

Q3 2012 Results

Emirates Integrated Telecommunications Company PJSC

October 2012



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- 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.



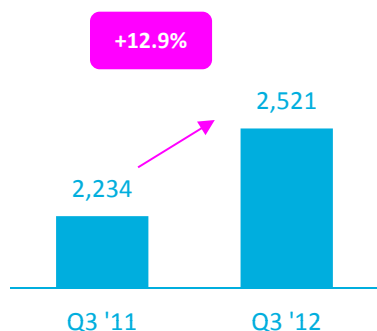
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Q3 Financial Highlights

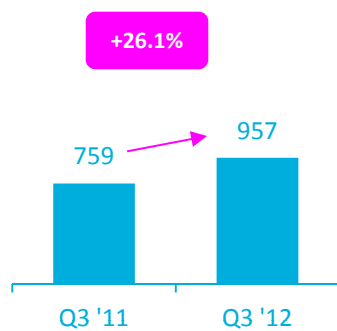
Total Revenue
(AEDm)



Solid revenues

- Total revenues grew 12.9% year on year to AED 2.52 billion
- Quarter on quarter growth reached 2.8%

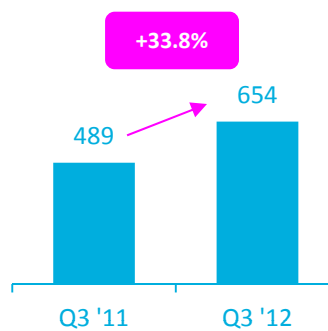
EBITDA
(AEDm)



EBITDA remains strong

- EBITDA increased 26.1% year on year, up from AED 759 million to AED 957 million
- EBITDA as a percentage of revenue grew from 33.97% to 37.97%
- Quarter on quarter EBITDA remains pressured

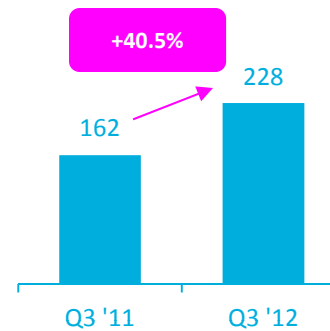
Net Profit before Royalty
(AEDm)



Net profit stable

- Net profit before royalty increased 33.8% to AED 654 million, up from AED 489 million in Q3 2011
- Steady quarter on quarter net profit due primarily to higher depreciation costs

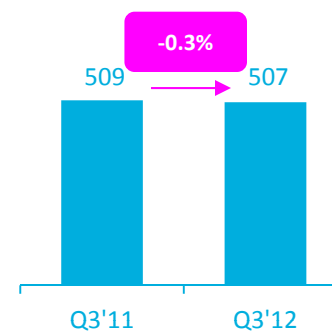
Mobile Customers Net Additions (000s)



Robust customer additions

- Mobile customers continued to grow. 227,800 net additions brought the total mobile customer base to 5.96 million

Free Cash Flow
(AEDm)



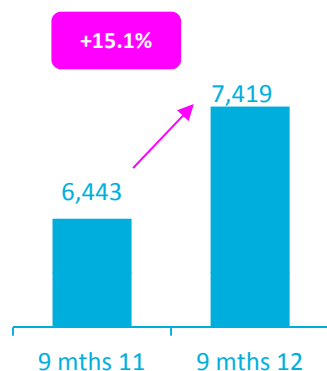
Steady free cash flow

- Free cash flow remained flat at AED 507 million
- Q3 2012 includes royalty payment of AED 200m



9 Months Financial Highlights

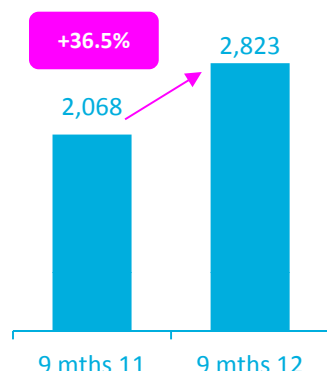
Total Revenue (YTD)
(AEDm)



Revenues growth

- Revenue for the first nine months of 2012 shows continued year on year growth up 15.1% from the first nine months of 2011

