Q2 2013 Results

Emirates Integrated Telecommunications Company PJSC

July 2013

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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.

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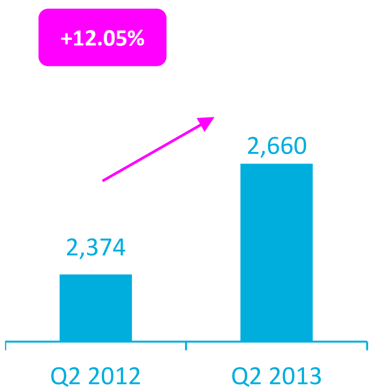
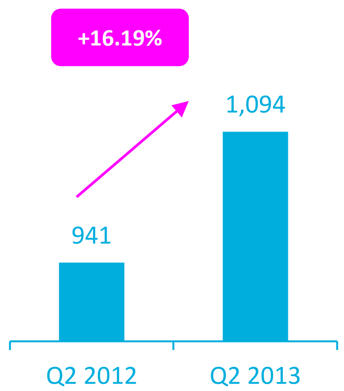
Q2 Financial Highlights

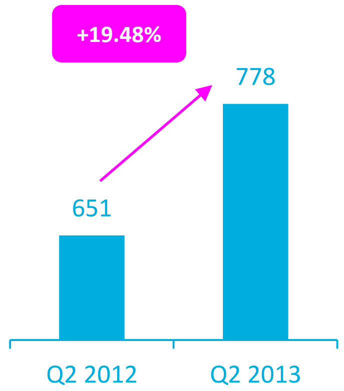
Total Revenue (AEDm)



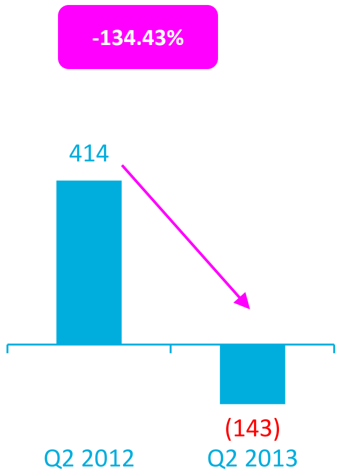
EBITDA (AEDm)



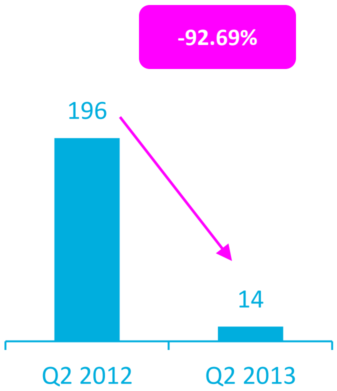
Net Profit before Royalty (AEDm)



Free Cash Flow (AEDm)



Mobile Customers Net Additions (000s)



Healthy revenues

- Total revenues* increased 12.05% from AED 2.37 billion in Q2 2012 to AED 2.66 billion in Q2 2013
- Postpaid mobile segment remains healthy and represents 46.47% of mobile revenues

Solid EBITDA growth

- EBITDA increased 16.19% to AED 1.09 billion in Q2 2013, up from AED 941 million in Q1 2012
- EBITDA margins year on year increased to 41.11% in Q2 2013, up from 39.65% in Q2 2012 and up by 1.00%, compared to Q1 2013

Strong profits

- Net profit before royalty rose to AED 778 million, a healthy increase of 19.48% from AED 651 million in Q2 2012
- du's ongoing focus on efficiency and ability to generate cash remain key drivers of profitability

Free cash flow

- Free cash flow decreased from AED 414 million in Q2 2012 to AED (143) million in Q2 2013
- Free cash flow affected by the total royalty payment for 2012 of AED 837.8 million
- Q2 2011 included only one month Royalty payment

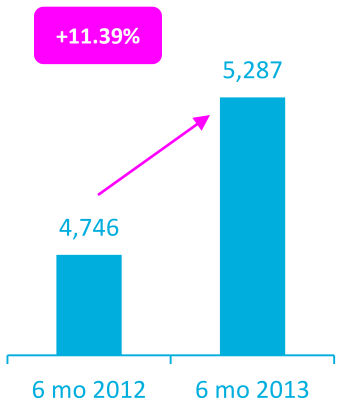
Focus on retaining high-value customers

- Total mobile customer base increased to 6,653,905, representing a 16.07% increase from Q2 2012
- du remains focused on innovation and improving service experience to retain high value customers

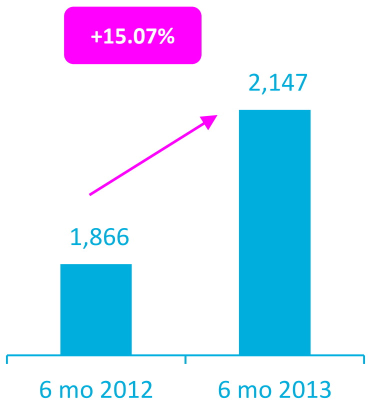
Notes:
* Like for like revenues based on the change in accounting treatment reported at full year 2012. There is no effect on EBITDA due to the change in accounting treatment

6 Months Financial Highlights

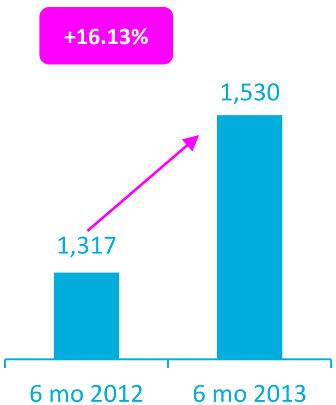
Total Revenue YTD
(AEDm)



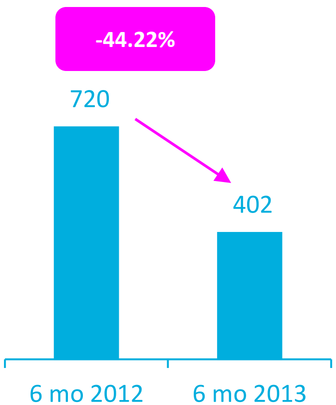
EBITDA YTD
(AEDm)



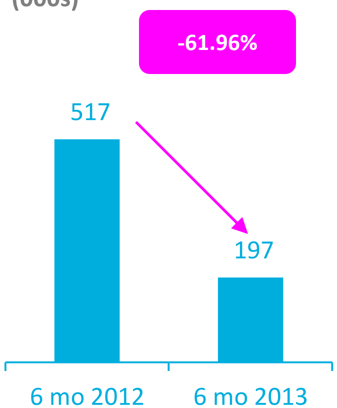
Net Profit before Royalty YTD (AEDm)



Free Cash Flow YTD
(AEDm)



Mobile Customers Net Additions – Cumulative
(000s)



Continued revenue growth

- Total revenues increased to AED 5.29 billion, representing an increase of 11.39% from the first six months of 2012

Stable EBITDA

- EBITDA for the first six months of the year increased to AED 2.15 billion, a strong growth of 15.07% from the first six months of 2012, when EBITDA stood at AED 1.87 billion
- EBITDA margin for the first six months of 2013 remains strong, at 40.6%

Sustainable profit growth

- Net profit before royalty continued to grow at a healthy rate of 16.13% for the first six months of 2013, reaching a total of AED 1.53 billion, up from AED 1.32 billion for the same period in 2012
- Net profit margin stood at 28.9% for the first six months of 2013

Free cash flow impacted by royalty charge

- Free cash flow (FCF) decreased to AED 402 million for the first six months of 2013, as compared to the same period last year, when FCF stood at AED 720 million
- 2011 Royalty was paid on a monthly basis over a 9 month period compared to 2012 Royalty which was paid in one installment

Net mobile customer additions

- Net mobile customer additions decreased 61.96% in the first six months of 2013
- The decrease in net mobile customer additions is due to cyclical churning

Notes:
* Like for like revenues based on the change in accounting treatment reported at full year 2012. There is no effect on EBITDA due to the change in accounting treatment

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Progressive Dividend Payment

Strong capital position

Proposed* dividend payment

Special dividend (one-off payment Q3 2013)	AED 0.10 per share
Interim dividend	AED 0.12 per share
Total	**AED 0.22 per share**

Focus on delivering shareholder value

- Proposed return of approximately AED 1.0 billion to shareholders, subject to EGM approval.
- One-off, special dividend of AED 0.10 per ordinary share .
- In addition, du commenced an interim dividend programme from Q2 2013.

