Q1 2013 Results

Emirates Integrated Telecommunications Company PJSC

May 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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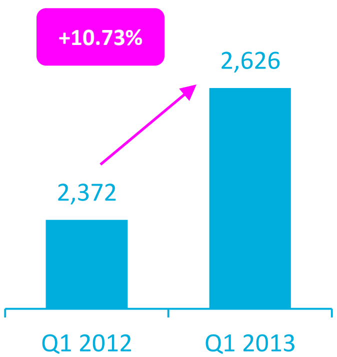
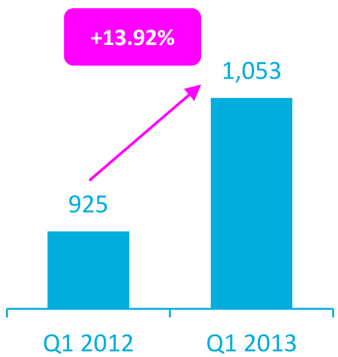
Q1 Financial Highlights

Solid performance across all key metrics

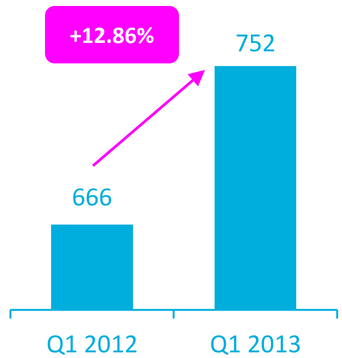
Total Revenue (AEDm)



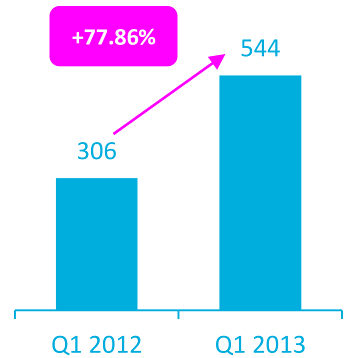
EBITDA (AEDm)



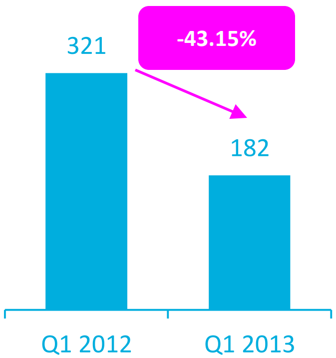
Net Profit before Royalty (AEDm)



Free Cash Flow (AEDm)



Mobile Customers Net Additions (000s)



Solid revenues

- Total revenues* increased 10.73% from AED 2.37 billion in Q1 2012 to AED 2.63 billion in Q1 2013, representing a double digit rise on the same period last year
- Solid performance from postpaid mobile segment, which now represents 46.78% of mobile revenues growth

Stable EBITDA growth

- EBITDA increased 13.92% year on year, up from AED 925 million in Q1 2012 to AED 1.05 billion in the current quarter
- EBITDA margins for the same period stood at 40.11% in Q1 2013, up from 38.98% in Q1 2012 and down by 4.27%, compared to Q4 2012

Profit increase

- Net profit before royalty stood at AED 752 million, a healthy increase of 12.86% from AED 666 million in Q1 2012
- The company's ongoing focus on efficiency and ability to generate cash are the key drivers of profitability

Healthy free cash flow

- Free cash flow grew by 77.86% from AED 306 million in Q1 2012 to AED 544 million in Q1 2013

Continued growth of mobile customer base

- In spite of seasonality, 182,261 mobile customers were added during the first quarter, as a result of the company's efforts in improving service experience and bringing new products to the market
- The postpaid segment now represents 8.30% of total mobile customers, a steady increase over the last quarter

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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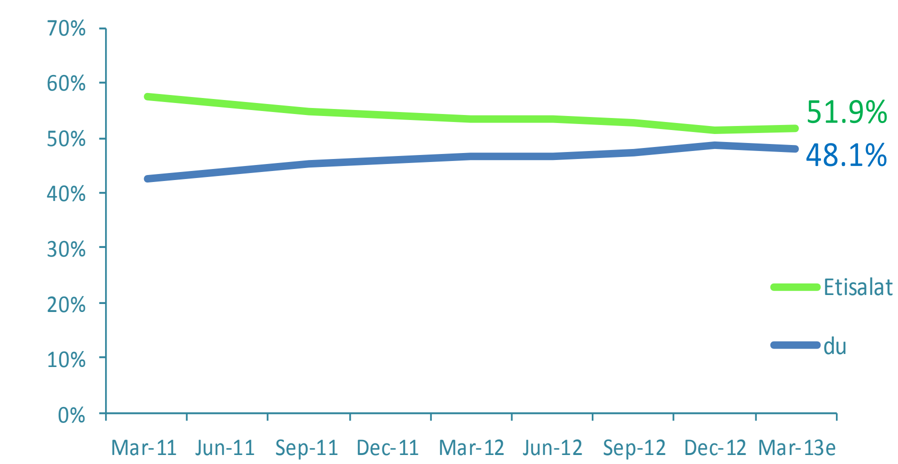
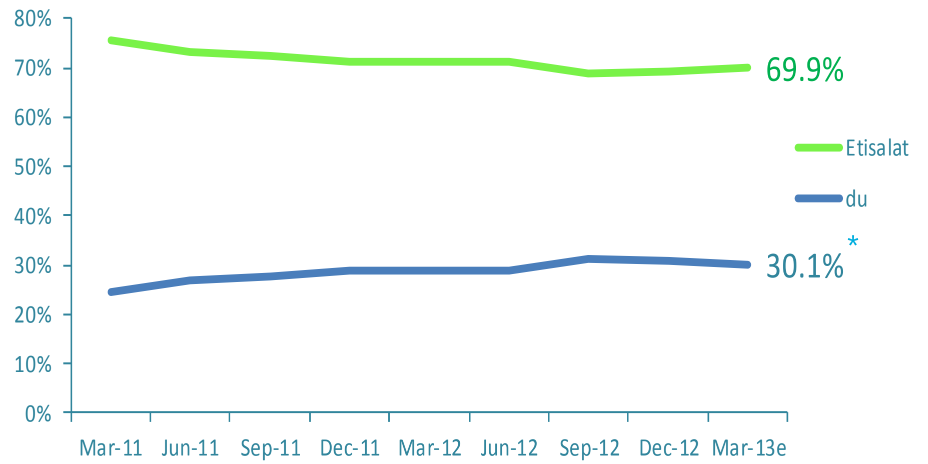
Market overview

Strong market share – 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 30.2%

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

UAE

- Population: (Feb 2013 e) 8.2 million
- Population growth: (2012 e) 3%
- GDP: (2011) US$ 342 bn
- GDP per capita: (2011) US$ 63,626

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

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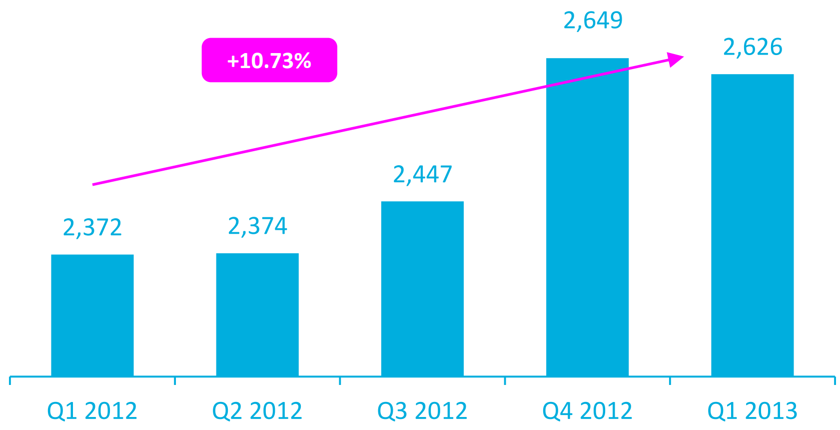
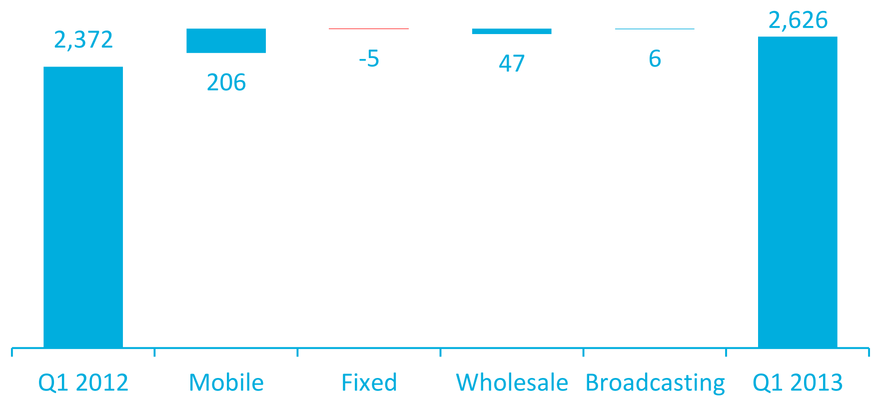
Revenues