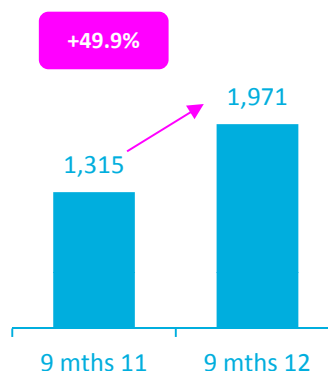
EBITDA (YTD)
(AEDm)



EBITDA improved

- EBITDA for the first nine months of the year stood at AED 2.82 billion, growing at 36.5% year on year
- EBITDA margin grew 6 percentage points from 32.0% in the first nine months of 2011 to 38.1% in the first nine months of 2012

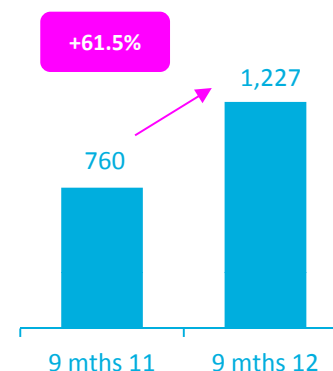
Net Profit before Royalty (YTD)
(AEDm)



Maintained profitability

- 49.9% increase in net profit before royalty compared to the same period in 2011
- Net profit margin increased 6.2 percentage points from 20.4% in the first nine months of 2011 to 26.6% in the first nine months of 2012

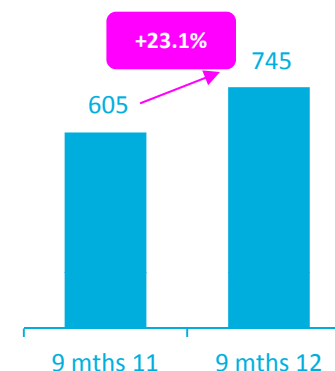
Free Cash Flow
(AEDm)



Strong free cash flow

- Free cash flow increased 61.5% to AED 1.23 billion for the first nine months of 2012
- 61.5% growth excludes the royalty payment impact of AED 459m

Mobile Customers Additions (Cumulative)
(000s)



Healthy net additions

- Continued to expand customer base through a sustained focus on delivering excellence in customer service



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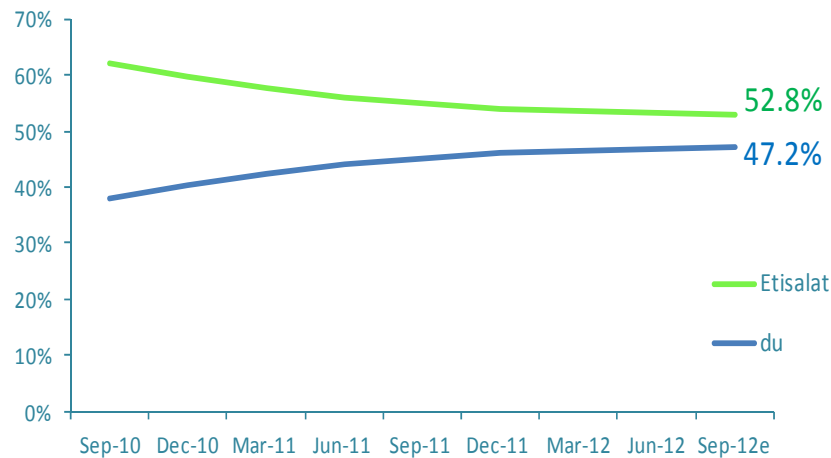
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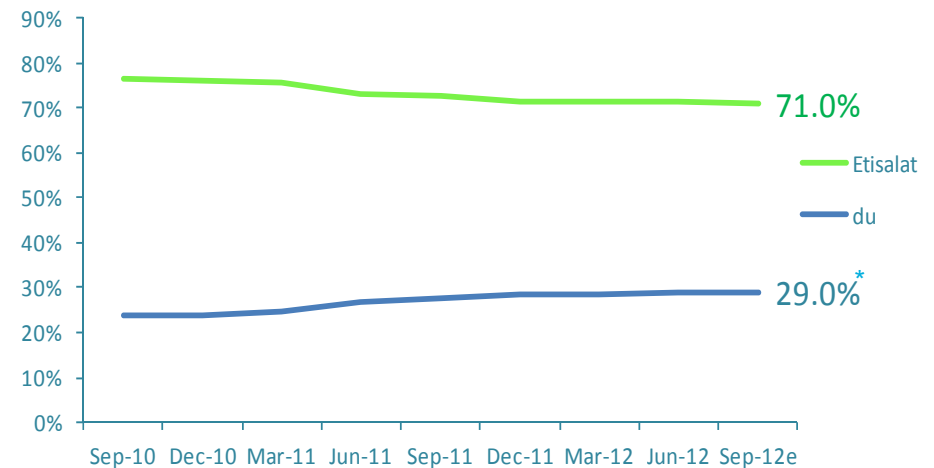
Market overview