*An Extraordinary General Meeting ('EGM') will be held in August 2013 to approve the proposed dividend payment. The company will send an official notification to shareholders prior to the EGM date.

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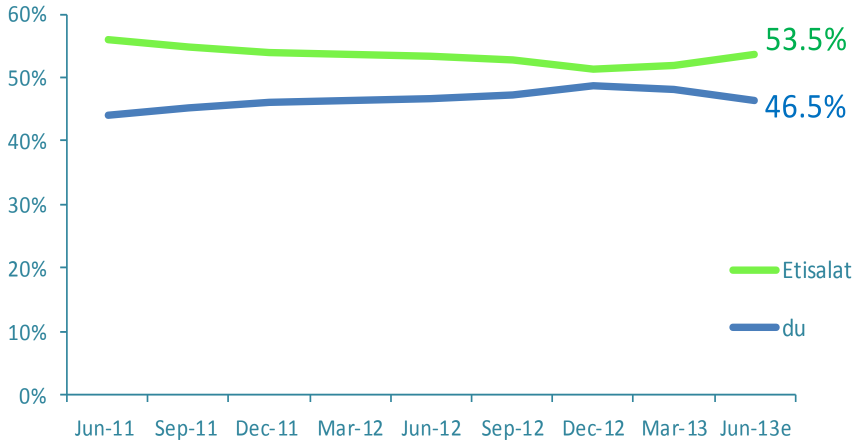
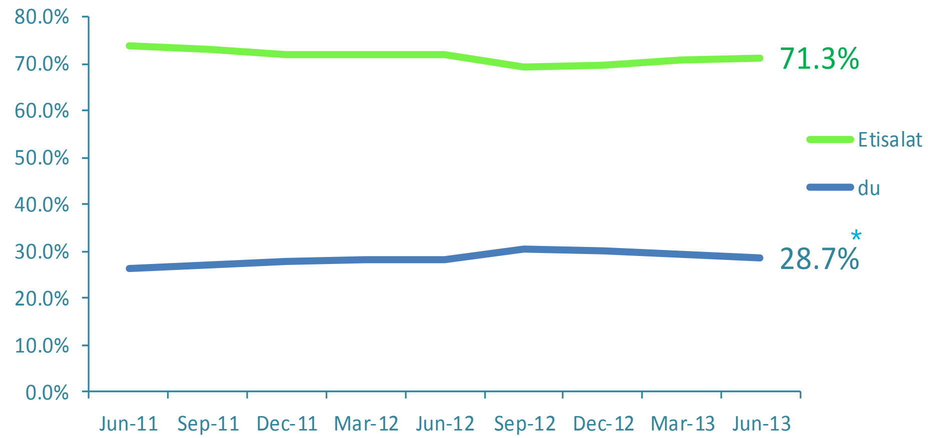
Market overview

Market share consolidation – increasing emphasis on growing revenue share

UAE Mobile Subscribers - Market share quarterly evolution



UAE Telecom Market - Revenue share quarterly evolution



* du revenue share for the last 12 months is 29.7%

Source: TRA Market Statistics May 2013, Internal estimates, Etisalat Quarterly/ annual financial reports

UAE

- Population: (April 2013 e) 8.3 million
- Population growth: (2012 e) 3%
- GDP: (2012 e) US$ 359 bn
- GDP per capita: (2012 e) US$ 64,840

(Source: TRA – May 2013, UAE's National Bureau of Statistics (NBS), IMF World Economic Outlook Database April 2013, Internal estimates)

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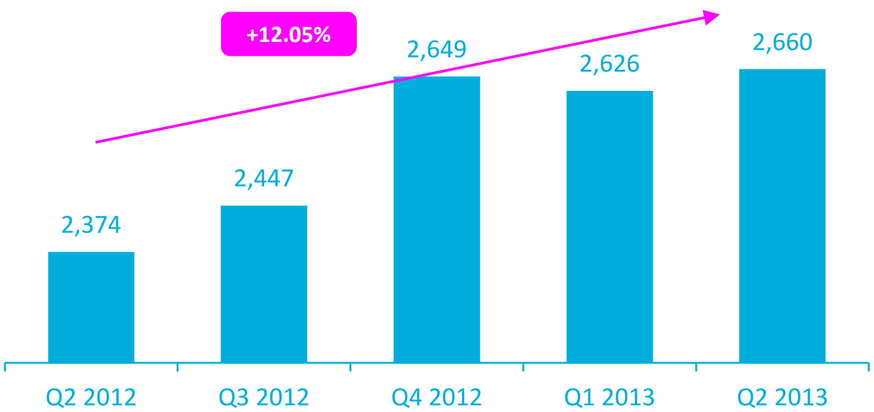
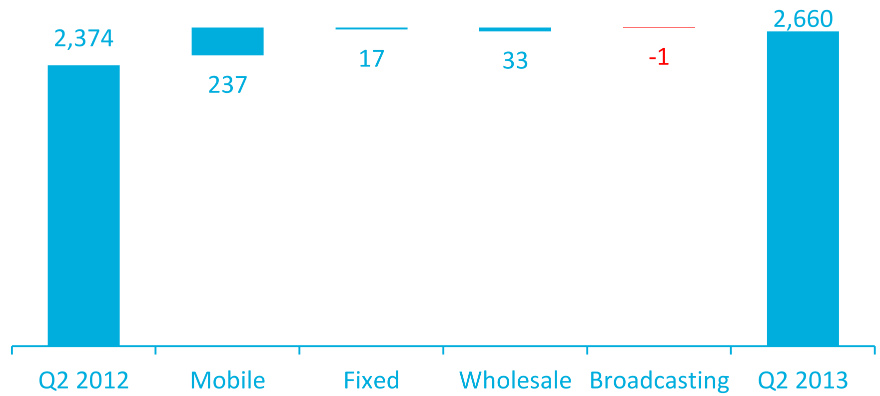
Revenues

Strong revenue performance

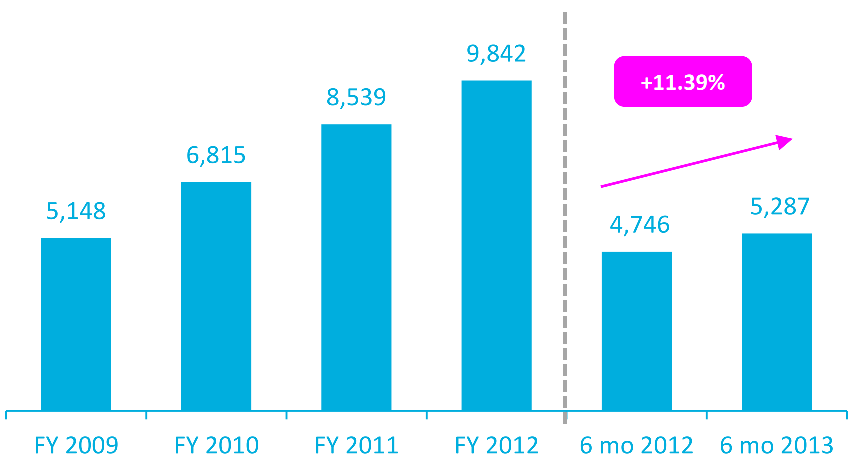
Quarterly Total Revenue (AEDm)



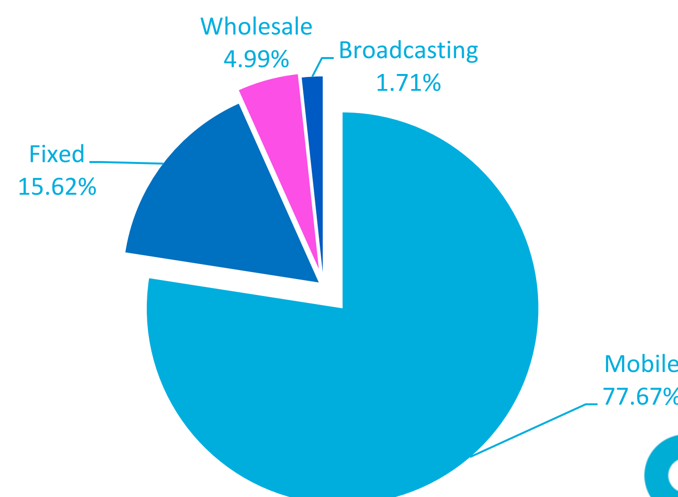
Revenue Breakdown Quarter Change (AEDm)



