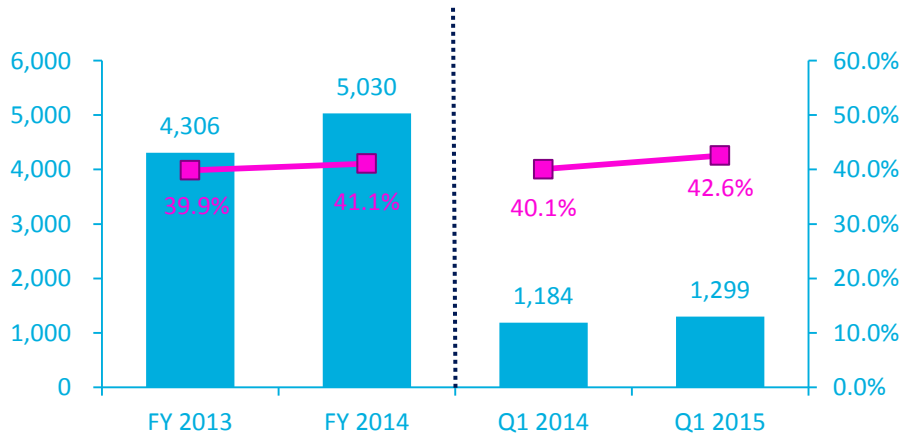
Quarterly EBITDA (AED M)



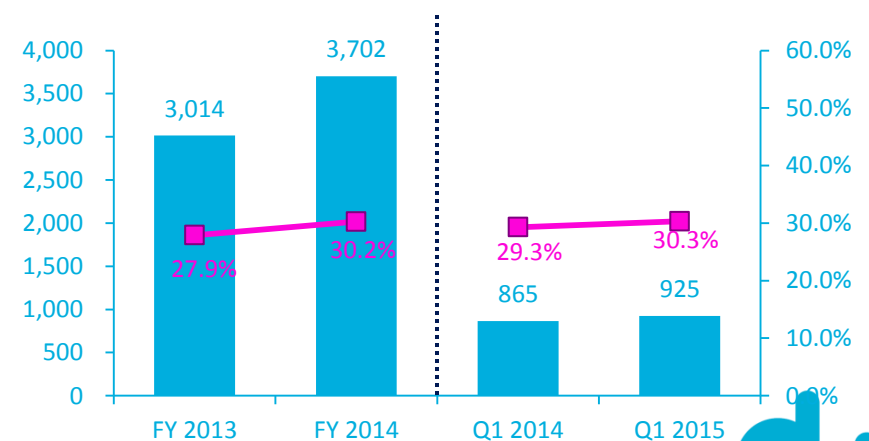
Quarterly Net Profit before Royalty* (AED M)



Yearly EBITDA (AED M)



Yearly Net Profit before Royalty (AED M)

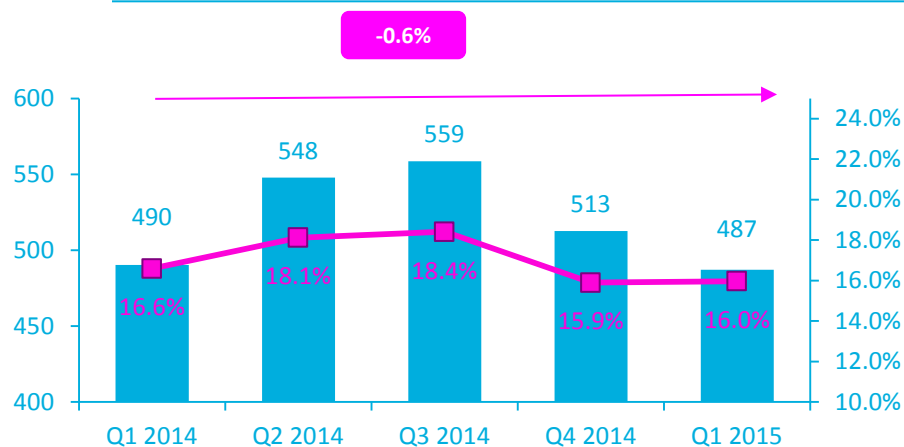


*Net profit before royalty impacted by financial charges of AED 23m on rescheduling of loan