Growth supported by strong additions across all customer segments

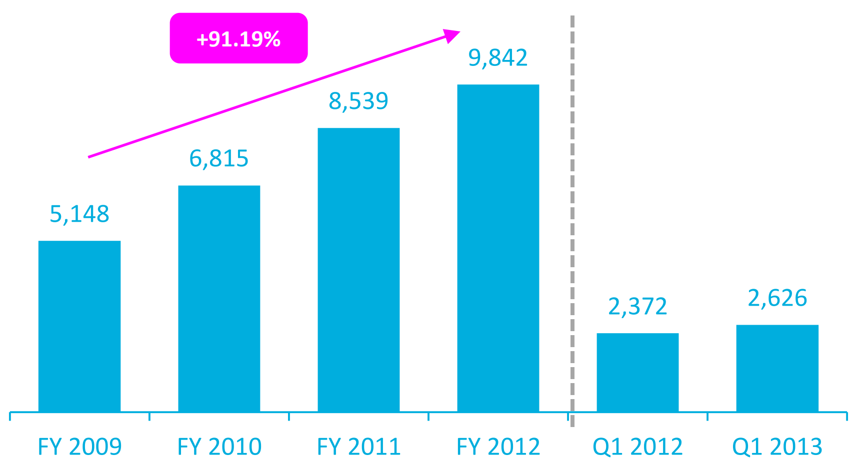
Quarterly Total Revenue (AEDm)



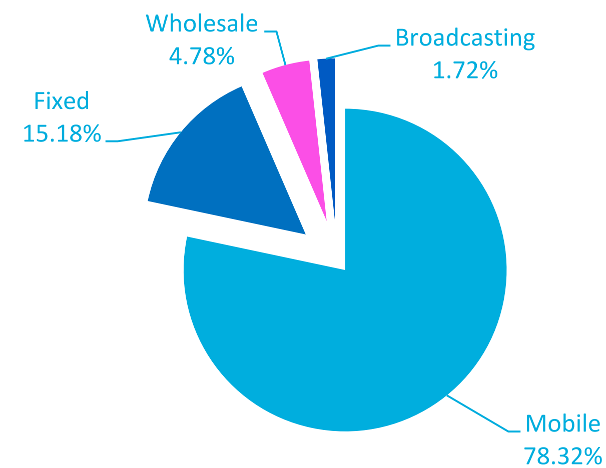
Revenue Year on Year Change (AEDm)



Year to Date Total Revenue (AEDm)



Revenue Split Q1 2013



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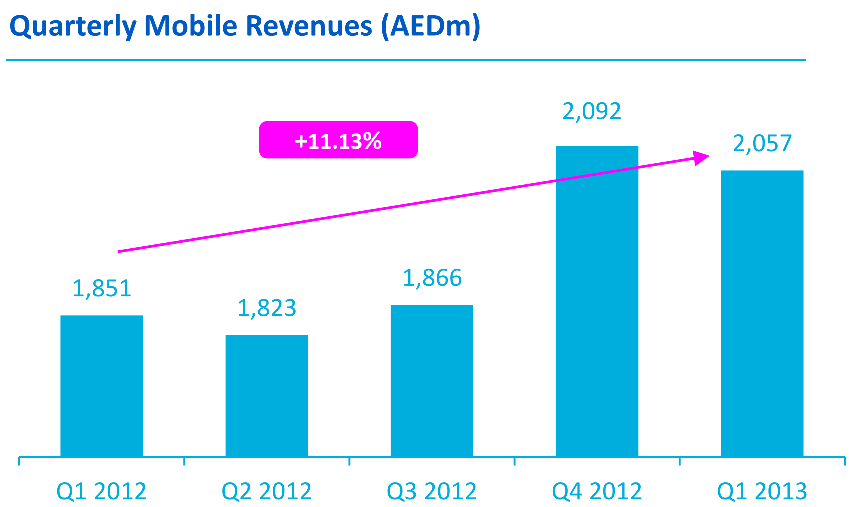
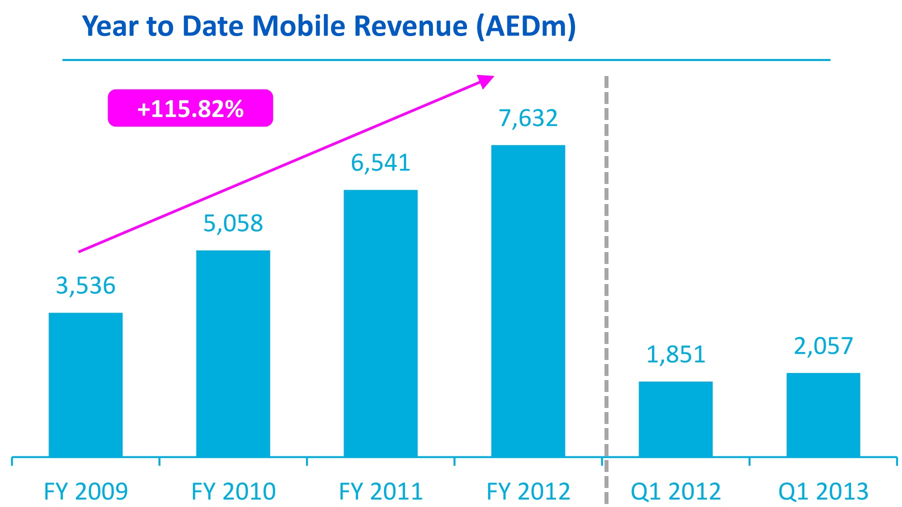
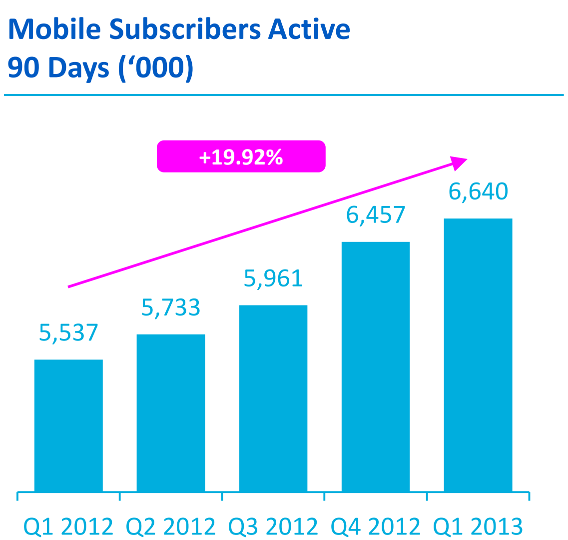
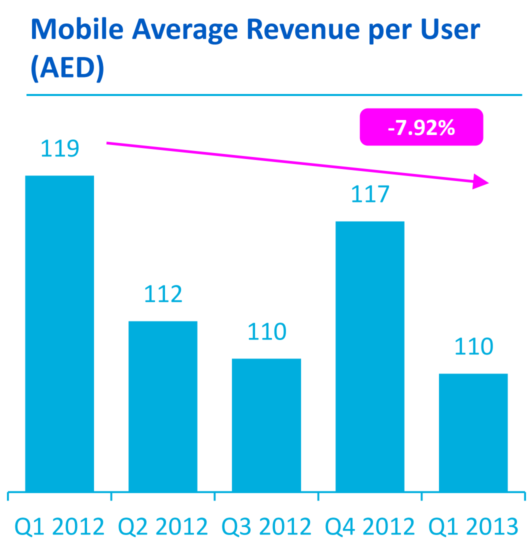
Revenue Drivers - Mobile