Year to Date Total Revenue (AEDm)



Revenue Split Q2 2013



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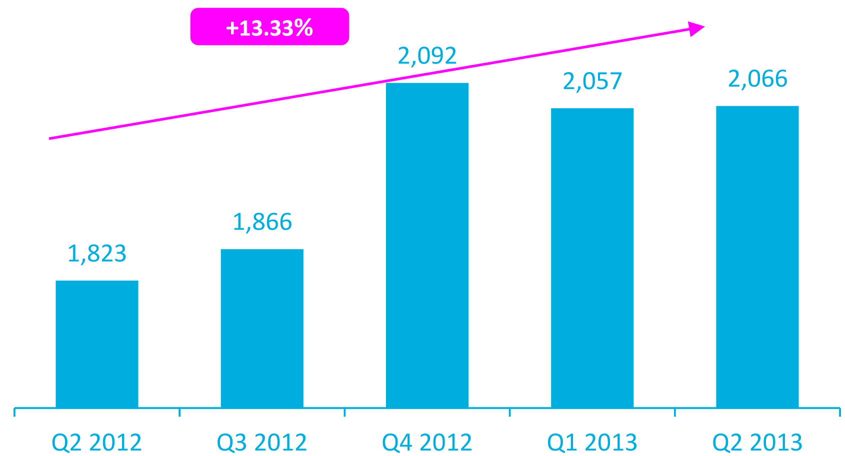
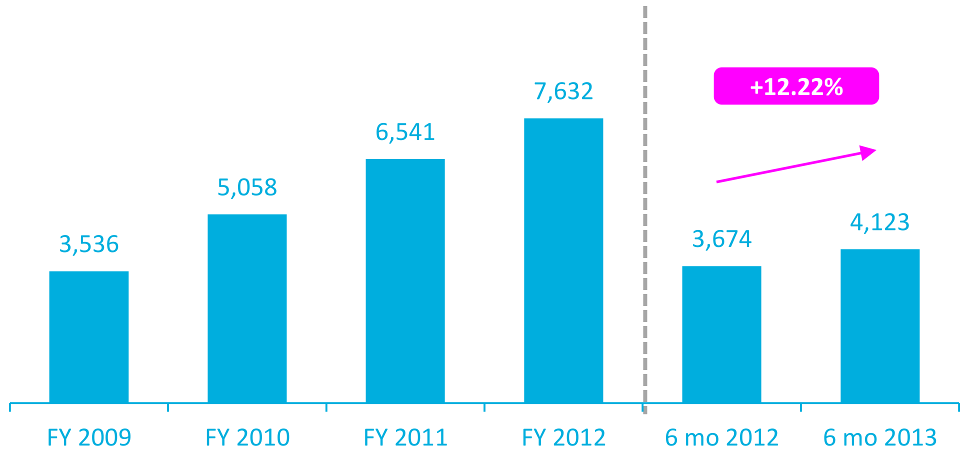
Revenue Drivers - Mobile

Growth supported by the continued increase of data revenues

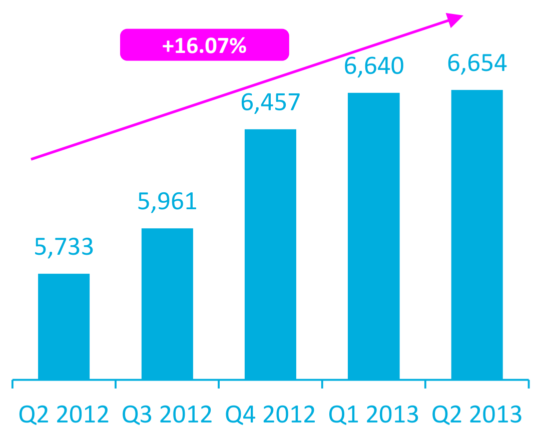
Quarterly Mobile Revenues (AEDm)



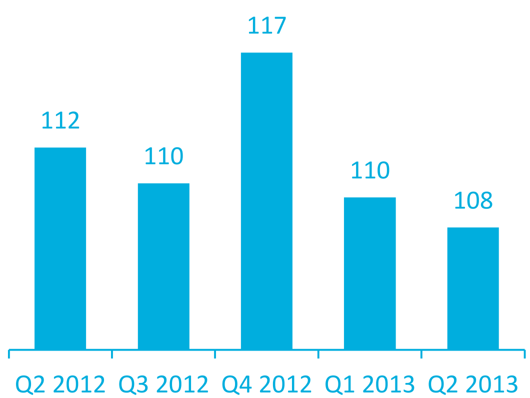
Year to Date Mobile Revenue (AEDm)



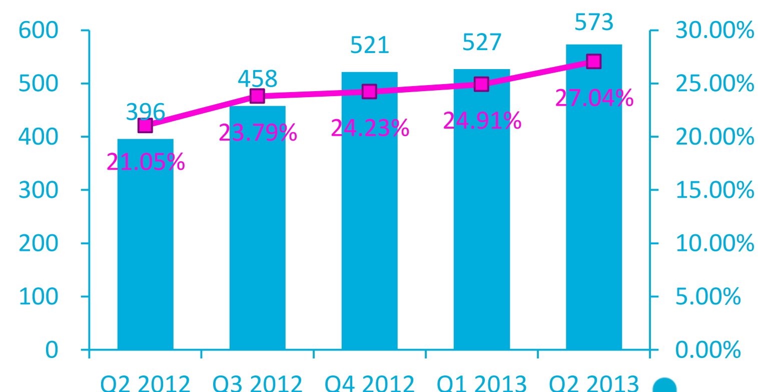
Mobile Subscribers Active 90 Days ('000)



Mobile Average Revenue per User (AED)



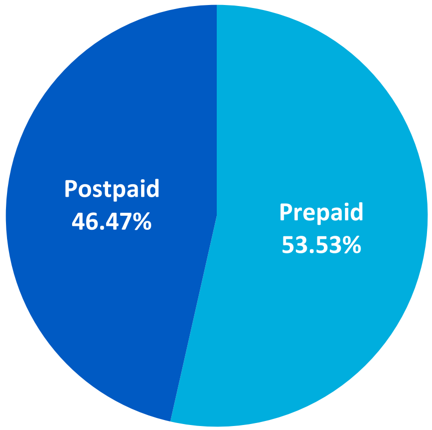
Mobile Data (AEDm)



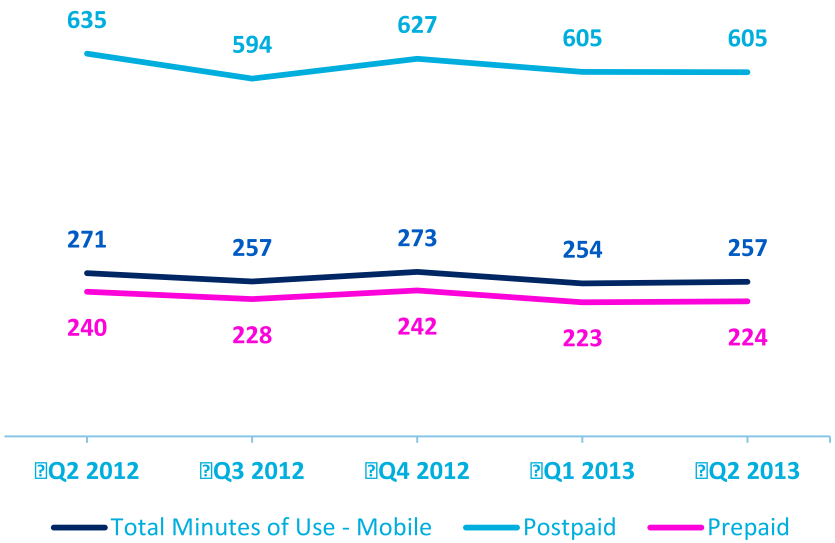
Revenue Drivers – Mobile

Solid performance attributed to the high-value postpaid customer base

YoY Contribution to Mobile Revenue



Mobile Minutes of Use (AED)



Continued focus on postpaid segment in line with the company's strategic objectives

- 46.47% of the growth in mobile revenues in Q2 2013 versus Q2 2012 came from the high-value postpaid customer base.
- Strong performance of mobile data revenue, which increased 44.81% year on year. Quarterly, data as a percentage of mobile revenues stood at 27.04% in Q2 2013, up from 24.59% in Q1 2013.