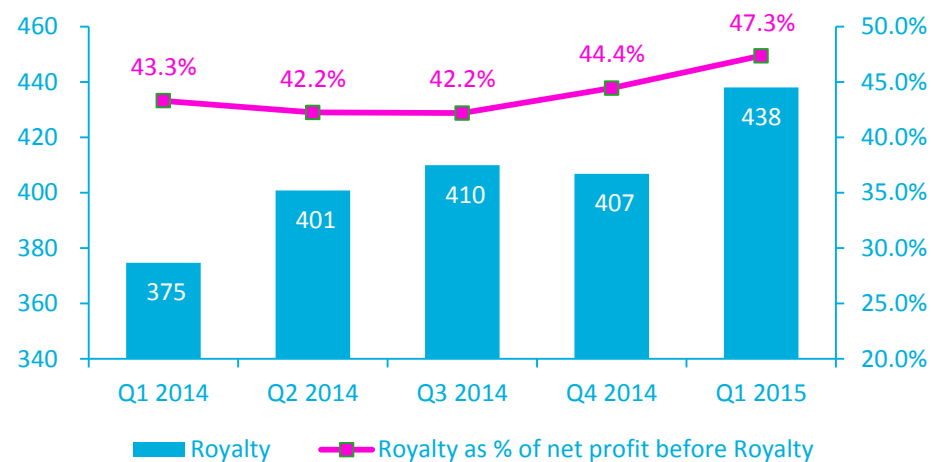


Net Profit after Royalty

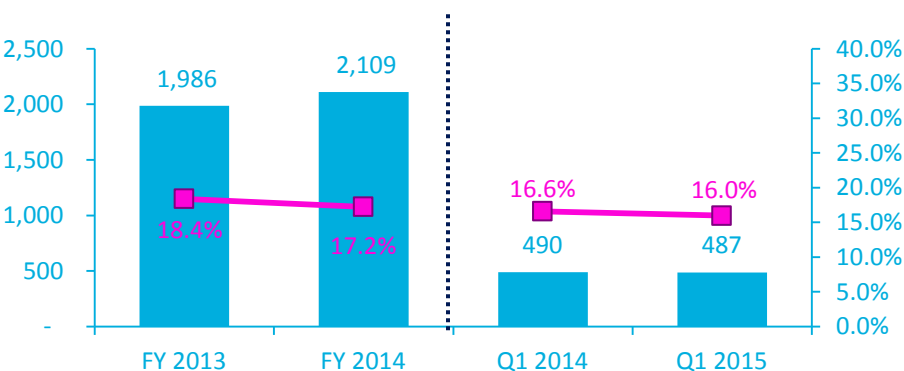
Quarterly Net Profit after Royalty (AED M)



Quarterly Royalty Compared (AED M)*



Yearly Net Profit after Royalty (AED M)



Royalty Methodology Compared

Royalty	2013	2014	2015	2016
Royalty rate on Regulated Revenue	7.50%	10.00%	12.50%	15.00%
Royalty rate on Net Profit	20.00%	25.00%	30.00%	30.00%

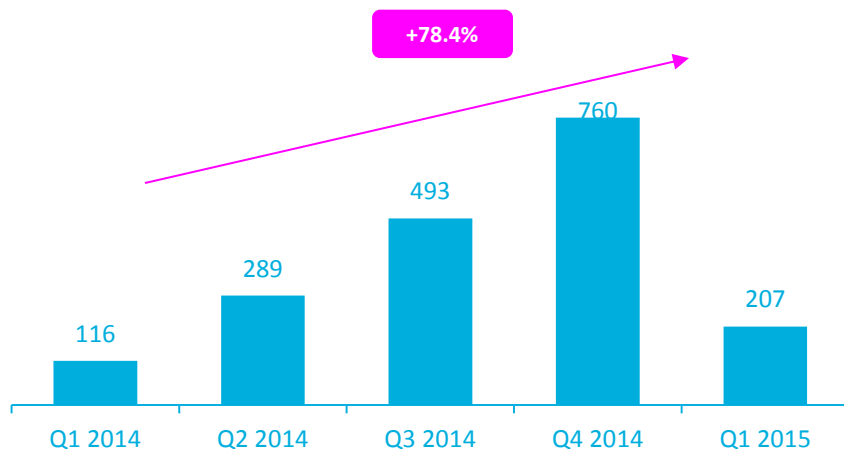
* Q1 2015 impacted by AED 28m royalty revision related to 2014



