FY 2012 Results

Emirates Integrated Telecommunications Company PJSC

February 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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2012 Year In Review

Sixth year of strong performance across all areas of the business

- **Positive growth trends for Revenue, EBITDA and Net Profit**
    - Achieved 14.71% like for like revenue* growth in 2012, up to AED 10.16 billion
    - Significant 37.10% year on year growth in EBITDA, increasing to AED 3.99 billion
    - 55.81% increase in Net Profit before royalty at AED 2.82 billion
        - 2012 royalty fee payable at 5% of revenues and 17.5% of net profit, corresponding to Net Profit after royalty** of AED 1.98 billion
- **Growing contribution from mobile revenues, with emphasis on high-value postpaid customers and data usage**
    - Data usage increased to 23.81% as a percentage of total mobile revenue in the last quarter 2012
    - Strong customer additions pushed up mobile revenues by 15.95% to reach AED 7.93 billion

Investing in the future of our business

- Free Cash Flow positive in 2012, ending the year with AED 1.75 billion, up from AED 1.38 billion in 2011
- Secured financing totalling $700 million to meet short and medium term capital expenditure requirements
- Invested in infrastructure; cemented Managed Services agreements, outsourcing non-core IT and network activities to optimise operational efficiencies

Sustained period of certainty with Royalty Regime

- UAE Federal Government announced the royalties payable for the year and provided clarity until 2016

Focus on delivering optimal customer experience

- Deployed the latest generation of 4G LTE
- Significantly enhanced end-to-end customer experience by reducing complexity across services and products

Continued development of our people

- Emiratisation reached 31% of our total workforce compared to 28% in 2011
- Supporting success through talent development initiatives

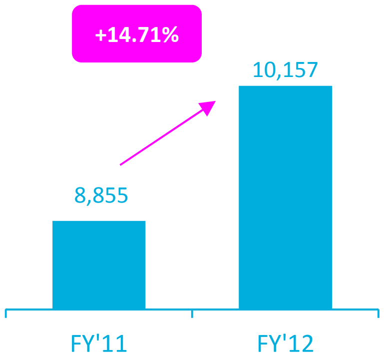
Enhanced shareholder value

- Proposed second dividend payment of AED 0.30 per share, representing a yield of 8.60%, up from AED 0.15 in 2011
- Maximised returns for shareholders with optimised operational efficiencies, infrastructure investment and cash flow generation
- Received the "Best Corporate Governance Award 2012" from the UK's World Finance Magazine

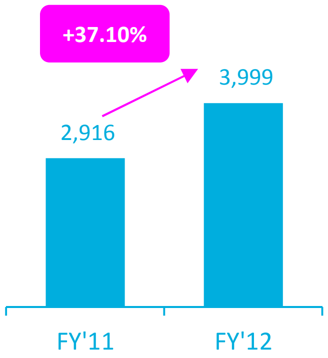
Notes:
* In the financial statements revenue is reported 3.11% lower due to the change in accounting treatment of upfront discounts offered on scratch cards, calling cards and SIM cards. Previously this had been accounted for under cost of sales. There is no effect to EBITDA of company due to change in accounting treatment
** For the purposes of the full year 2012 results du has applied the revenue royalty to 100% of all telecommunications revenue excluding broadcasting and certain allowable deductions

Full Year Financial Highlights

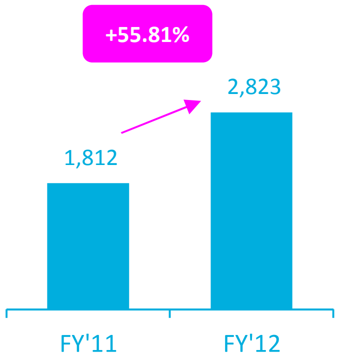
Total Revenue
(AEDm)



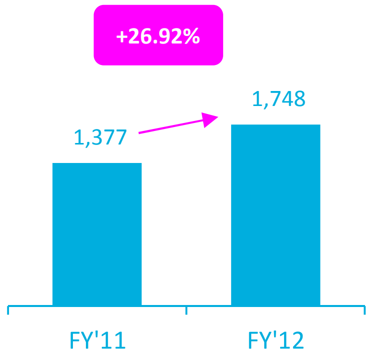
EBITDA
(AEDm)



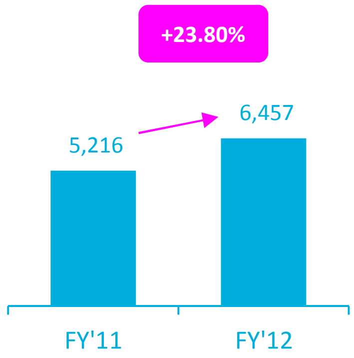
Net Profit before Royalty (AEDm)



Free Cash Flow
(AEDm)



Mobile Customers
(000s)



Robust revenue growth

- Revenues for the year grew 14.71% on a like for like basis to AED 10.16 billion
- A strong performance was posted across all areas of the business

Strong EBITDA performance

- EBITDA for the year grew by 37.10%, reaching AED 3.99 billion
- EBITDA margin was up 643 basis points, growing from 32.94% in 2011 to 39.37% in 2012

Maintained profitability

- 55.81% increase in net profit before royalty for the year
- Net profit margin before royalty increased 733 basis points to 27.80% compared to 20.47% during 2011
- Net Profit after royalty stands at AED 1.98 billion.
  Royalty provision was applied to 100% of all telecommunications revenue excluding broadcasting for 2012 and certain allowable deductions

Free cash flow positive

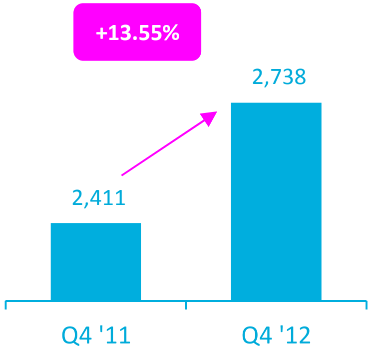
- Free cash flow increased 26.92% to AED 1.75 billion, a strong demonstration of the company's ability to generate cash

Healthy net additions

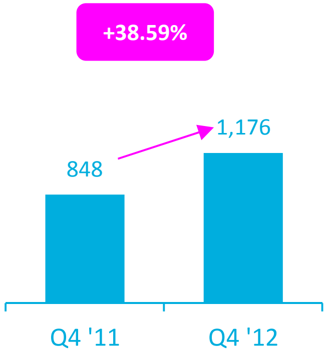
- Mobile customer base increased by 23.80% during 2012, due to enhanced end-to-end customer experience achieved by reducing complexity and increasing transparency across services and products

Q4 Financial Highlights

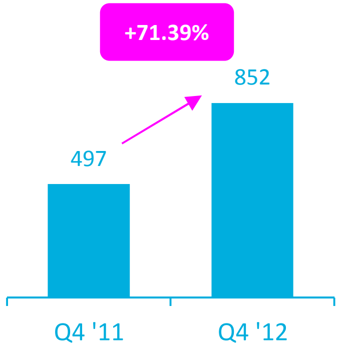
Total Revenue (AEDm)



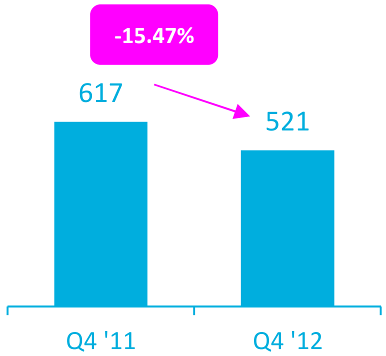
EBITDA (AEDm)



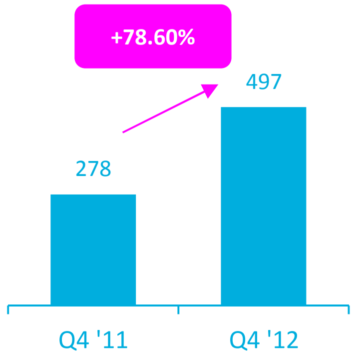
Net Profit before Royalty (AEDm)



Free Cash Flow Quarterly (AEDm)



Mobile Customers Net Additions (000s)



Healthy revenues

- Like for like revenues grew 13.55% year on year to AED 2.74 billion
- Quarter on quarter growth reached 8.64%, positively impacted by an increase in minutes of use q-o-q