Solid postpaid segment

- In line with the growth in mobile data usage due to the rapid adoption of smartphones and tablets, total minutes of use for the mobile segment decreased from 271 in Q2 2012 to 257 in Q2 2013.
- The postpaid segment remained stable at 605 minutes of use, compared to the same amount for Q1 2013, despite global trends.

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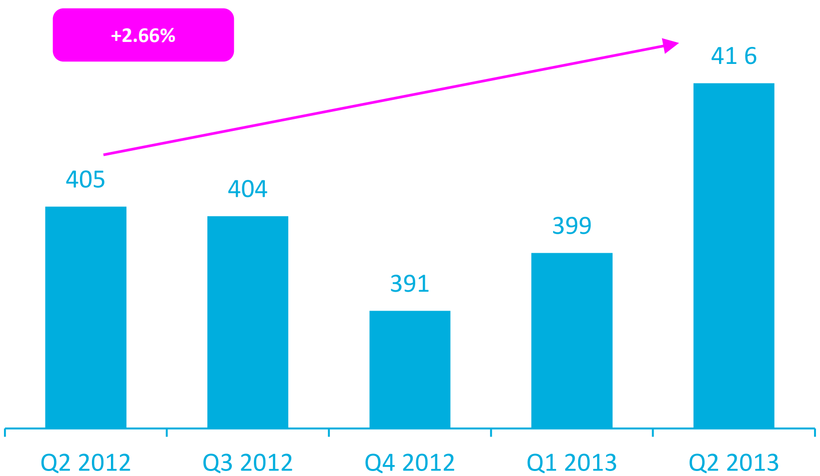
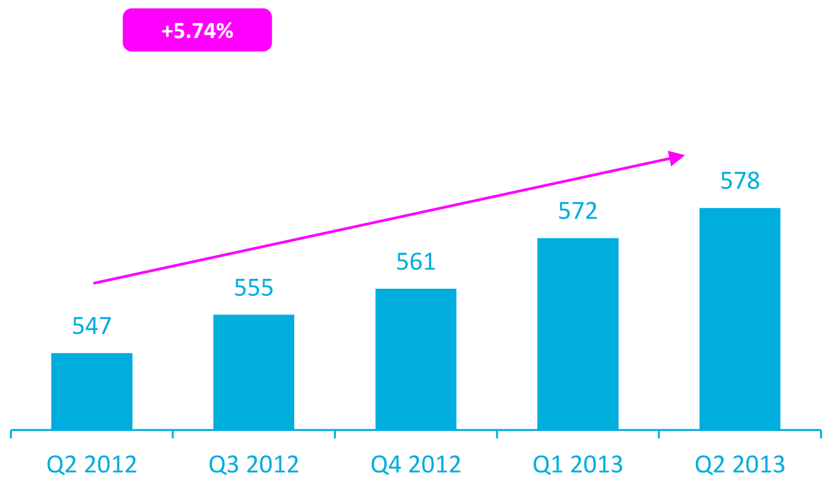
Revenue Drivers – Fixed

Stable growth of fixed line revenues

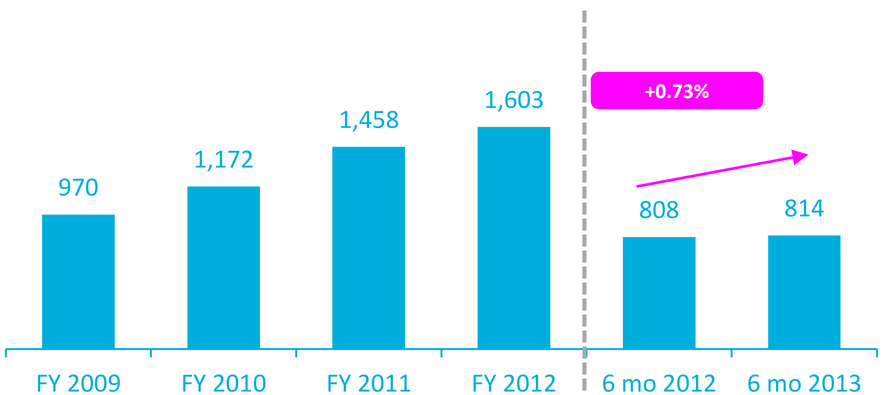
Quarterly Fixed Revenue (AEDm)



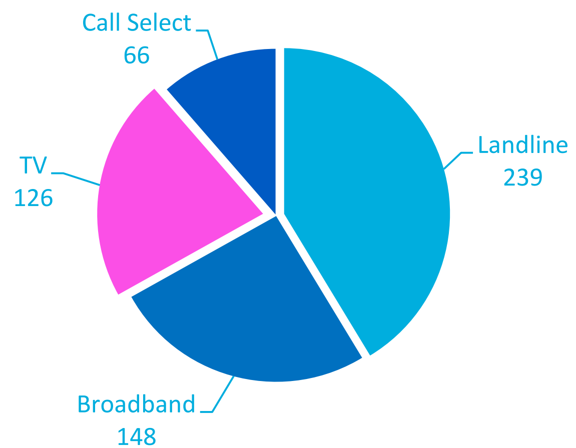
Quarterly Fixed Subscribers ('000s)



Year to Date Fixed Revenue (AEDm)



Fixed Breakdown Q2 2013 ('000s)



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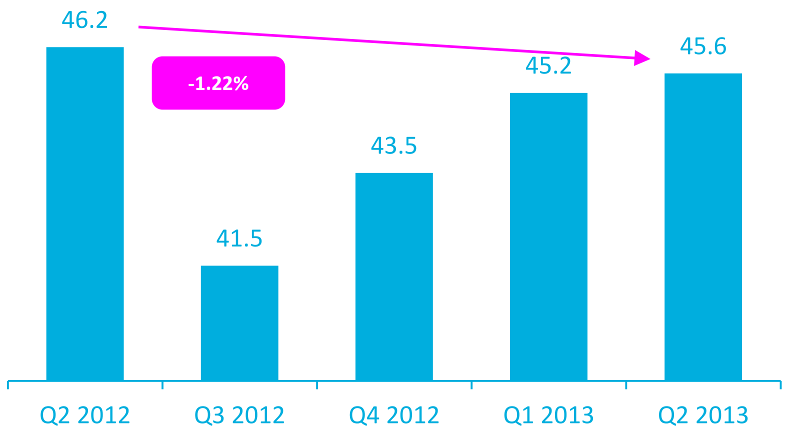
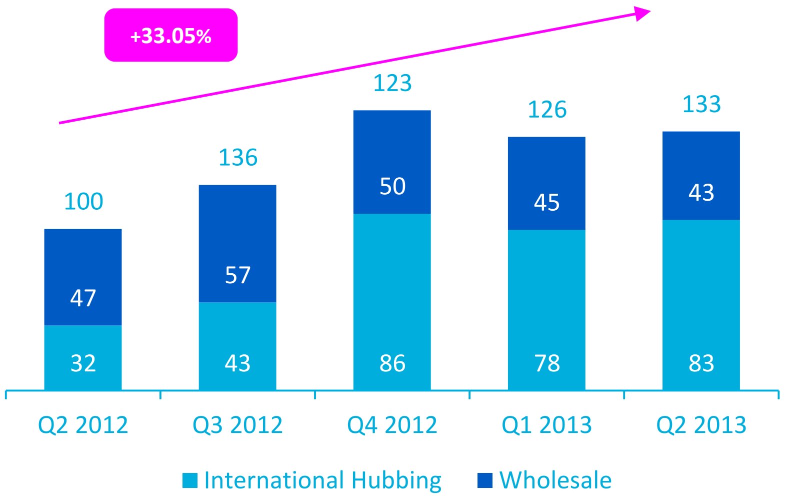
Revenue Drivers – Wholesale & Broadcasting