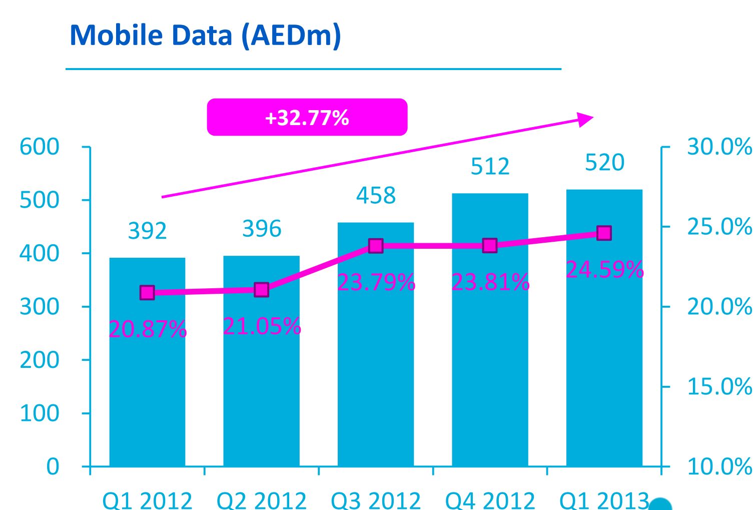
Continued increase in data as a proportion of mobile revenues











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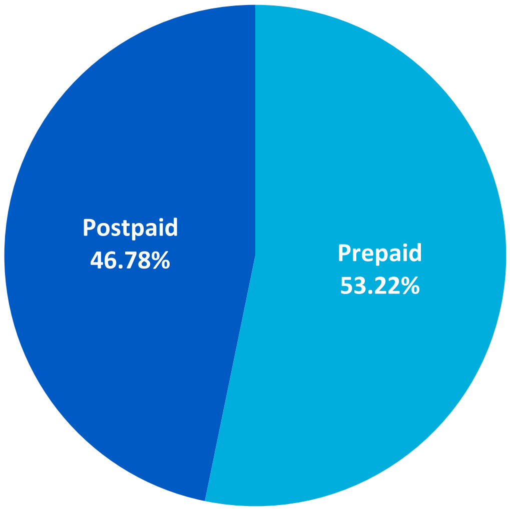
Revenue Drivers – Mobile

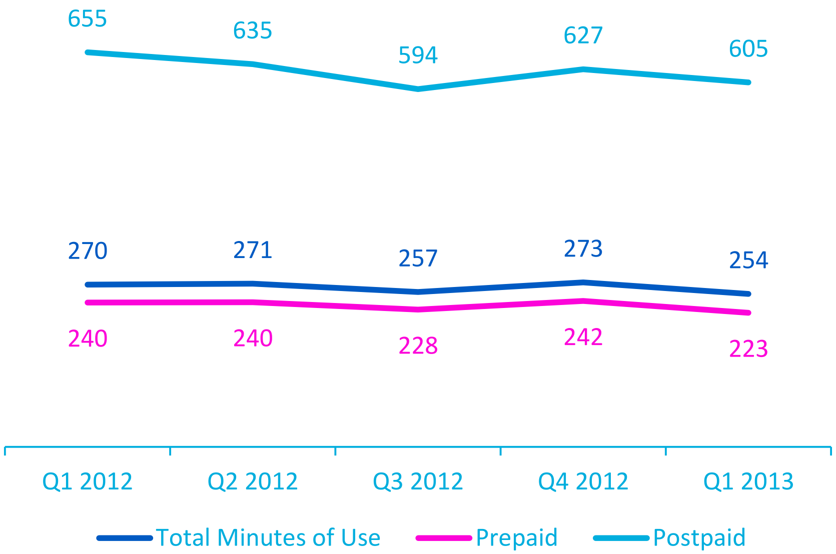
YoY Contribution to growth in mobile revenues



Postpaid segment positively impacted by market segmentation strategy

- 46.78% of the growth in mobile revenues in Q1 2013 came from the high-value postpaid customer base
- Solid performance of data as a percentage of mobile revenues, which now stands at 24.59%

Mobile Minutes of Use (AED)



Minutes of use performance impacted by global trend in appetite for data

- In line with the growth in mobile data usage, total minutes of use for the mobile segment decreased from 270 in Q1 2012 to 254 in Q1 2013
- The postpaid and prepaid segments followed the same trend, with a slight decrease of 7.64% and 7.07% respectively, as compared to the same period last year

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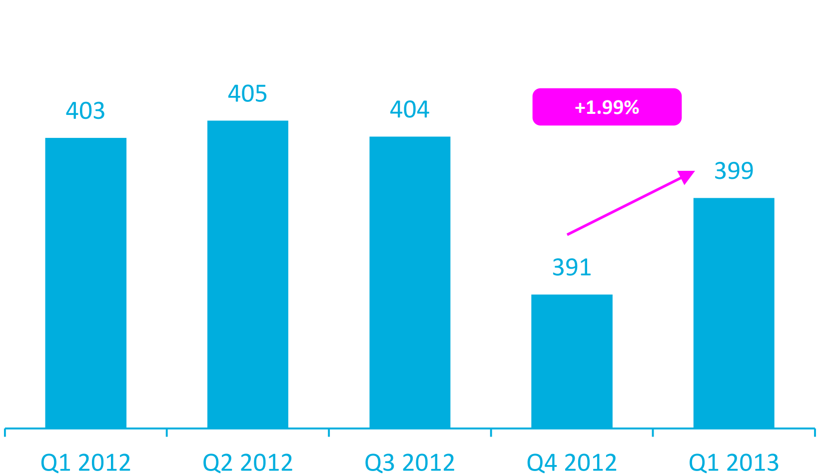
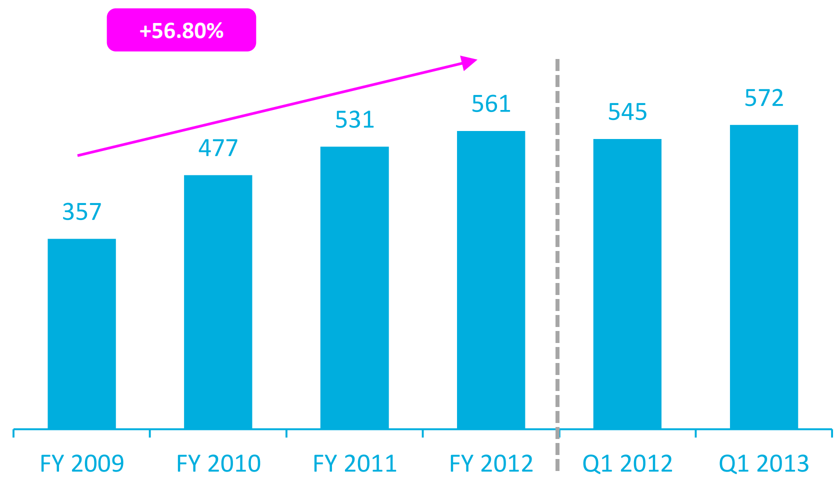
Revenue Drivers – Fixed