EBITDA growth

- EBITDA increased 38.59% year on year, up from AED 848 million in Q4 2011 to AED 1.18 billion
- EBITDA margins during the quarter were up 496 basis points from 37.97% in Q3 2012 to 42.93% in Q4 2012; EBITDA margins for the year increased 776 basis points compared to 35.18% in Q4 2011

Strong net profit

- Net profit before royalty increased 71.39% to AED 852 million, up from AED 497 million in Q4 2011
- Quarter on quarter net profit before royalty increased by 30.38% from AED 654 million in Q3 2012
- Profitability driven by ongoing emphasis on efficiency initiatives

FCF maintained

- Free cash flow remained flat compared to the previous quarter, at AED 521 million and was down 15.47% on the same period in 2011 due to heavy quarterly capital realisation

Strong customer additions

- The total mobile customer base grew by 496,628 new additions during the quarter, reaching a total of 6.5 million mobile customers
- Customer growth in Q4 is attributed to a combination of seasonality and successful consumer initiatives and promotions during the period

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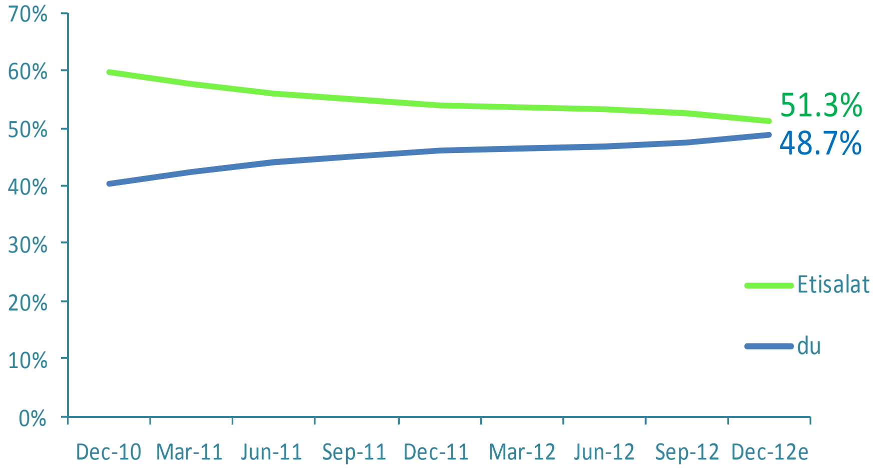
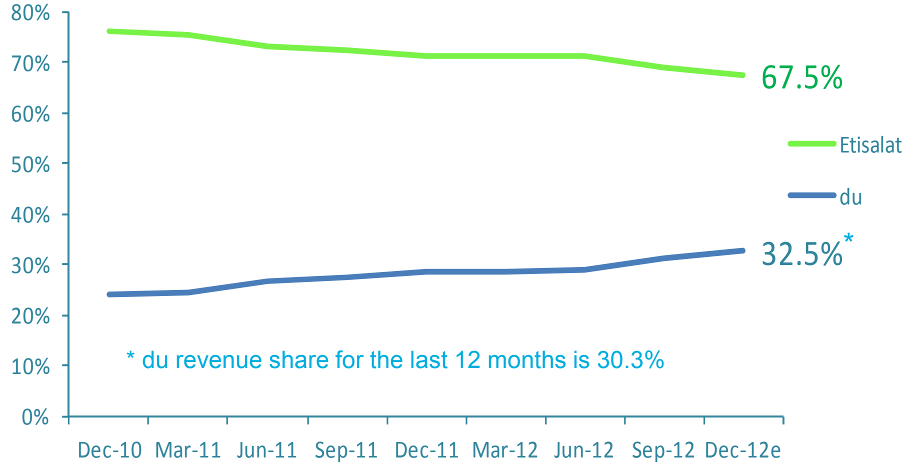
Market overview

Strengthened market position – focus on gaining revenue share

UAE Mobile Subscribers - Market share quarterly evolution



UAE Telecom Market - Revenue share quarterly evolution



Source: TRA Market Statistics October 2012, Internal estimates, Etisalat Quarterly/ annual financial reports

UAE

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

(Source: TRA – October 2012, UAE's National Bureau of Statistics (NBS), IMF World Economic Outlook Database October 2012, Internal estimates)

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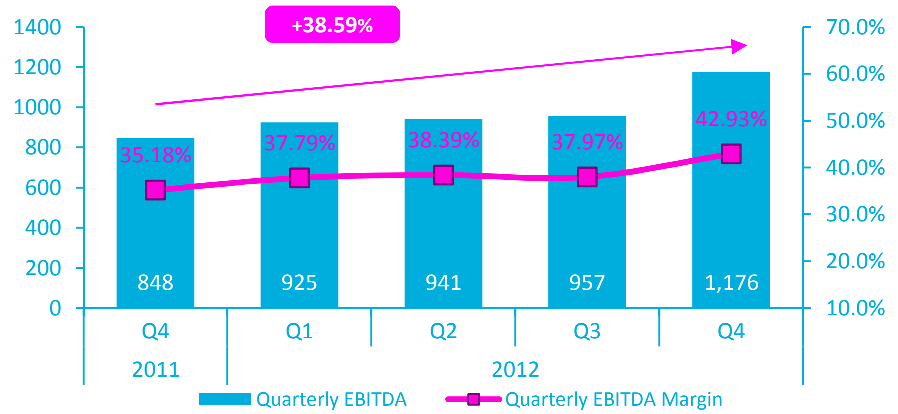
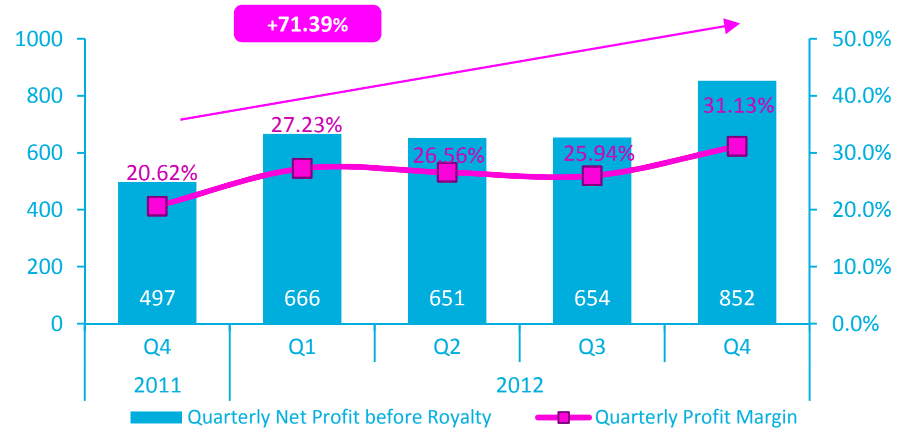
Profitability

Sustained growth in profitability with strong EBITDA and Net Profit performance

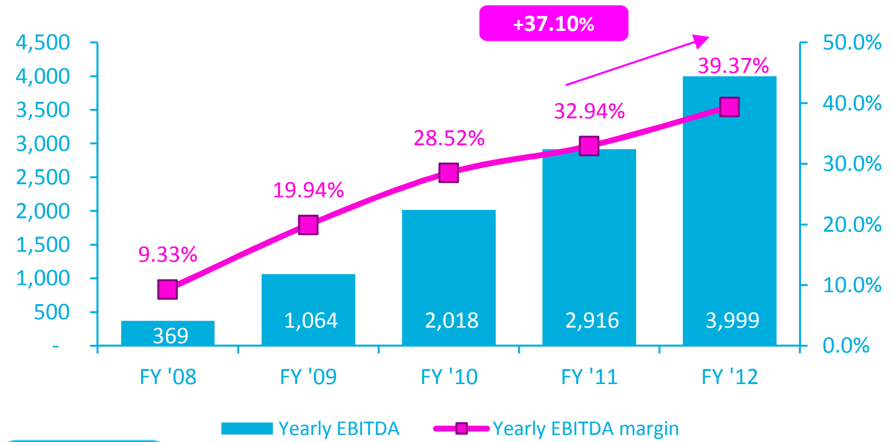
Quarterly EBITDA (AEDm)