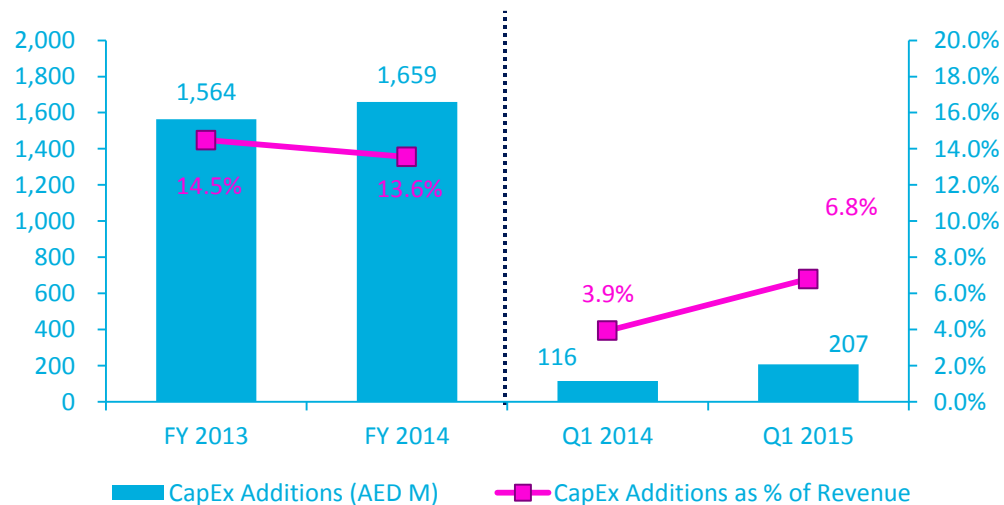
Capital Investments

Substantial investments to provide enhanced network experience to users

Quarterly CapEx Additions (AED M)



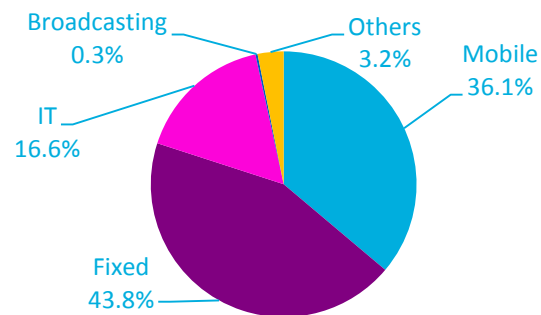
Yearly CapEx Additions (AED M)



Continued investment in infrastructure

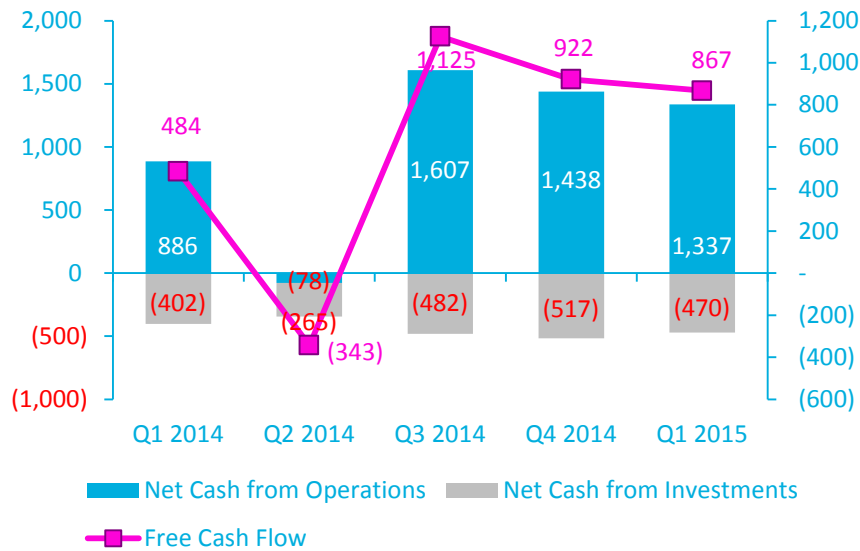
- Reduced spending in comparison with Q4-2014 which is normal seasonality
- Increase in CapEx in comparison with Q1-2014
- Continued spending on LTE and 3G network rollout