Stable performance in the fixed line quarterly revenue

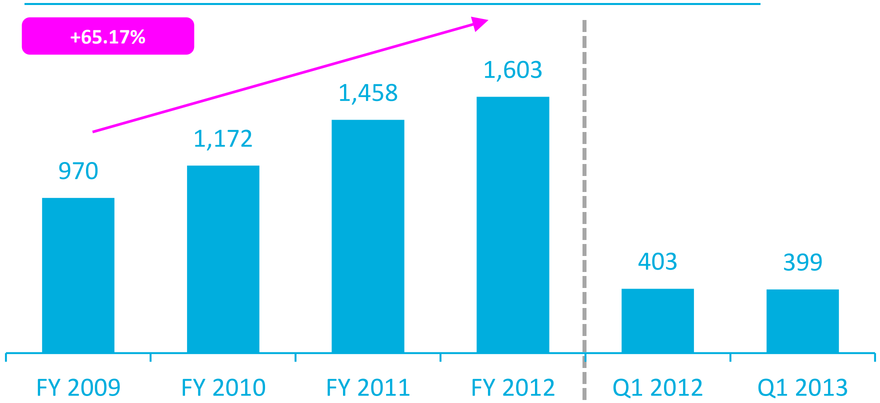
Quarterly Fixed Revenue (AEDm)



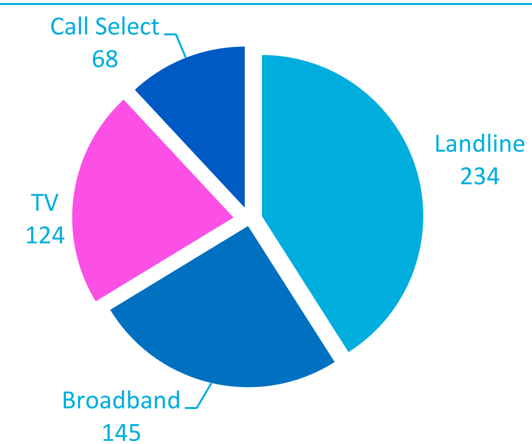
Year to Date Fixed Subscribers ('000s)



Year to Date Fixed Revenue (AEDm)



Fixed Breakdown Q1 2013 ('000s)



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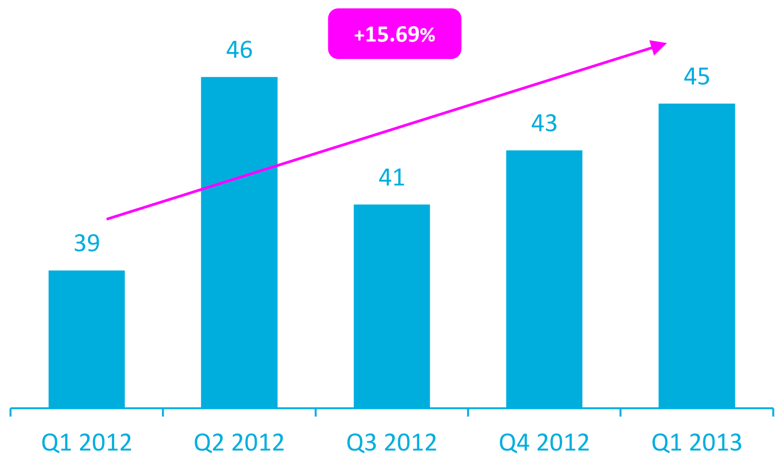
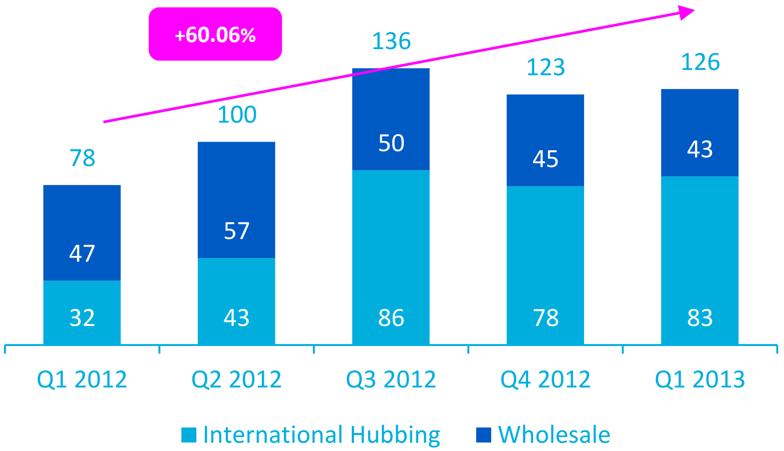
Revenue Drivers – Wholesale & Broadcasting

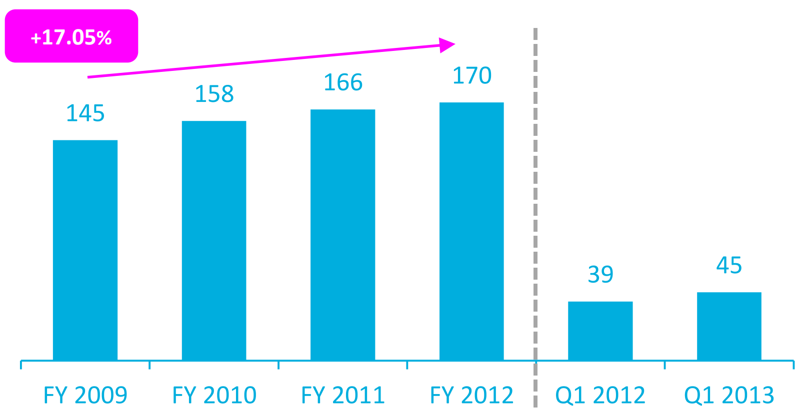
Quarterly Broadcasting Revenue (AEDm)



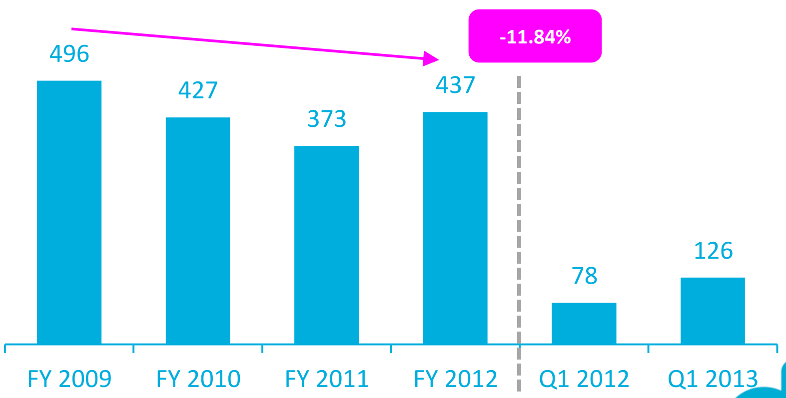
Quarterly Wholesale Revenue (AEDm)



Year to Date Broadcasting Revenue (AEDm)



Year to Date Wholesale Revenue (AEDm)