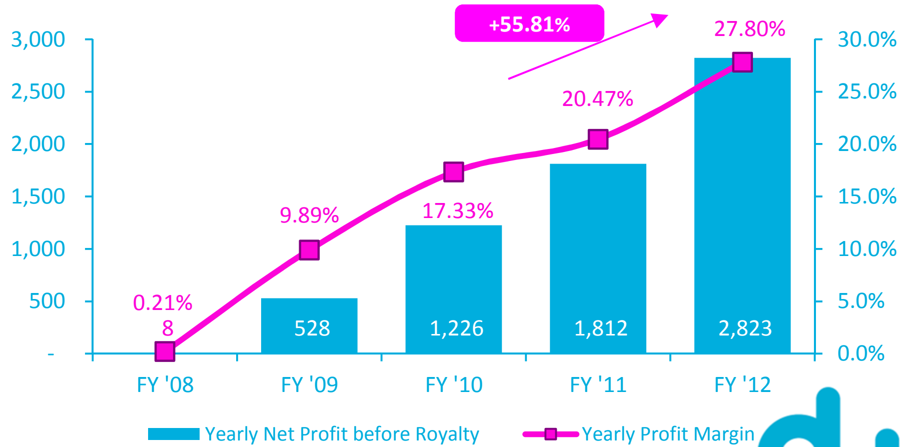
Quarterly Net Profit before royalty (AEDm)



Yearly EBITDA (AEDm)



Yearly Net Profit before Royalty (AEDm)



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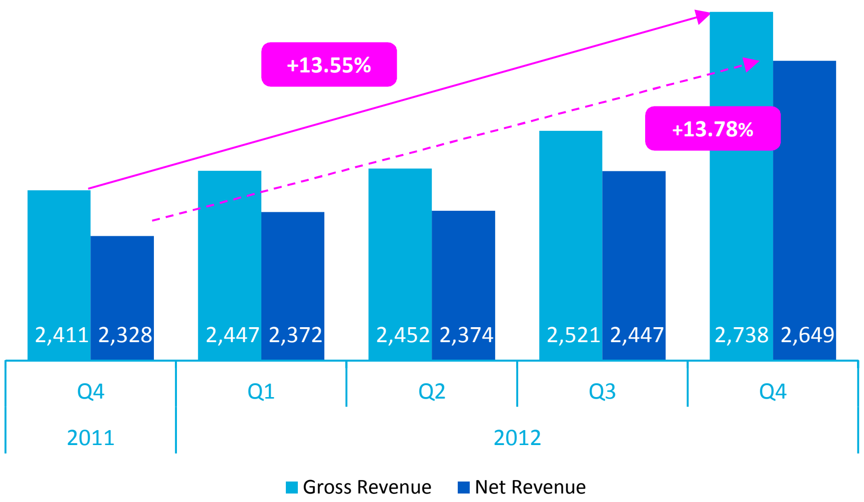
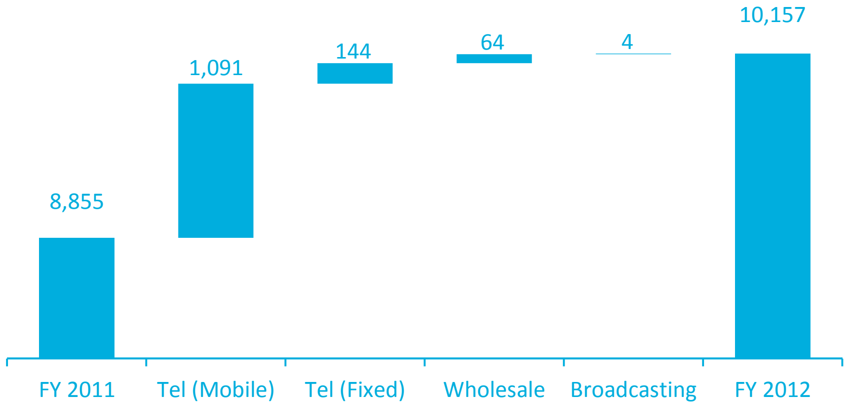
Total revenues

Mobile business continues to drive revenues

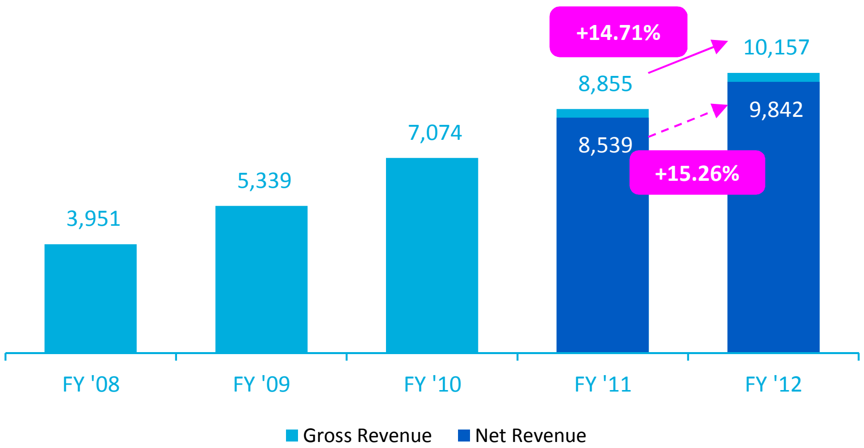
Quarterly Revenue* (AEDm)



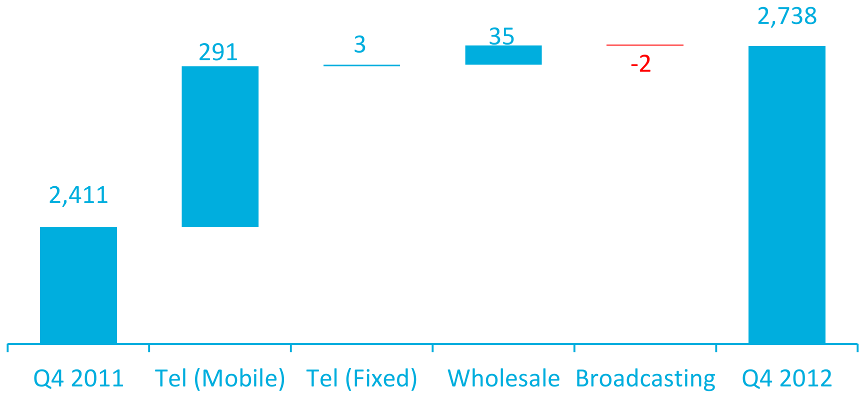
Like for Like Revenue Breakdown Yearly Change (AEDm)



Year to Date Revenue* (AEDm)



Like for Like Revenue Breakdown Quarter Change (AEDm)



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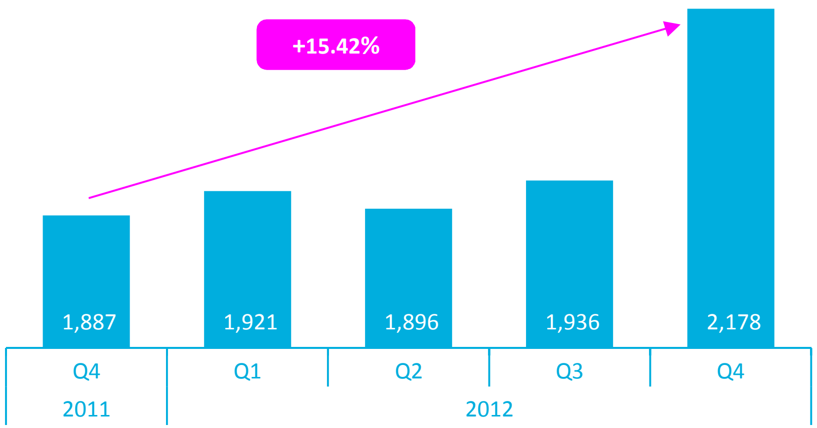
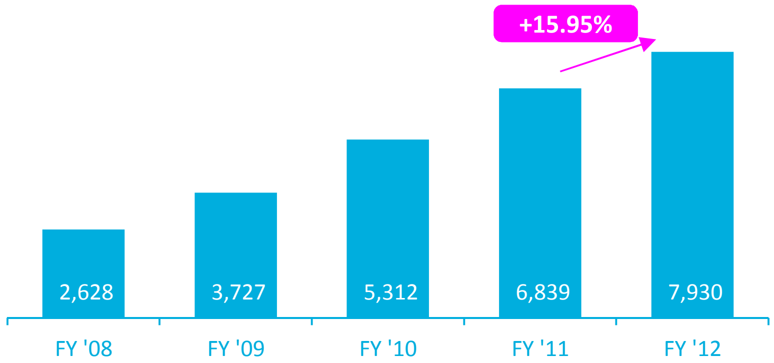
Revenue Drivers - Mobile