Q1 2015 CapEx Spend by Segment

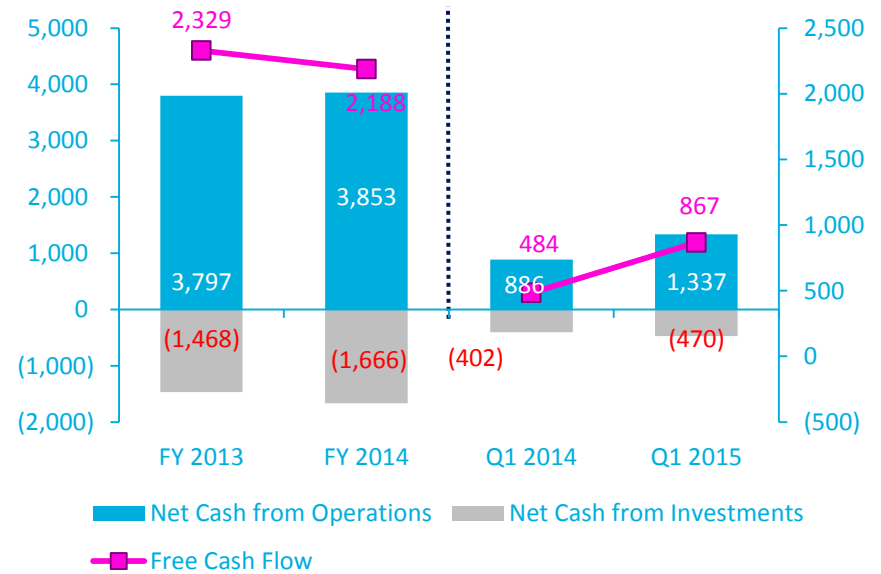


Cash & Debt Overview

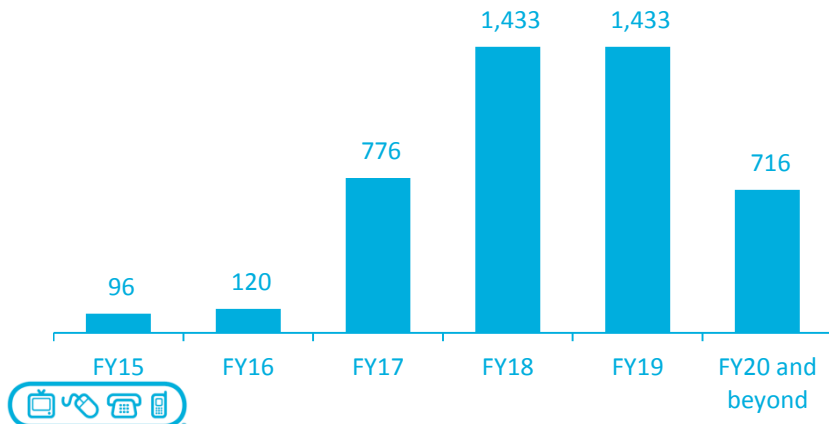
Quarterly Free Cash Flow (AED M)



Year on Year Free Cash Flow (AED M)



Debt Maturity Profile (AED M)



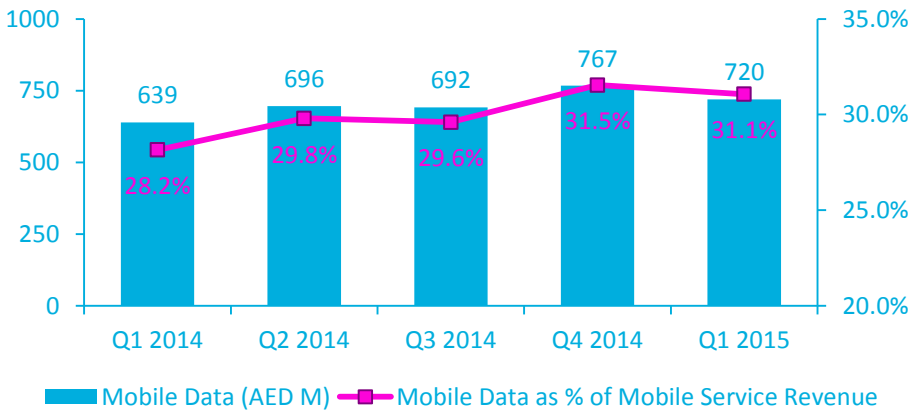
Growth in FCF

Regulatory payments of AED 222m will be paid in Q2 '15.
Normalised for this FCF growth is 33.3%