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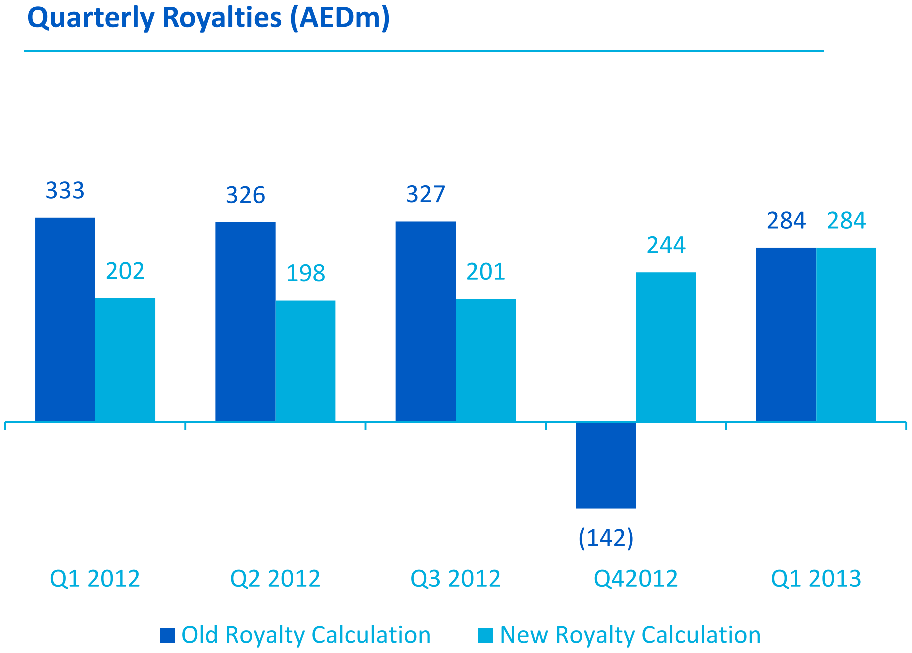
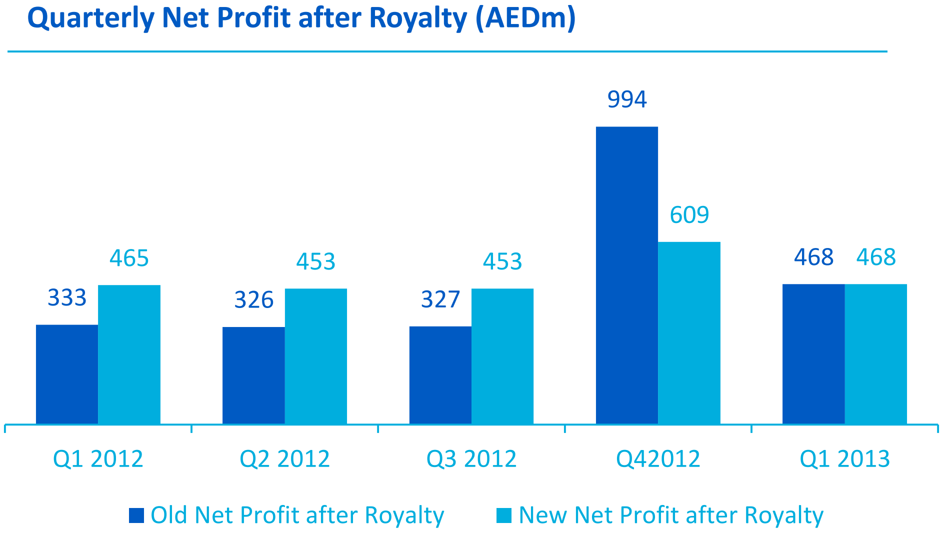
Royalty Overview





Royalty fee methodology

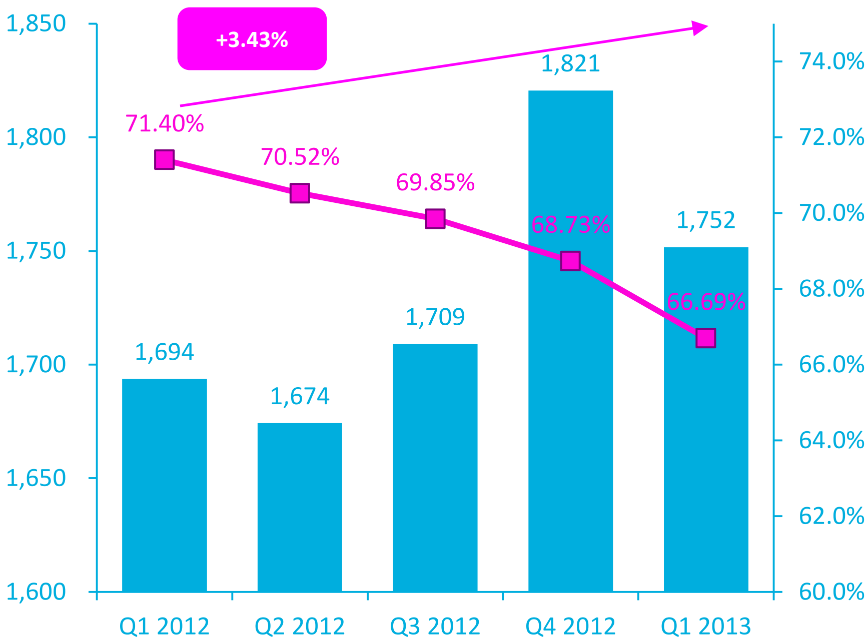
- Old royalty provisioned from Q1 2012 to Q3 2012 was at 50% of the net profit before royalty
- New royalty was provisioned at a rate of 5% of the total licensed revenue excluding broadcasting revenue and other allowable deductions plus 17.5% of the net profit for the year before distribution, after 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.
- Q1 2013* provision for royalty 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 Q1 2013 is in line with the company's current understanding of the structure and calculation of its royalty payment obligations. The company remains in discussions with the Federal Government.

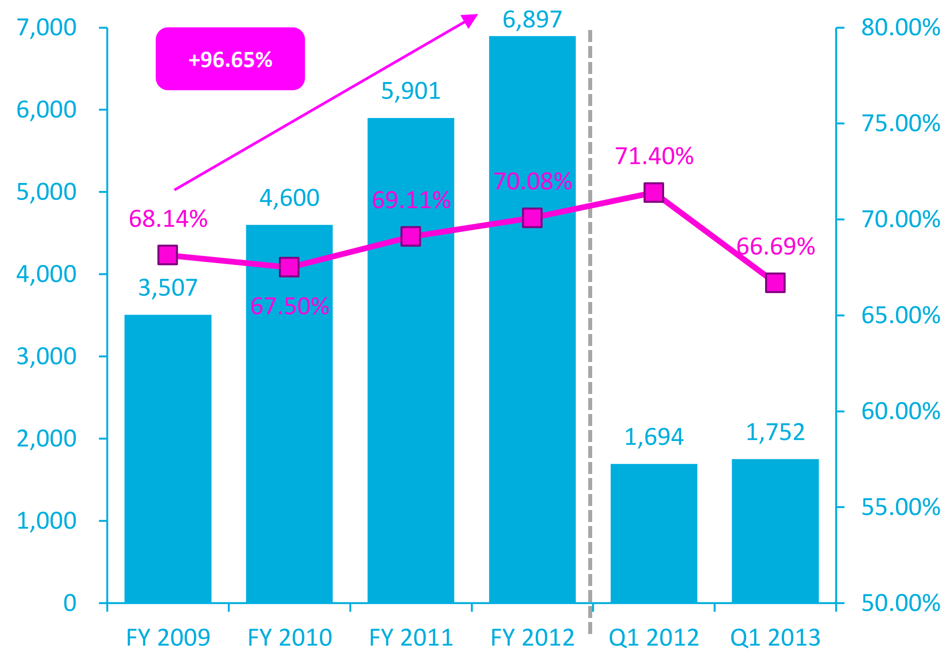
Gross Margin

Gross margin increase year on year

Quarterly Gross Margin (AEDm)



Year to Date Gross Margin (AEDm)



Stable growth in gross margin

- Gross margin grew from AED 1.69 billion in Q1 2012 to AED 1.75 billion in Q1 2013, representing a 3.43% increase over the same period last year
- Gross margin percentage decreased 2.04% from 68.73% in Q4 2012 to 66.69% in Q1 2013. Higher interconnect costs with Pakistan, introduced as of Q3 2012, continue to contribute to reduced gross margin percentage
- Increases in interconnection costs with Iraq and India are anticipated in the coming quarters