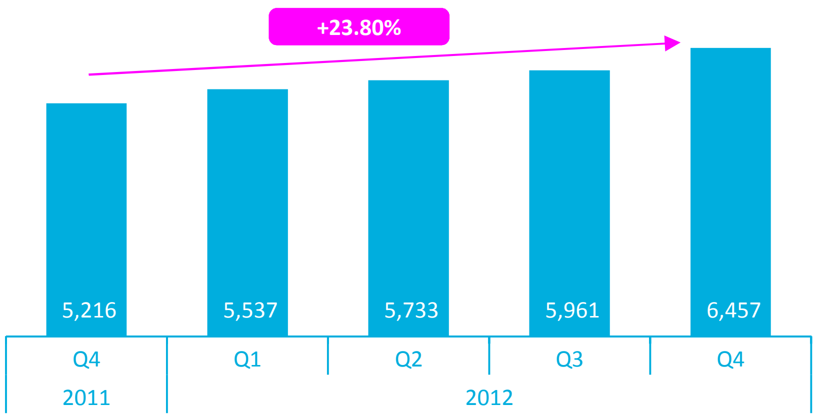
Quarterly Mobile Revenues (AEDm)



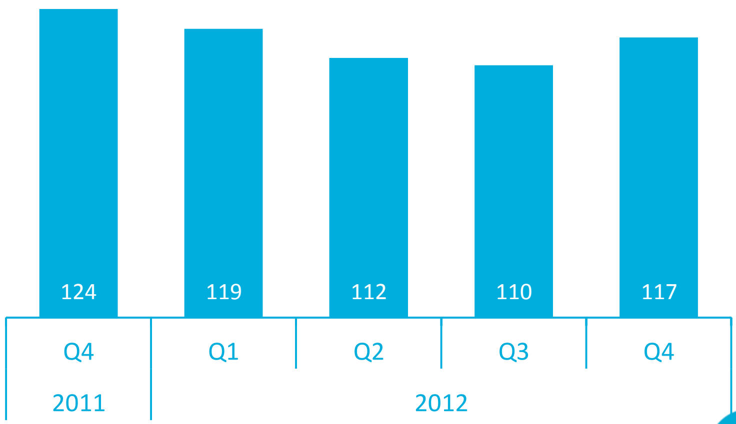
Year on Year Mobile Revenues (AEDm)



Mobile Subscribers Active 90 Days ('000)



Quarterly Mobile ARPU (AED)



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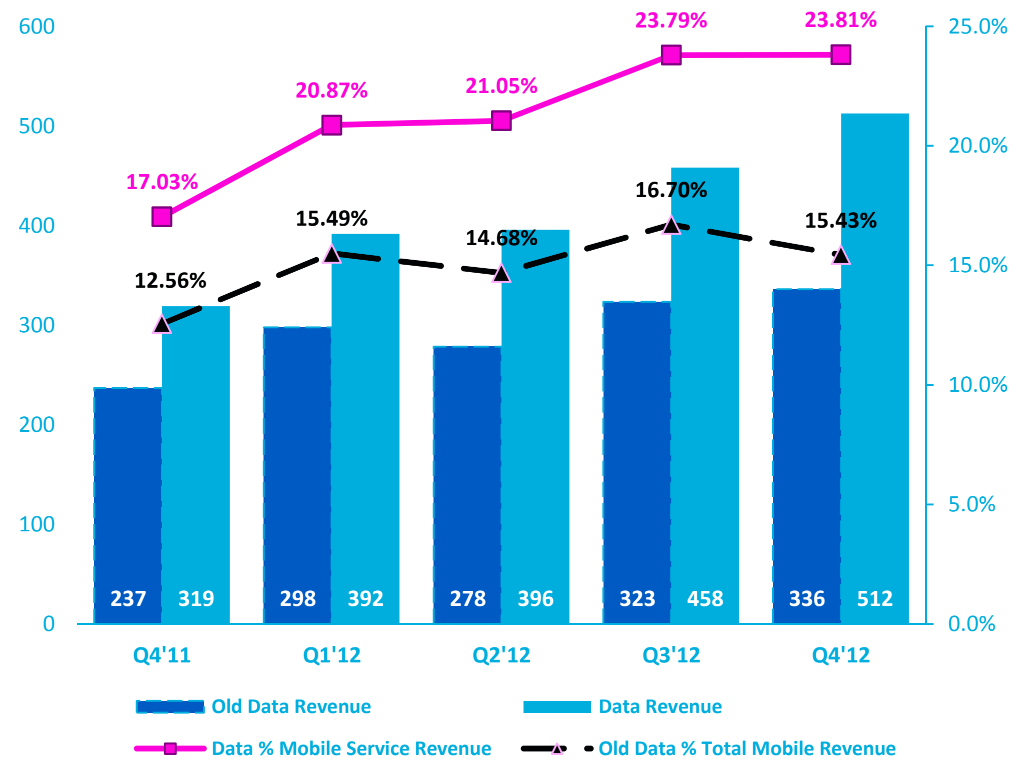
Revenue Drivers - Mobile

Data revenues continue to grow, reflecting the global trend in data consumption

Mobile Data* (AEDm)



Methodology differences	Old Data Definition	New Data Definition
Monthly recurring charges	No fair value allocation to data	Fair value allocation to data based on 100% utilisation of rate plan allowances
Discounts	Simple revenue based allocation to data	Detailed allocation considering package based discounts and relevant revenues
Messaging (SMS & MMS)	Included in definition	Included in definition
Content (Mobile TV, Ringtones, SMS premium, Caller tunes)	Not included in definition	Included in definition
Inbound roaming / Outbound roaming SMS/MMS & data	Not included in definition	Included in definition
Revenue denominator	All Mobile revenues (including handset sales)	Mobile service revenues excluding handset sales

Notes:
*During the quarter the company adopted a more robust industry leading data definition to better reflect data usage within the customer base.

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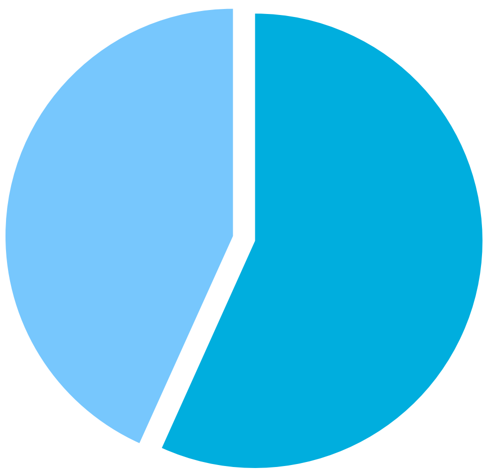
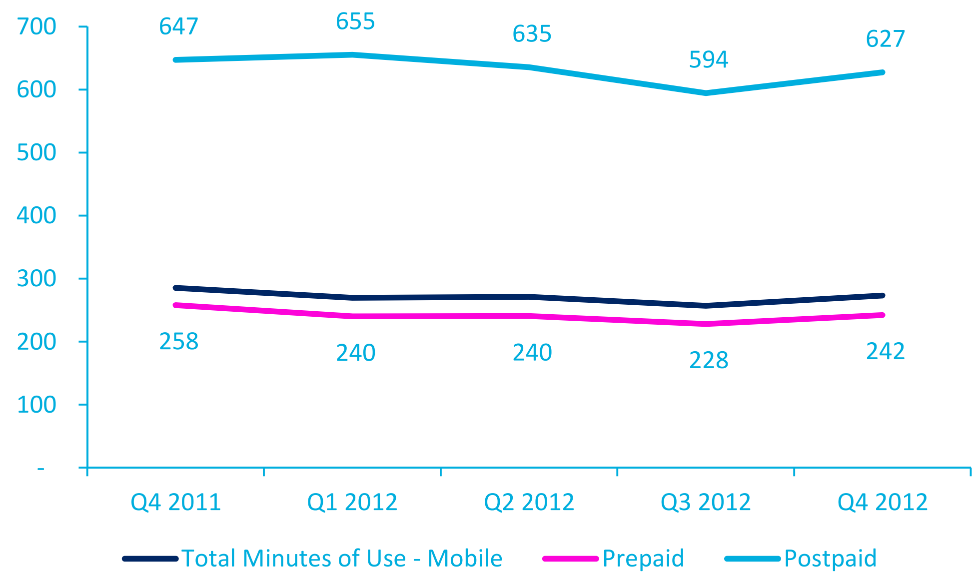
Revenue Drivers – Mobile