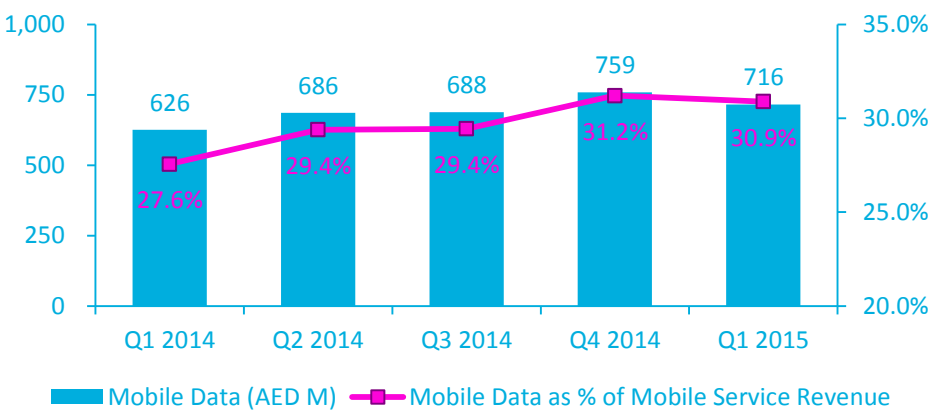
* Free cash flow is defined as cash from operations less spending on tangible and intangible assets and new investments

Appendix I – New definition of ARPU and Mobile Data

Mobile Data Old Definition

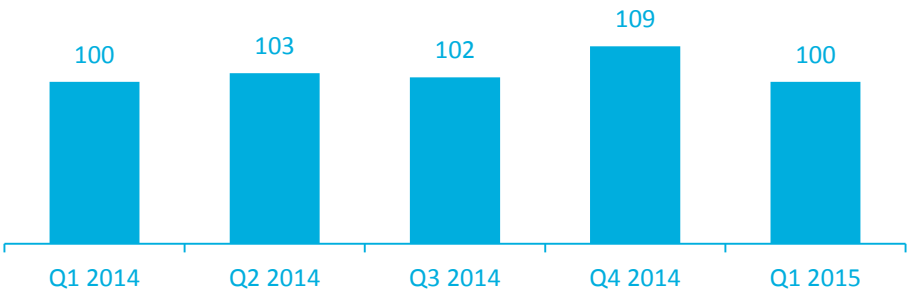


Mobile Data New Definition*

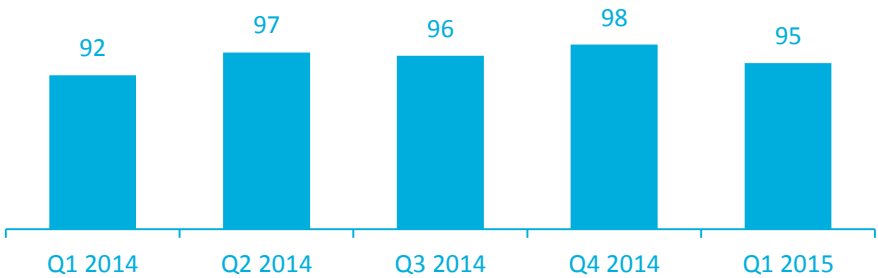


* Allocation of revenue to data was earlier on the nominal value of usage available within a bundle. This has now been changed to align with actual usage within bundles

Quarterly Mobile ARPU (AED) Old definition



Quarterly Mobile ARPU (AED) New definition**



** Revenue for Mobile ARPU has been restated from total mobile revenue to service revenue e.g. outgoing and incoming voice, data, SMS and outbound roaming.



Disclaimer

- Emirates Integrated Telecommunications Company PJSC (hereafter "du") is a telecommunication services provider in the UAE.
- du cautions investors that certain statements contained within this document state management's intentions, hopes, beliefs, expectations or predictions of the future are forward-looking statements.
- Management wishes to caution the reader that forward-looking statements are not historical facts and are only estimates or predictions. Actual results may differ materially from those projected as a result of risks and uncertainties, but are not limited to:
 - Our ability to manage domestic and international growth and maintain a high level of customer service
 - Future sales growth
 - Market acceptance of our product and service offerings
 - Our ability to secure adequate financing or equity to fund our operations
 - Network expansion
 - Performance of our network and equipment
 - Our ability to enter into strategic alliances or transactions
 - Co-operation by the incumbent in provisioning lines and enabling us to interconnect our equipment at the local exchange
 - Regulatory approval processes
 - Changes in technology
 - Price competition
 - Other market conditions and associated risks
- The company undertakes no obligation to update publicly any forward-looking statements, whether as a result of future events, new information, or otherwise.
- For further information about the company, or material contained within this forward looking statement, please direct your enquiries to our Investor Relations team by email at investor.relations@du.ae or by telephone on +971 4 434 5101.