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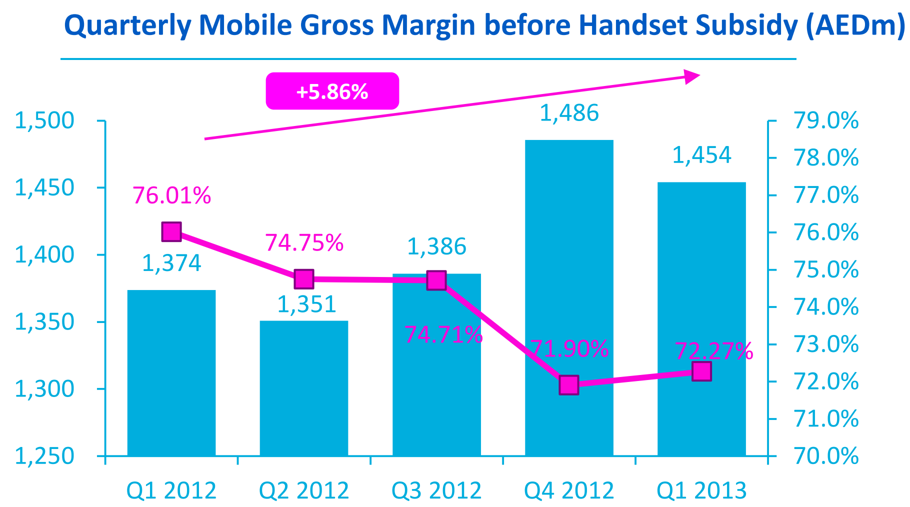
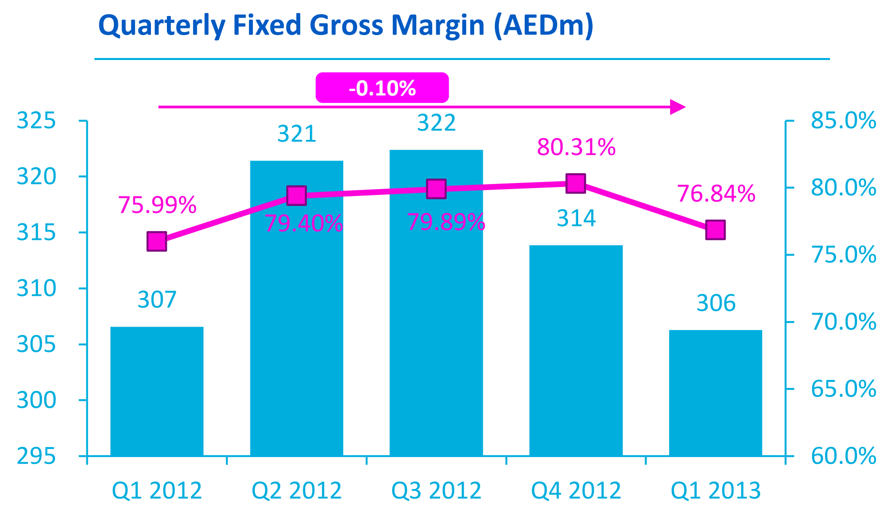
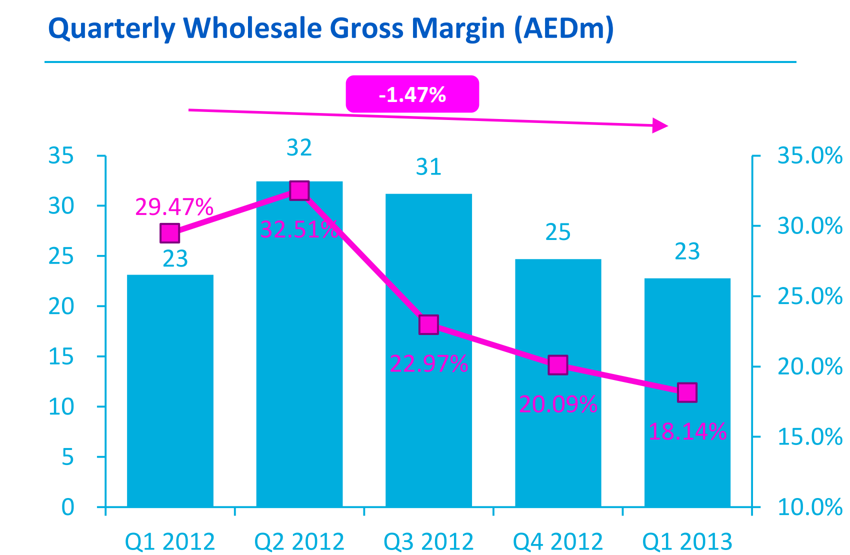
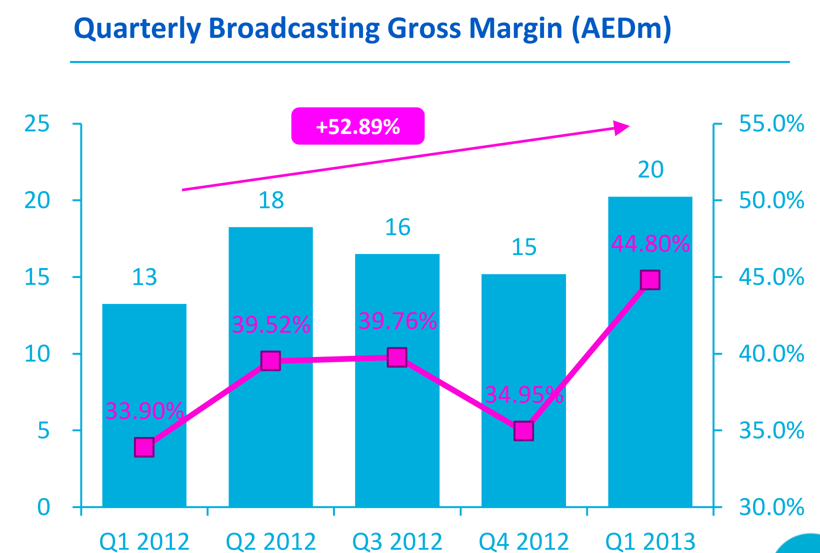
Gross Margin by Segment (quarterly)









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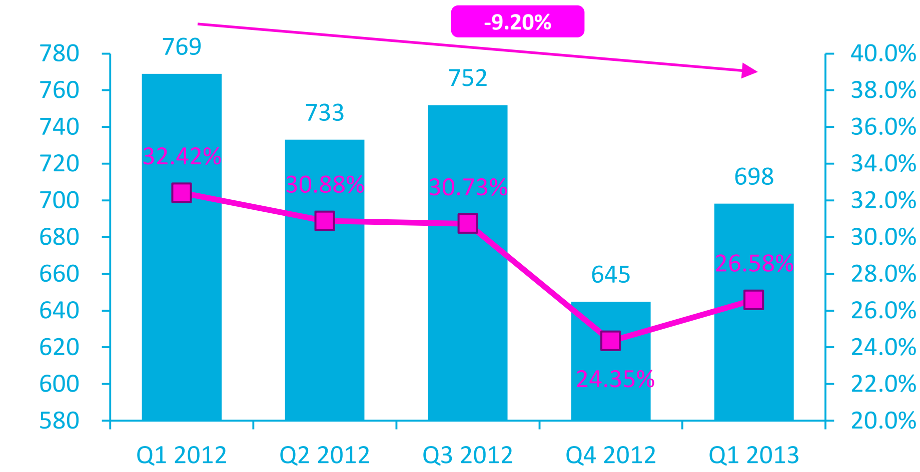
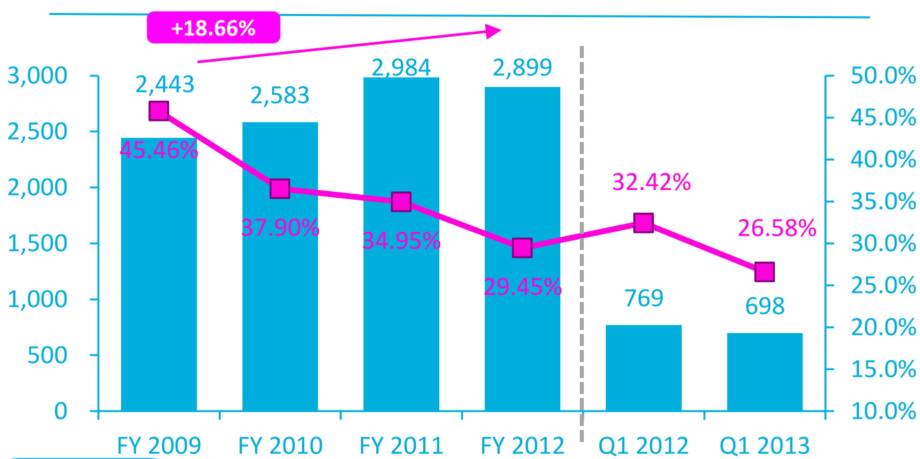
Overheads