High-value postpaid segment contributes to growth

YoY Contribution to growth in mobile revenues
(excluding inbound roaming and handset revenue)



Quarterly Minutes of Use by Customer Segment



Postpaid segment playing an increasingly significant role

- 56.73% of the growth in mobile revenues in 2012 came from the high-value postpaid customer base, of which 26.90% was as a result of ARPU

Minutes of use stable despite increased appetite for data

- Usage among postpaid customers increased to 627 in Q4 2012 compared to 594 in Q3 2012
- Prepaid minutes of use and total minutes of use remain stable

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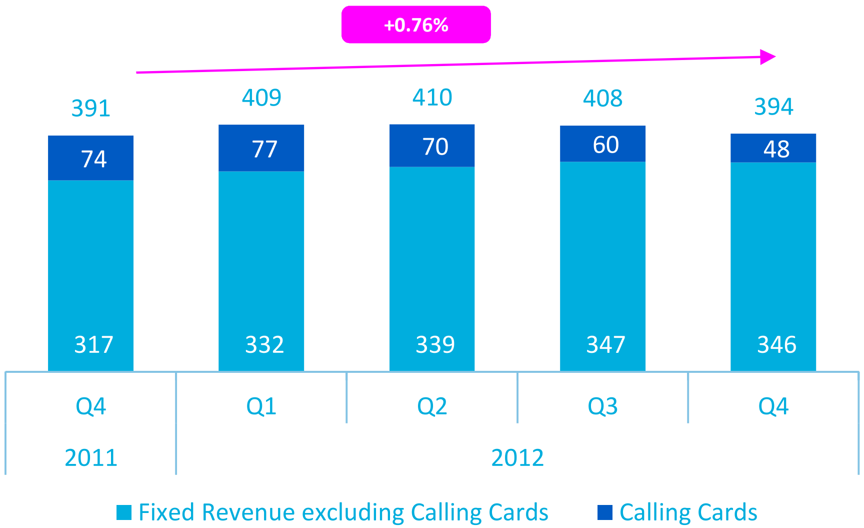
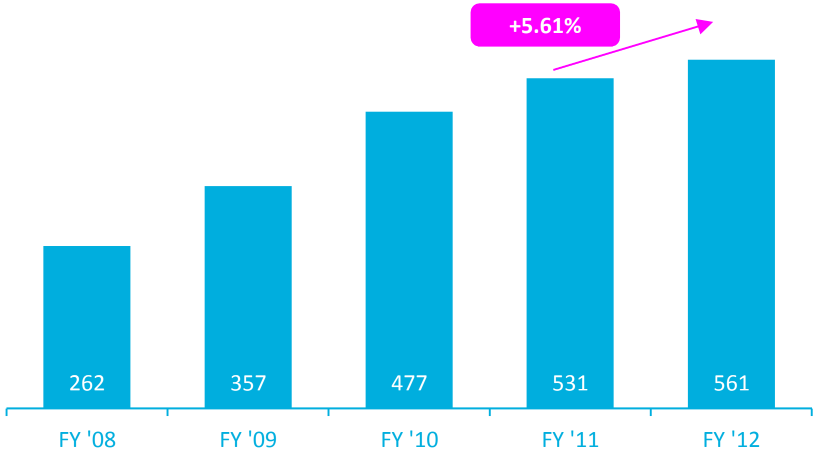
Revenue Drivers – Fixed

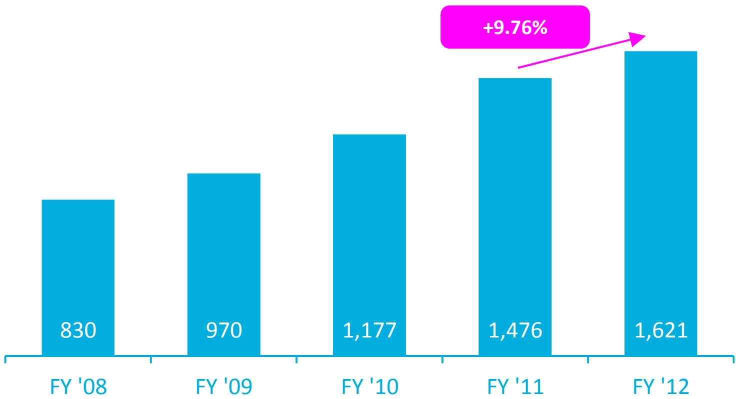
Quarterly Fixed Revenue (AEDm)



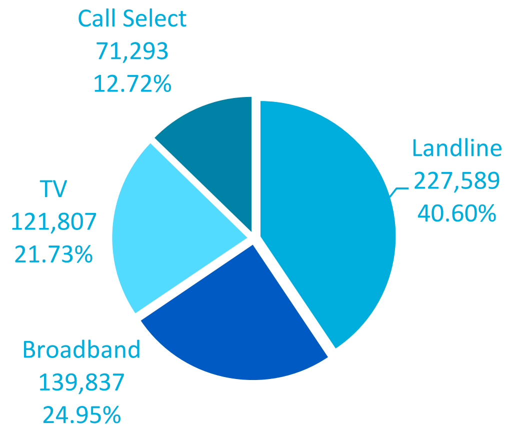
Yearly Fixed Line Subscribers ('000)



Year to Date Fixed Revenue (AEDm)



Fixed Line Breakdown (Q4 2012)



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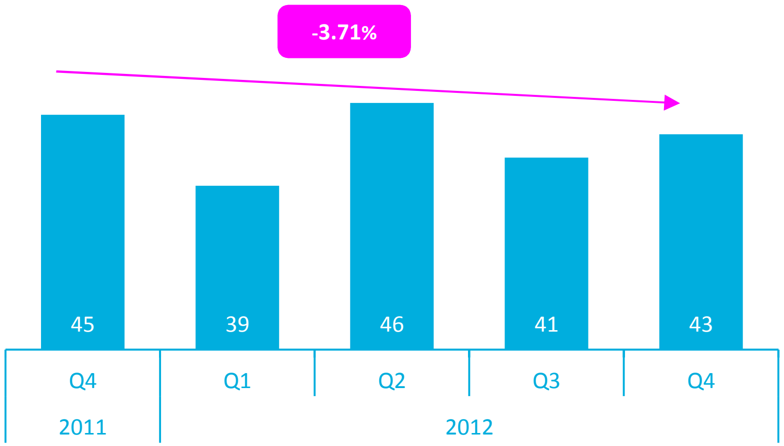
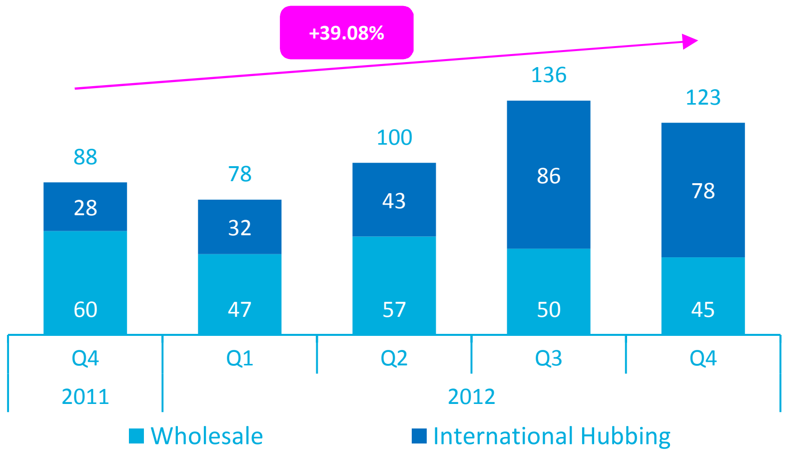
Revenue Drivers