Strong increase in wholesale revenue

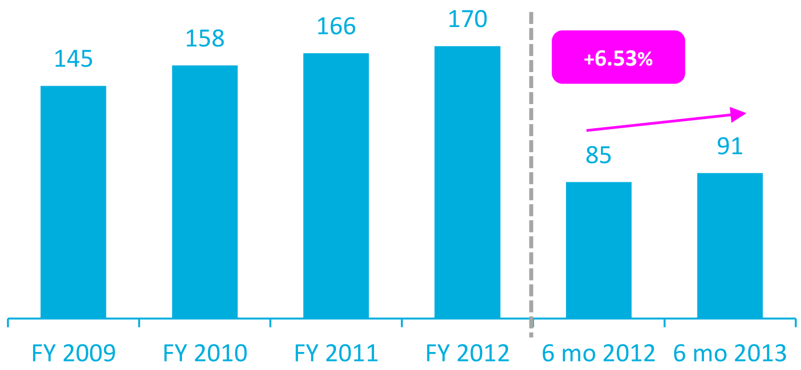
Quarterly Broadcasting Revenue (AEDm)



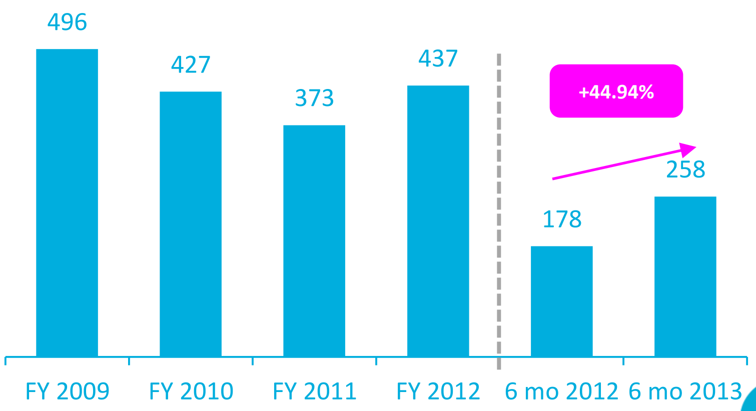
Quarterly Wholesale Revenue (AEDm)



Year to Date Broadcasting Revenue (AEDm)



Year to Date Wholesale Revenue (AEDm)



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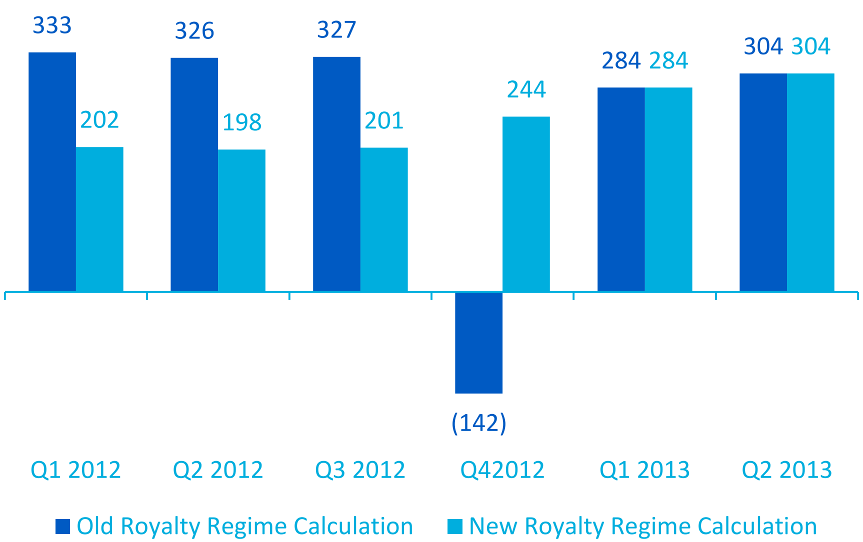
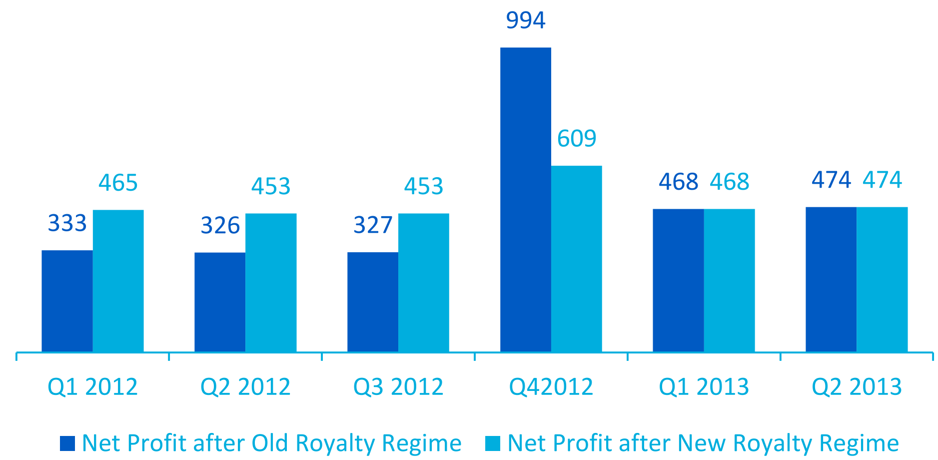
Royalty Overview

Quarterly Royalty (AEDm)



Quarterly Net Profit after Royalty (AEDm)



Royalty fee methodology

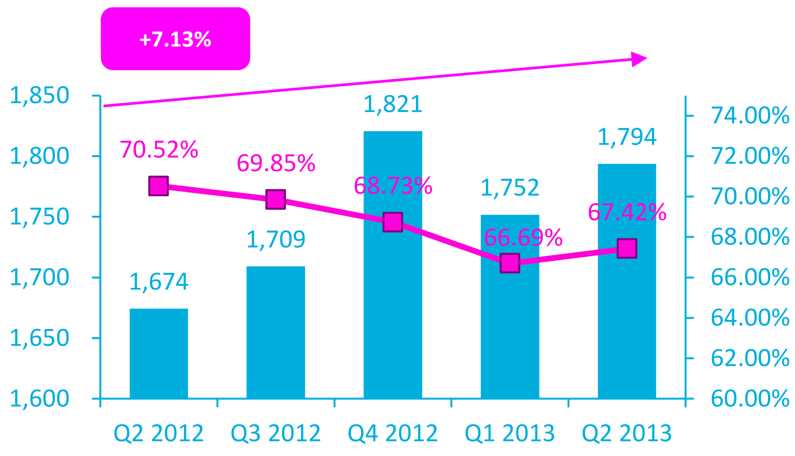
- Old royalty provisioned from Q1 2012 to Q3 2012 was at 50% of the net profit before royalty.
- New royalty was provisioned at a rate of 5% of the total licensed revenue excluding broadcasting revenue and other allowable deductions plus 17.5% of the net profit for the year before distribution, after deducting 5% of the total adjusted licensed revenue. The new royalty was provisioned for the full year 2012 in Q4 2012, upon receiving confirmation from the UAE Ministry of Finance.
- Provision for royalty from Q1 2013* onwards was made at a rate of 7.5% of the total licensed revenue excluding broadcasting revenue and other allowable deductions plus 20.0% of the net profit for the year before distribution after deducting 7.5% of the total adjusted licensed revenue.

*Royalty declared in 2013 is in line with the company's current understanding of the structure and calculation of its royalty payment obligations.

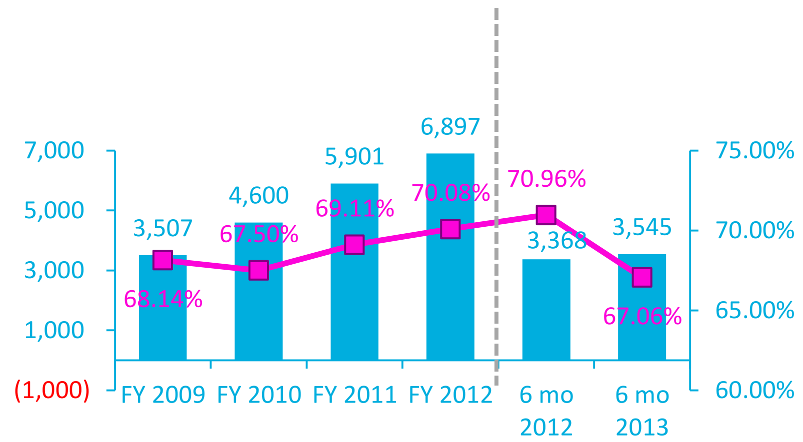
Gross Margin

Gross margin increase year on year

Quarterly Gross Margin (AEDm)



Year to Date Gross Margin (AEDm)



Stable gross margin performance

- Gross margin grew from AED 1.67 billion in Q2 2012 to AED 1.79 billion in Q2 2013, representing a 7.13% increase over the same period last year.
- Quarterly, gross margin percentage remained stable at 67.42% in Q2 2013, up 0.73% from 66.69% in Q1 2013.
- Higher interconnect costs with Pakistan, introduced as of Q3 2012, continue to impact the gross margin percentage.