Efficiency programme is driving cost control

Quarterly Overheads (AEDm)



Year to Date Overheads (AEDm)



Overheads as a % of Revenue	Q1 2012	Q1 2013
Manpower	15.09%	12.06%
Teleco license & related fees	2.66%	2.70%
Sales & marketing	3.50%	2.44%
Bad debts	0.94%	0.64%
Network operations & maintenance	7.90%	6.92%
Rent & utilities	1.43%	1.05%
Miscellaneous	0.90%	0.77%
Total Overheads as % of Revenue	32.42%	26.58%

Continued to improve performance

- Overheads as a percentage of revenue decreased from 32.42% in Q1 2012 to 26.58% in Q1 2013, representing a 9.20% decrease
- The efficiency programme, including IT outsourcing agreements recently implemented, has further contributed to ongoing tight control on overheads
- The company will continue to focus on efficiency as part of its commitment to deliver shareholder value

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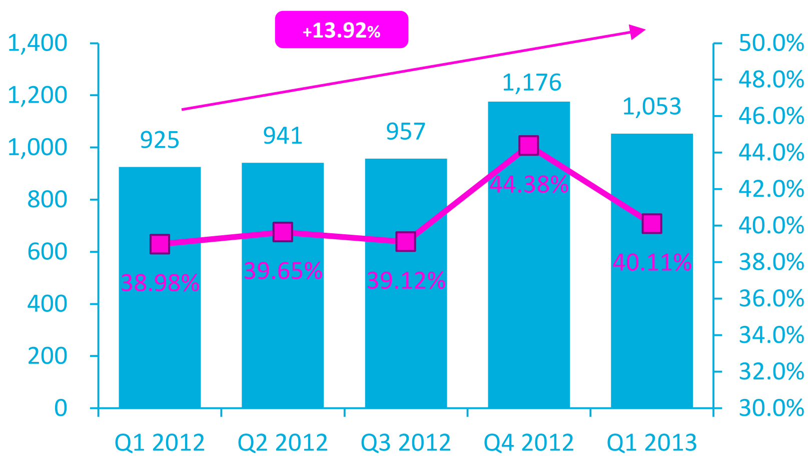
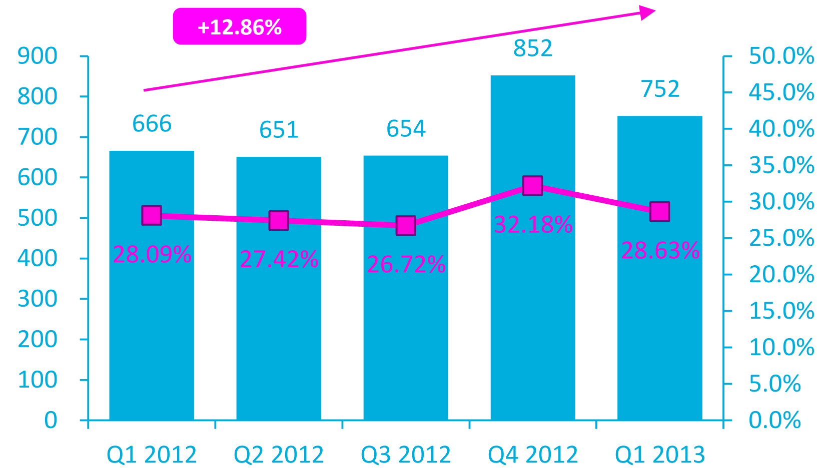
Profitability

Stable performance in both EBITDA and Net Profit before Royalty

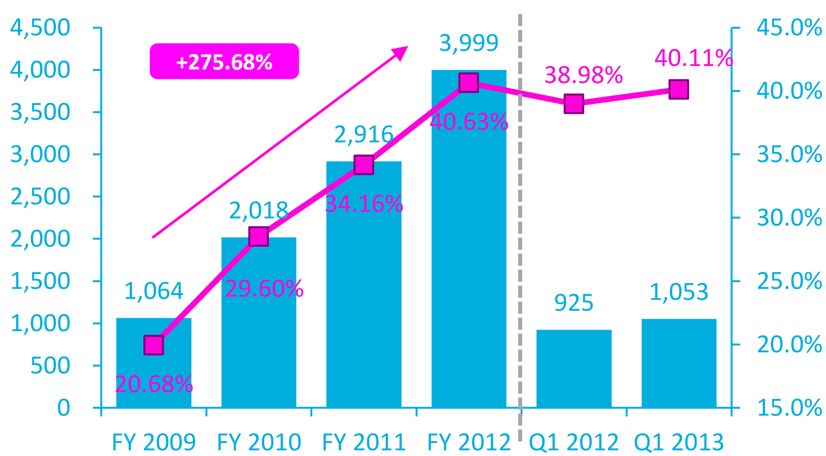
Quarterly EBITDA (AEDm)



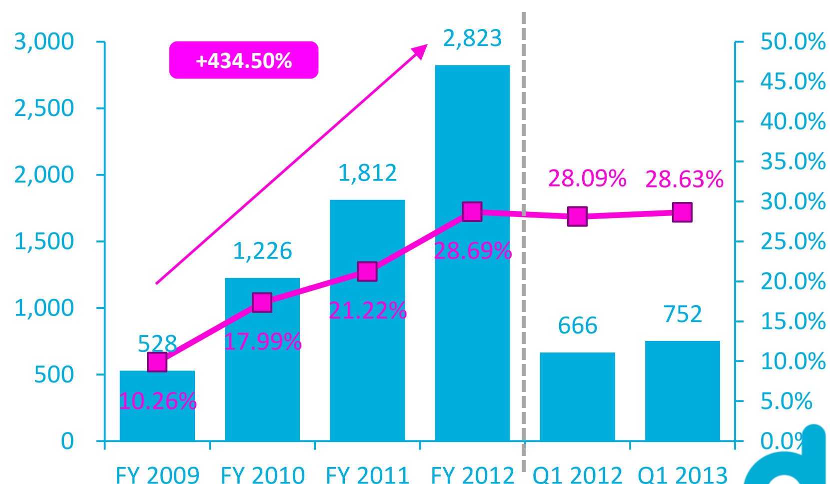
Quarterly Net Profit before Royalty (AEDm)



Year to Date EBITDA (AEDm)



Year to Date Net Profit before Royalty (AEDm)