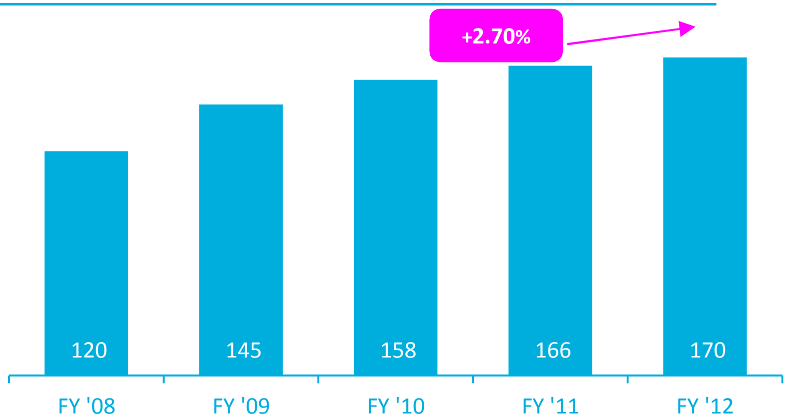
Quarterly Broadcast Revenues (AEDm)



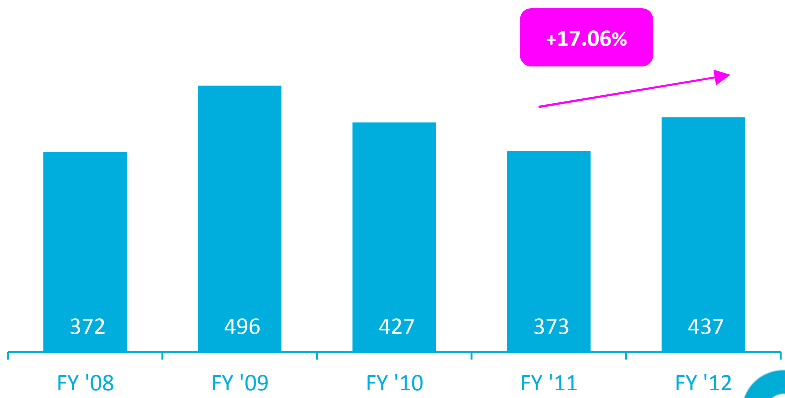
Quarterly Wholesale Revenues (AEDm)



Year to Date Broadcast Revenues (AEDm)



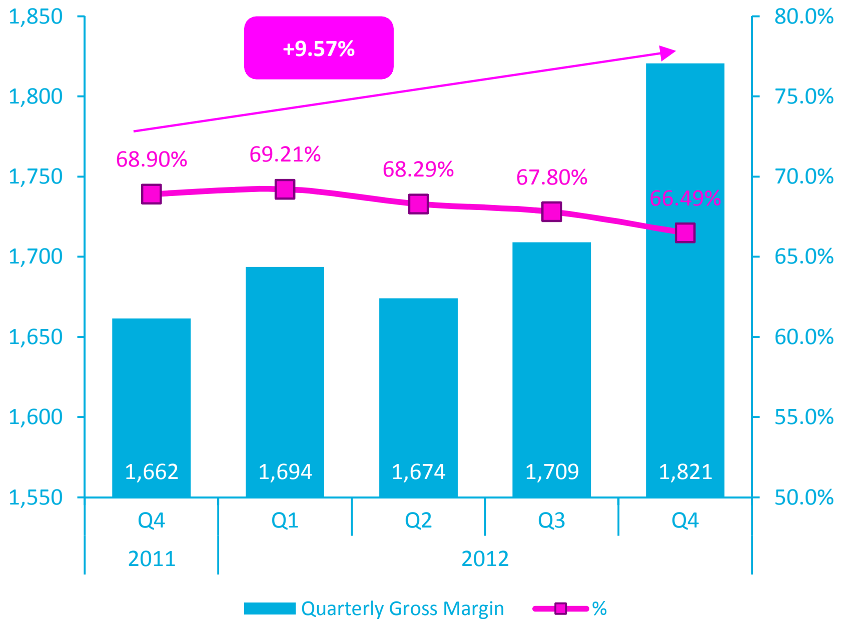
Year to Date Wholesale Revenues (AEDm)



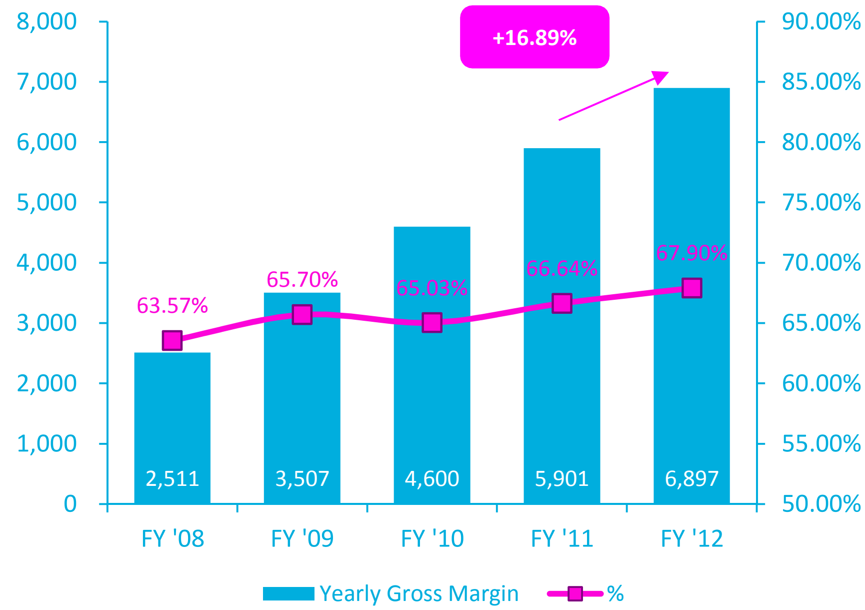
Gross Margin

Fourth quarter shows healthy growth in gross margin

Quarterly Gross Margin (AEDm)



Year to Date Gross Margin (AEDm)



Steady increase in gross margin

- Higher interconnect costs with Pakistan in Q3 2012 were a main driver in the reduced gross margin percentage
- Gross margin for the quarter stood at AED 1.82 billion, representing a 9.57% increase year on year and a 6.53% increase quarter on quarter
- Gross margin as a percentage of revenue stands at 67.90% for 2012, a 16.89% increase on the same period in 2011