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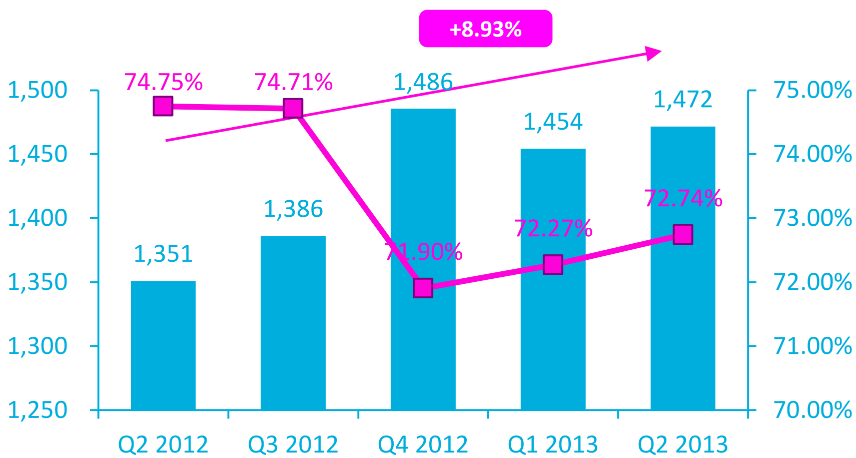
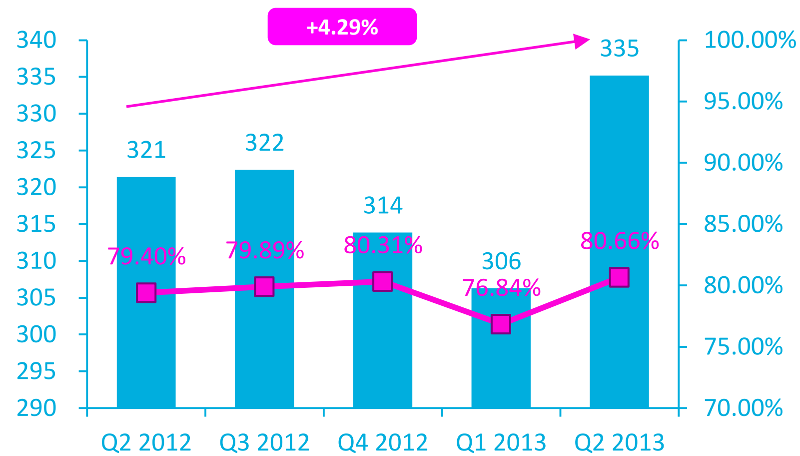
Gross Margin

By Segment (Quarterly)

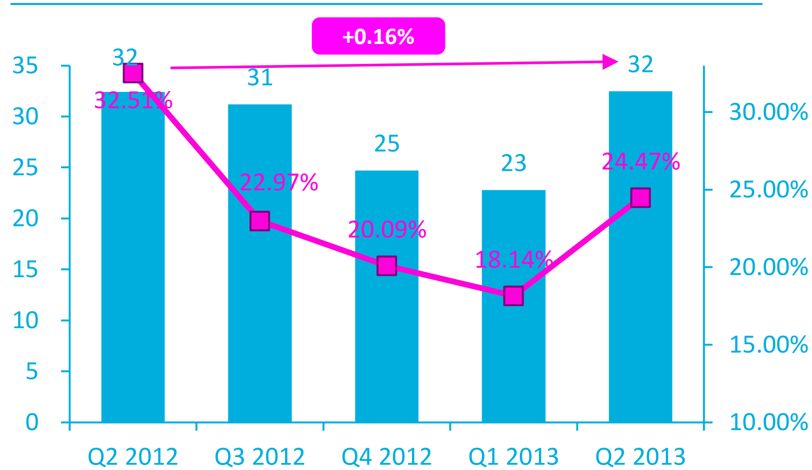
Quarterly Mobile Gross Margin before Handset Subsidy (AEDm)



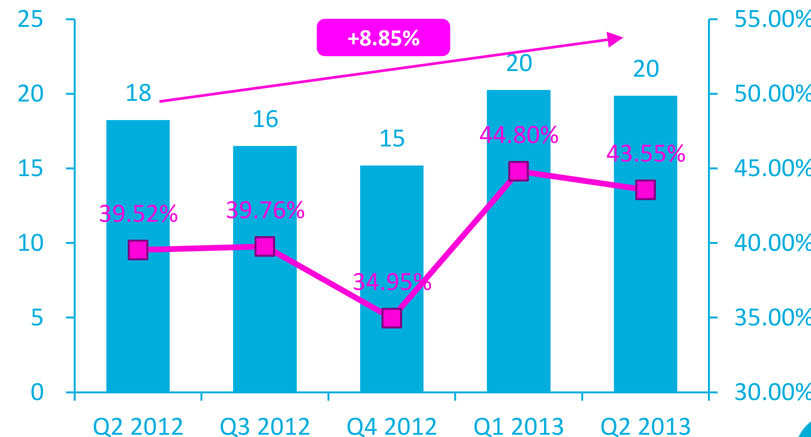
Quarterly Fixed Gross Margin (AEDm)



Quarterly Wholesale Gross Margin (AEDm)



Quarterly Broadcasting Gross Margin (AEDm)



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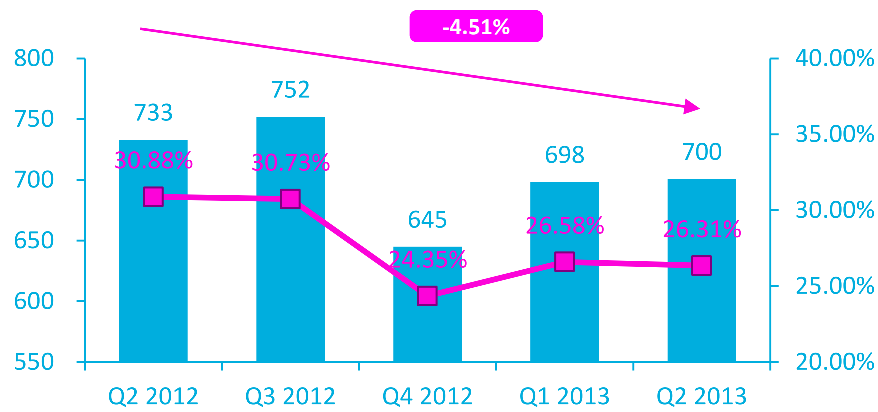
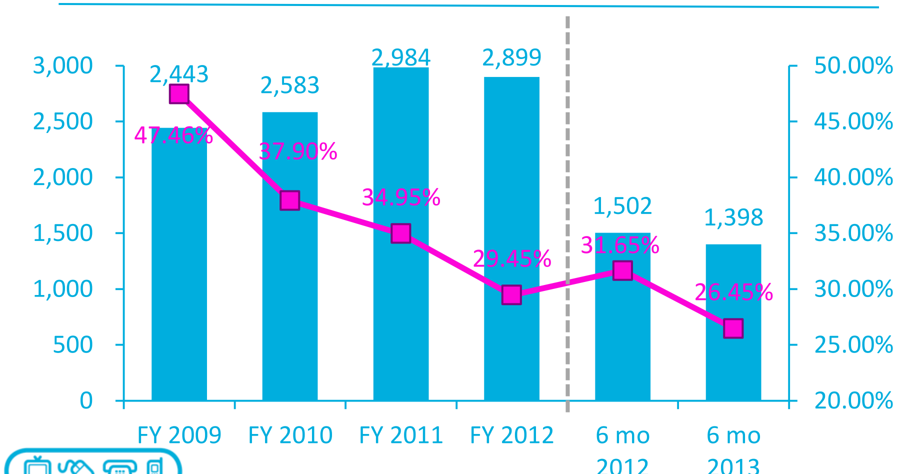
Overheads