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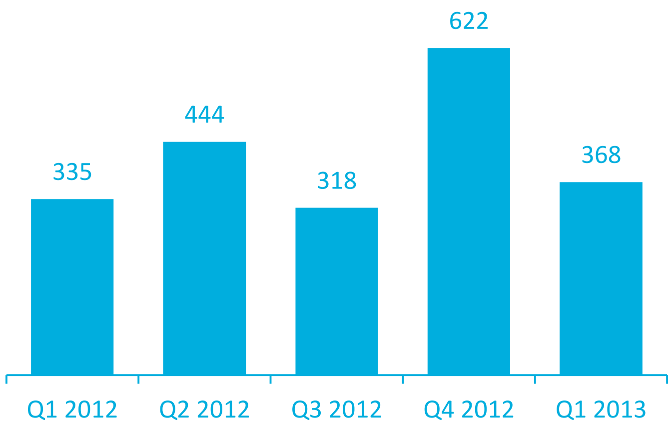
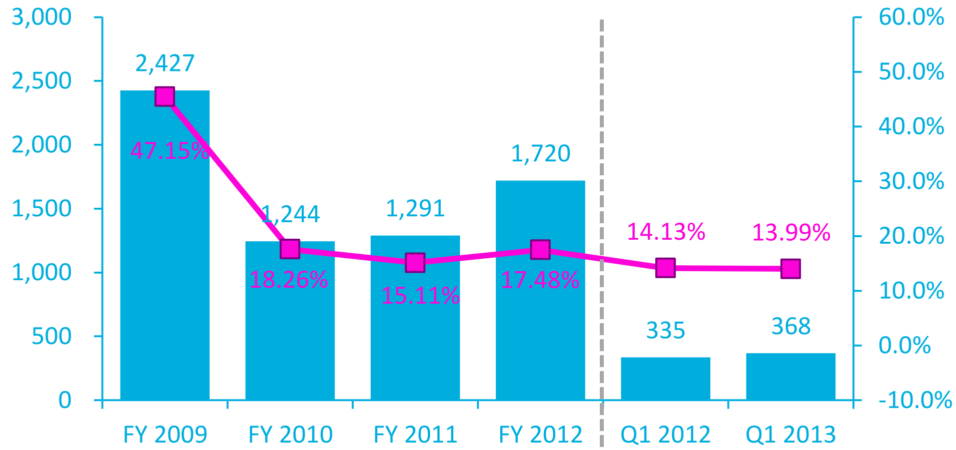
Capital Investments

Maintained spend

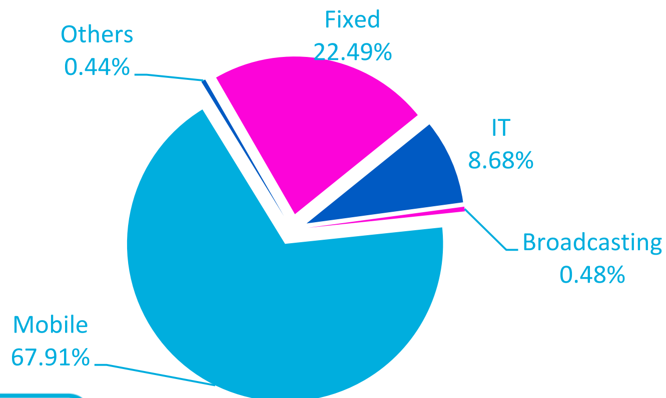
Quarterly CapEx Additions (AEDm)



Year to Date CapEx Additions (AEDm)



CapEx Additions Breakdown Q1 2013



Maintaining Investment

- Q1 2013 capex spend reached AED 368 million
- Strategic capex spend and infrastructure investment continue to be key priorities for the business
- Investment strategy is in line with evolving consumer requirements and technology advances

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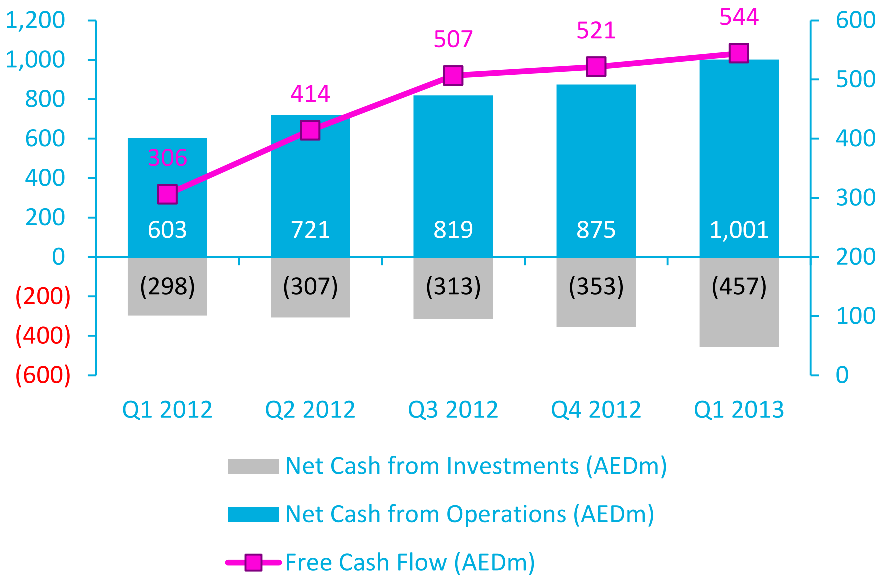
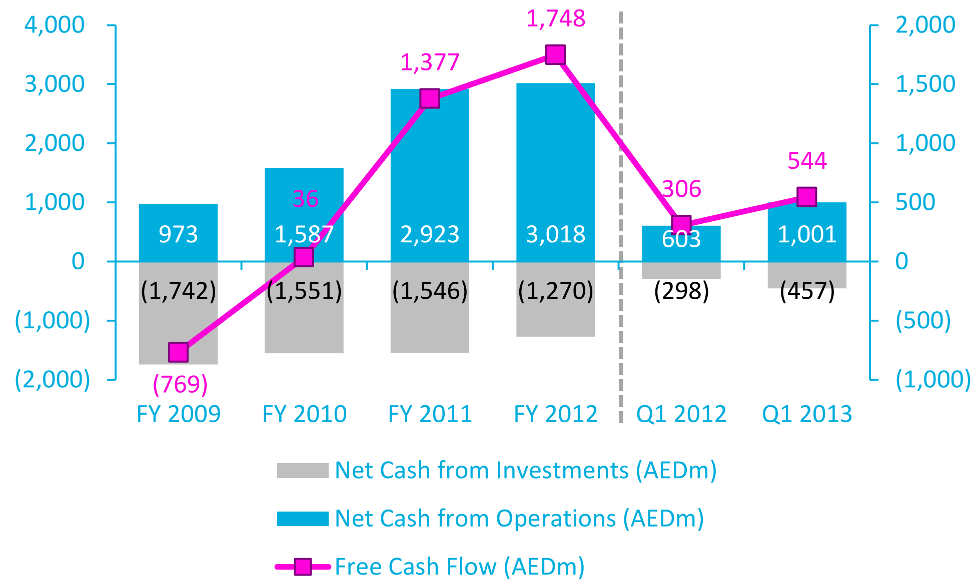
Cash & Debt overview

Healthy levels of free cash flow

Quarterly Free Cash Flow (AEDm)



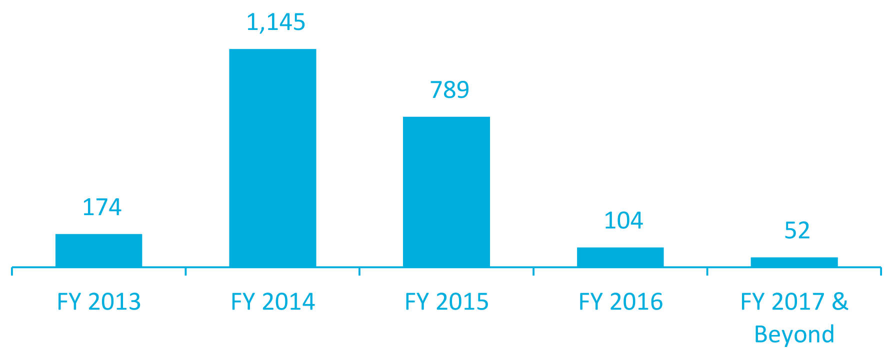
Year to Date Free Cashflow (AEDm)



Bank Facilities

Loan Sources (AED Millions)	Available	Drawn
ECA - NSN Nordea	808	808
ECA - NSN KFW	761	418
Vendor - CISCO Capital	84	84
Club Facility - Long Term Loan	808	808
DBS - Bilateral Loan	367	367
SCB-Bilateral Loan	367	115
Club Facility - Long Term Loan	1837	-
TOTAL DEBT FACILITIES	**5,032**	**2,600**
TOTAL CASH IN HAND		**3,949**

Debt Maturity Profile (AEDm)



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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
- Grow 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
- Continue to deliver a superior, segmented customer experience
- Seize funding opportunities by continuing to take advantage of favorable market conditions and historically low interest rates

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Q&A