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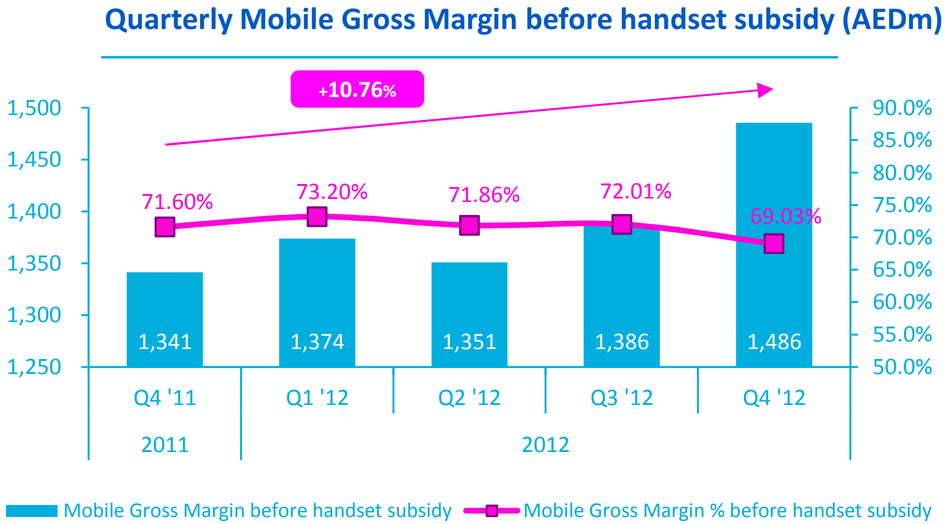
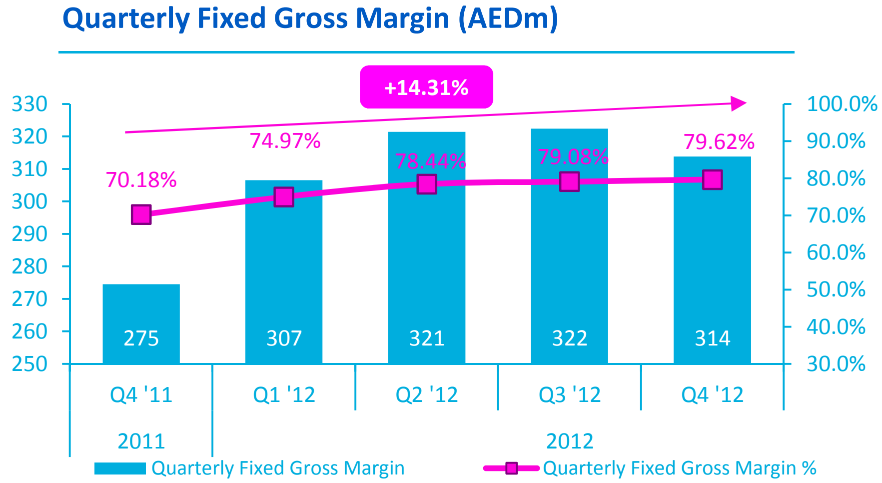
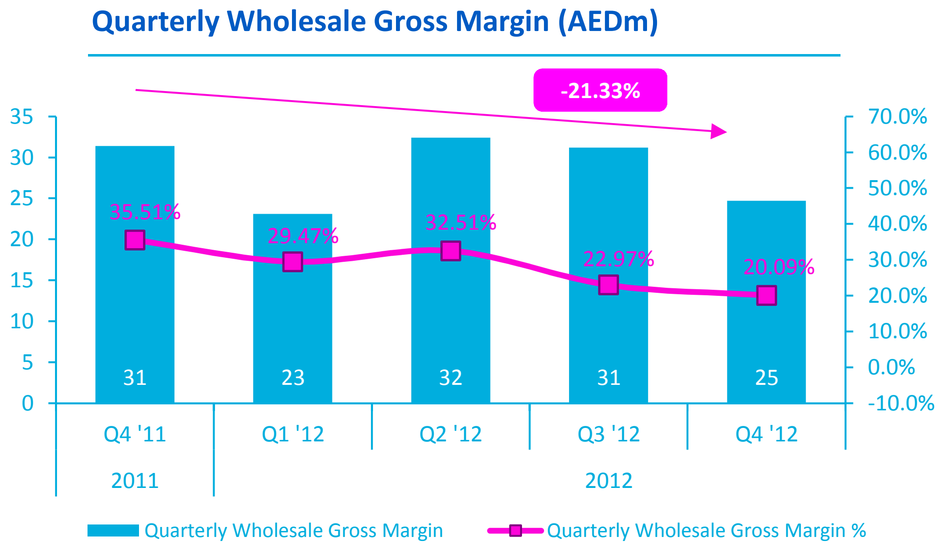
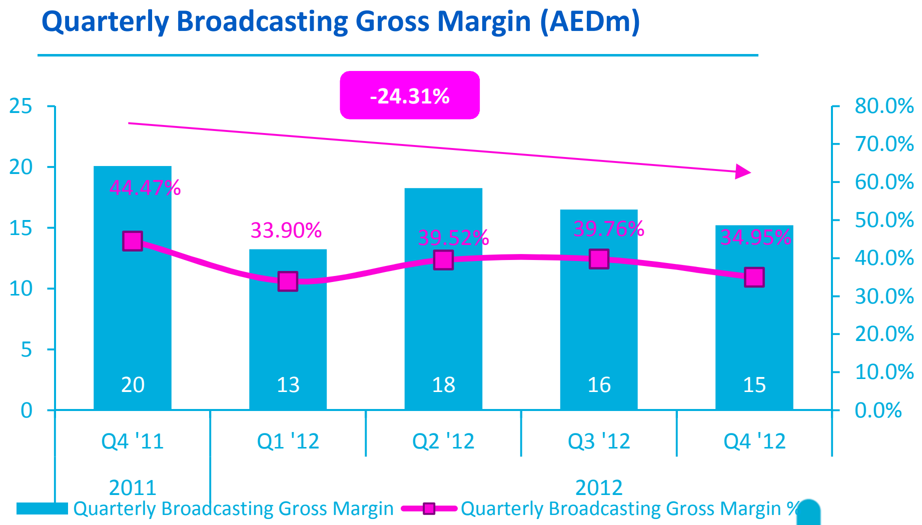
Gross Margin

By Segment (Quarterly)









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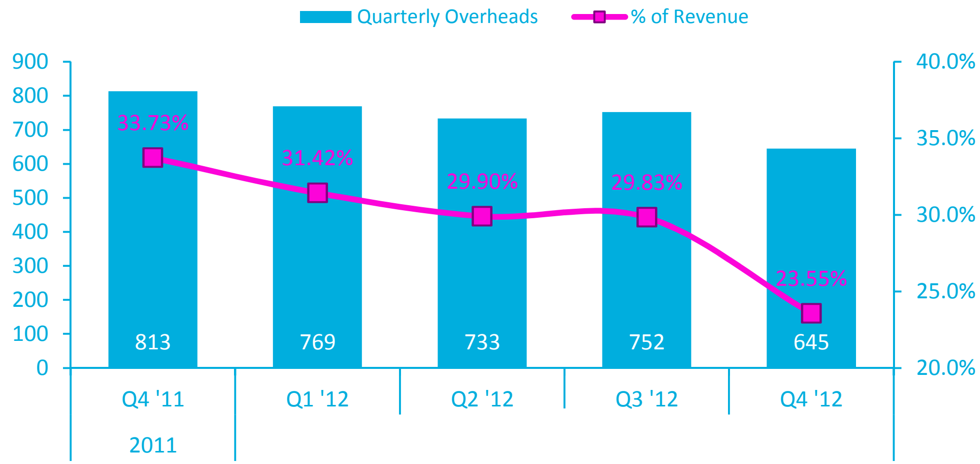
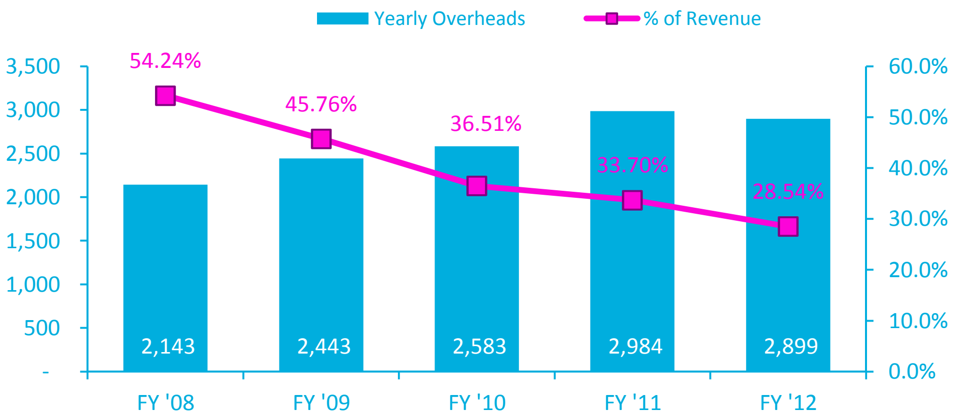
Overheads

Focus on optimising efficiencies, resulting in a positive impact on our cost base

Quarterly Overheads (AEDm)



Year on Year Overheads (AEDm)



Overheads as a percentage of revenue	Q4 '11	Q4 '12	FY '11	FY '12
Manpower	16.06%	11.74%	15.54%	13.27%
Telecommunications license & related fees	2.31%	2.46%	2.44%	2.54%
Sales & Marketing expenses	3.77%	2.33%	3.69%	2.96%
Bad debts	0.53%	(0.69%)	1.05%	0.51%
Network operation & maintenance	7.78%	5.99%	8.20%	7.16%
Rent & utilities	1.78%	0.92%	1.70%	1.24%
Miscellaneous	1.50%	0.81%	1.09%	0.85%
Total Overheads as a percentage of revenue	33.73%	23.55%	33.70%	28.54%

Continued performance improvements

- Overheads as a percentage of revenue decreased from 33.70% to 28.54% year on year as a result of operational efficiency programmes carried out during the year
- Total overheads for Q4 2012 stood at AED 645 million, representing a 14.24% decrease from the previous quarter
- The q-o-q decrease in overheads can be attributed to the ongoing focus on cost control, a reclassification of expenses in the quarter (applies to operating expenditure, cost of marketing and cost of sales) and the improved recovery of old bad debts