Maintained cost control

Quarterly Overheads (AEDm)



Year to Date Overheads (AEDm)



Overheads as a % of Revenue	Q2 2012	Q2 2013
Manpower	13.78%	12.54%
Teleco license & related fees	2.69%	2.36%
Sales & marketing	3.12%	2.08%
Bad debts	1.02%	0.05%
Network operations & maintenance	7.83%	7.37%
Rent & utilities	1.38%	0.99%
Miscellaneous	1.06%	0.93%
Total Overheads as % of Revenue	**30.88%**	**26.31%**

Overheads Stable

- The company's efficiency programme continues to drive cost control. Overheads as a percentage of revenue decreased from 30.88% in Q2 2012 to 26.31% in Q2 2013, representing a 4.51% decrease.
- Decrease in overheads is partly attributed to the collection of bad debts during the current quarter.
- The company will continue to focus on efficiency as part of its commitment to deliver shareholder value.

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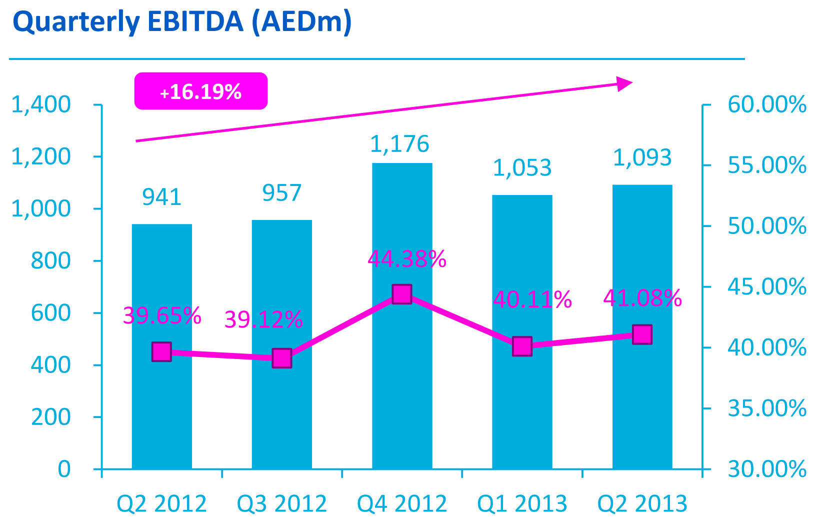
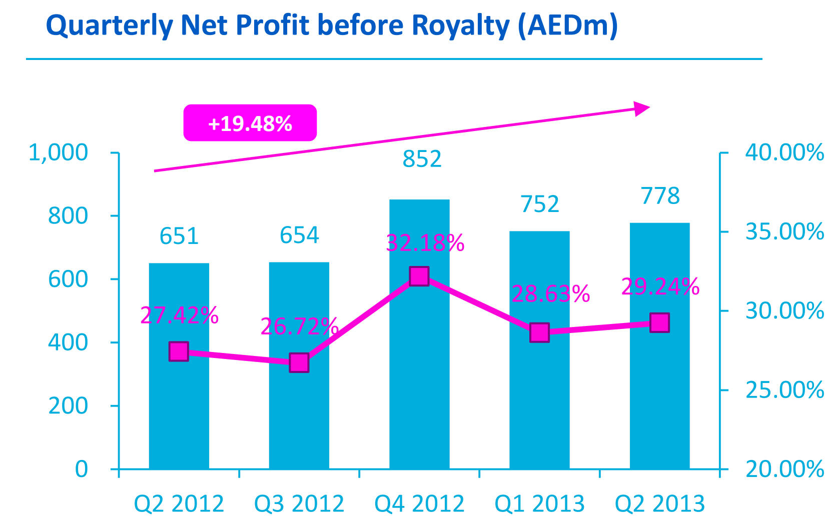
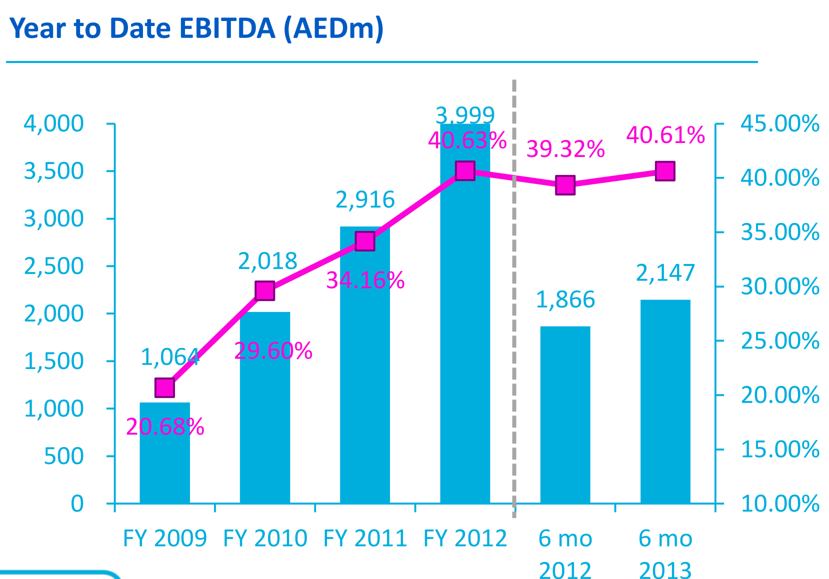
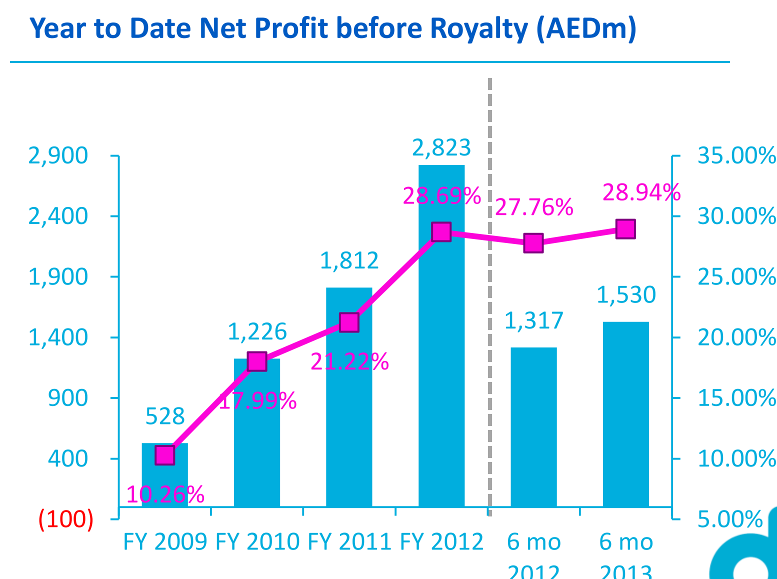
Profitability