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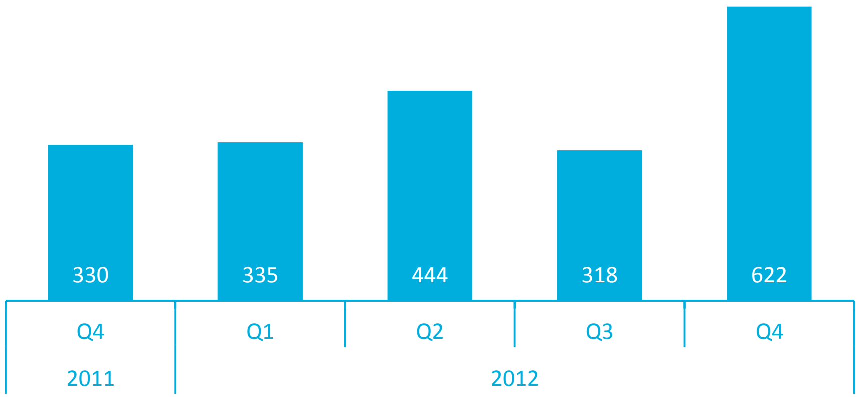
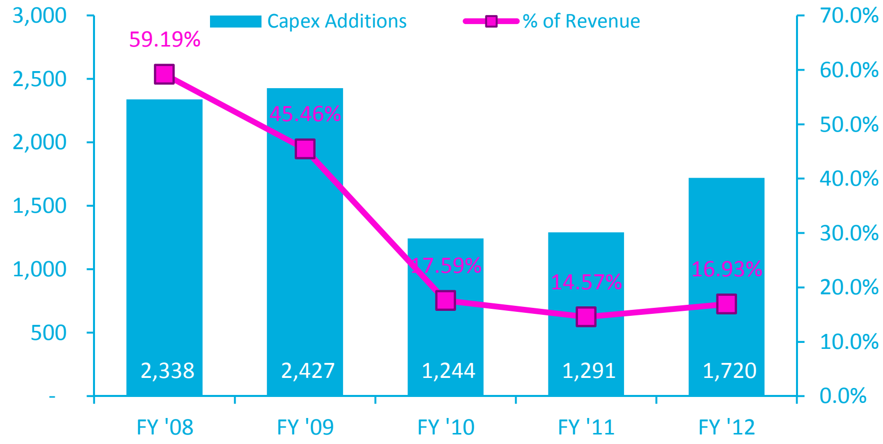
Capital Investments

Significant increase in investment in capital expenditure in 2012

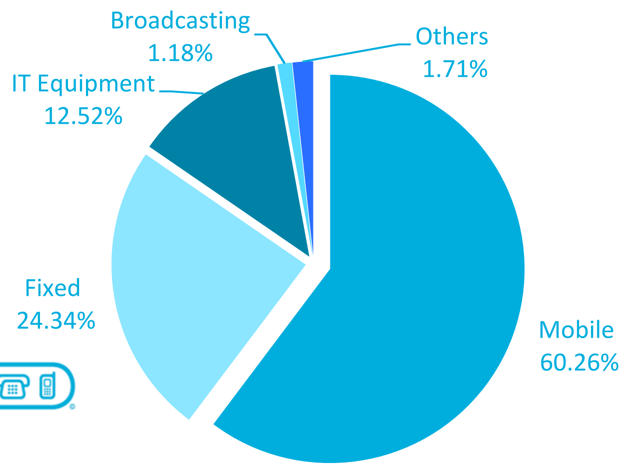
Quarterly Capex Additions (AEDm)



Yearly Capex Additions (AEDm)



Full Year Capex Spend by Segment



Investments in improving infrastructure, networks and extending our data offering

- Capex for the year stood at AED 1.72 billion, representing 33.29% year on year growth
- Capex for Q4 2012 was up 88.54% from Q3 2012 to AED 622 million
- Investment in the future of the business was a strategic priority in 2012, with a focus on optimising network and IT resources
- In the fourth quarter loan facilities were secured amounting to $700 million to meet short and medium term capital expenditure requirements

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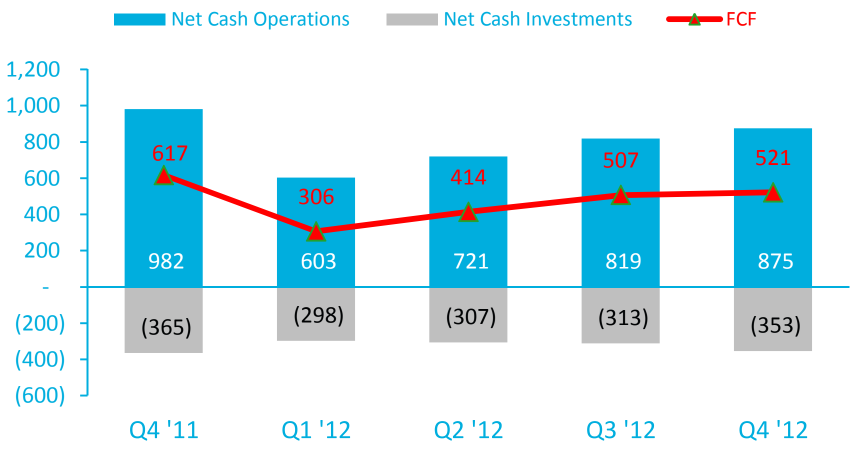
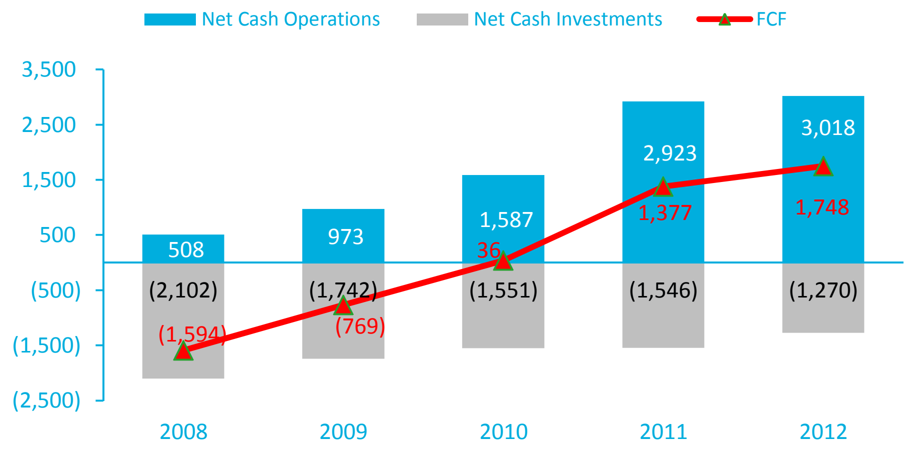
Cash & Debt overview

Quarterly Free Cash Flow (AEDm)



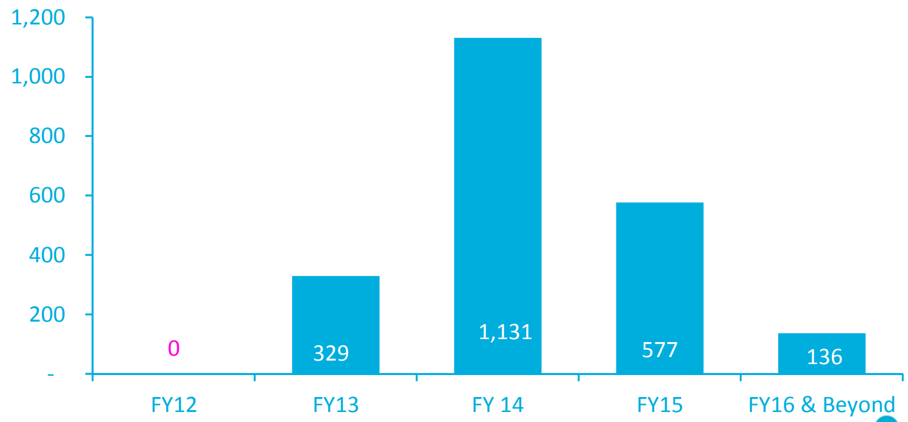
Year on Year Free Cash Flow (AEDm)



Bank facilities

Loan Sources (AED Millions)	Available	Drawn
ECA - NSN Nordea	808	808
ECA - NSN KFW	761	444
Vendor - CISCO Capital	84	84
Club Facility - Long Term Loan	808	808
DBS - Bilateral Loan	367	284
SCB-Bilateral Loan	367	-
Club Facility - Long Term Loan	1,837	-
TOTAL DEBT FACILITIES	5,032	2,428
TOTAL CASH IN HAND		3,319

Debt maturity profile



Contents

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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
- 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

Q&A