Increased performance in both EBITDA and Net Profit before Royalty









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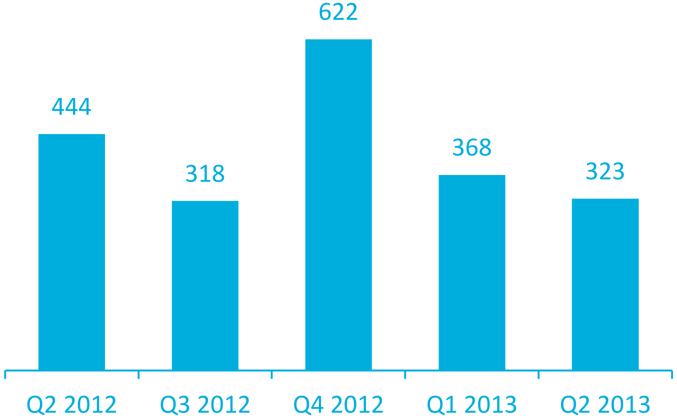
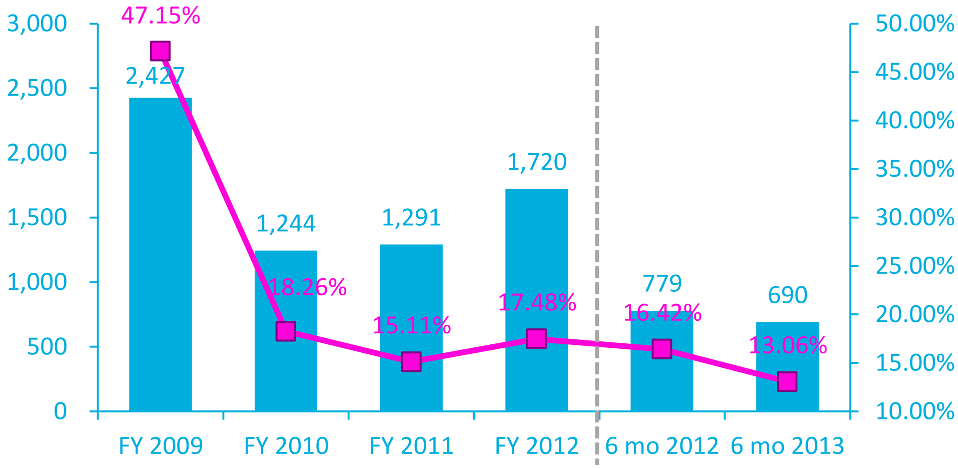
Capital Investments

Continued investment in operations

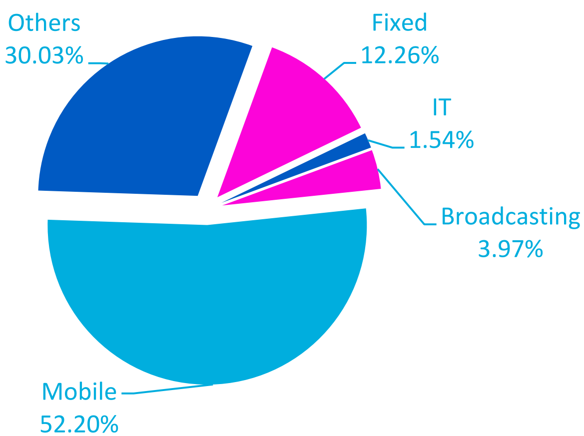
Quarterly CapEx Additions (AEDm)



Year to Date CapEx Additions (AEDm)



CapEx Additions Breakdown Q2 2013



Maintained spend

- Q2 2013 CapEx spend reached AED 323 million, compared to AED 368 in Q1 2013.
- Network operations and maintenance benefit from strategic capex spend.
- Investment strategy is in line with evolving consumer requirements and technology advances.

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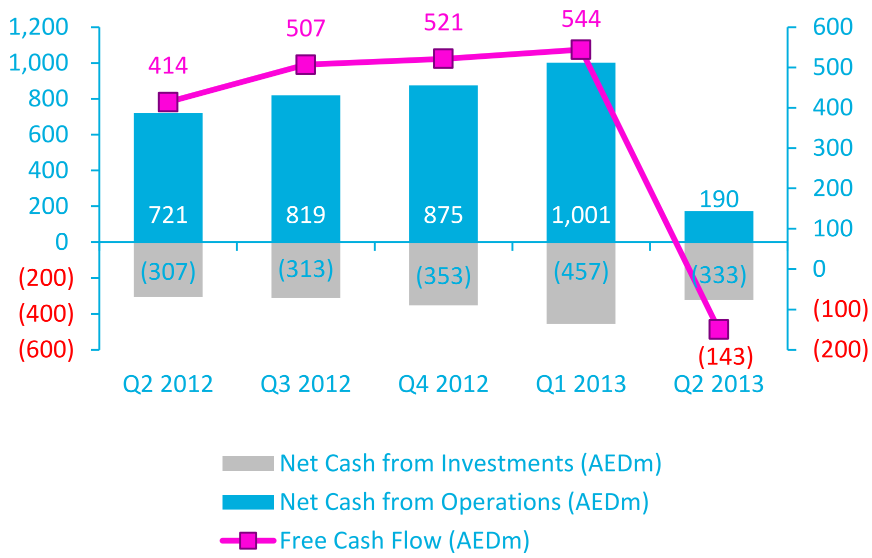
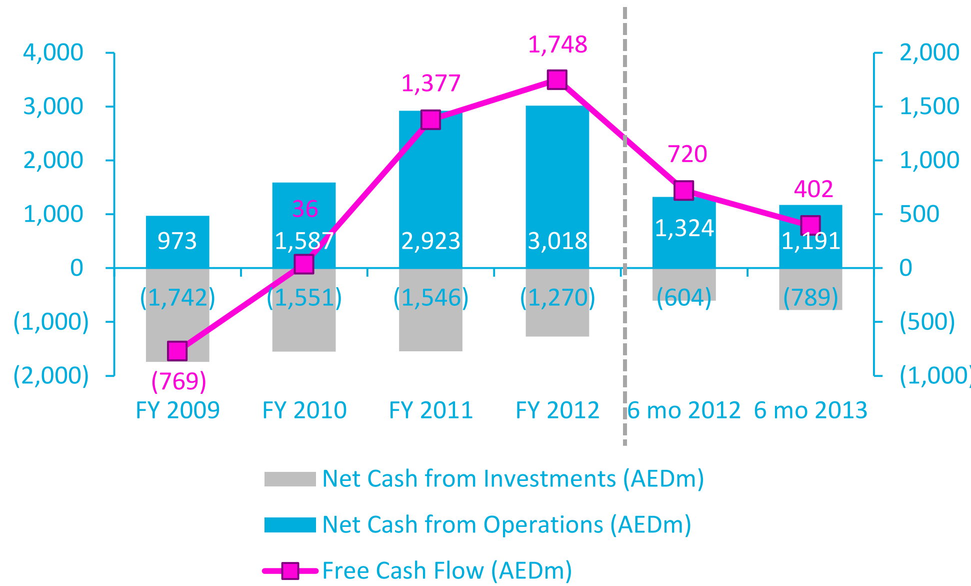
Cash & Debt overview

AED 838 million payment in royalty charges

Quarterly Free Cash Flow (AEDm)



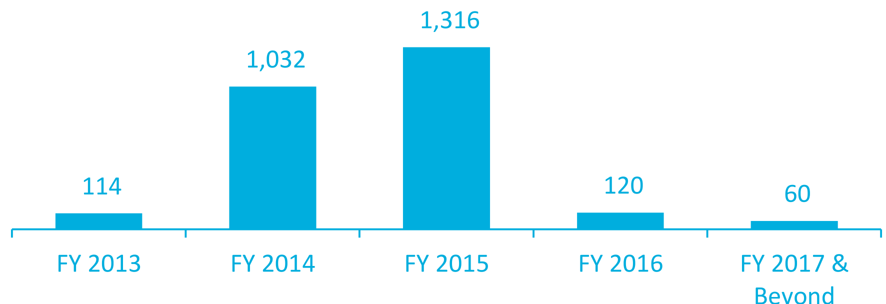
Year to Date Free Cashflow (AEDm)



Bank Facilities

Loan Sources (AED Millions)	Available	Drawn
ECA - NSN Nordea	808	808
ECA - NSN KFW	761	478
Vendor - CISCO Capital	84	84
Club Facility - Long Term Loan	808	808
DBS - Bilateral Loan	367	367
SCB-Bilateral Loan	367	253
Club Facility - Long Term Loan	1,837	501
TOTAL DEBT FACILITIES	**5,032**	**3,299**
TOTAL CASH IN HAND		**2,813**

Debt Maturity Profile (AEDm)



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Contents

Strategy and Outlook

Efficiency and value creation: Positioning the company for success in a continually evolving telecommunications market

- Focus on profitable growth and increased value share
- Maximise return on investments and cash flow generation for our shareholders
- Continue a progressive dividend payment policy for the years ahead in line with that of a maturing company
- Sustained investment in our capabilities to maintain a strong performance and position the company for future growth
- Continue growing the mobile postpaid base by further pushing into the high-end segments of the market whilst protecting our position in the low-end segments
- Increase focus on mobile data and bundled offerings supported by continued emphasis on data network investments
- Extract value from the international voice market segment
- Increase focus on providing a superior and segmented customer experience

Q&A