Strengthened market position – focus on gaining revenue share

UAE Mobile Subscribers - Market share quarterly evolution



UAE Telecom Market - Revenue share quarterly evolution



* du revenue share for the last 12 months is 28.8%

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

UAE

- Population: (July 2012 ^e) 8.1 million
- Population growth: (2012 ^e) 3%
- GDP: (2011) US\$ 342 bn
- GDP per capita: (2011) US\$ 63,626

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



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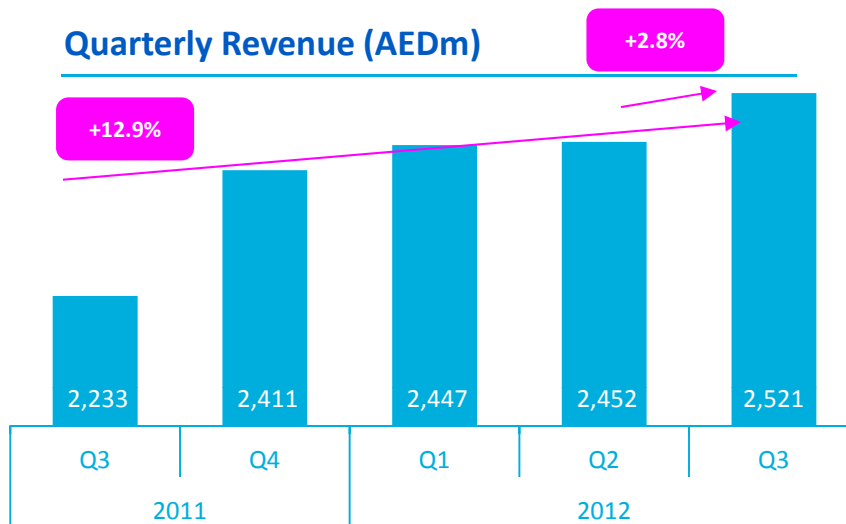
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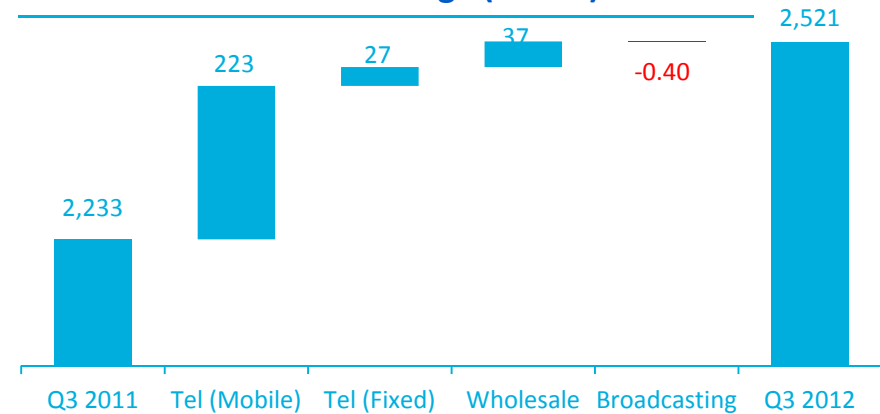
Revenues

Stable mobile revenues

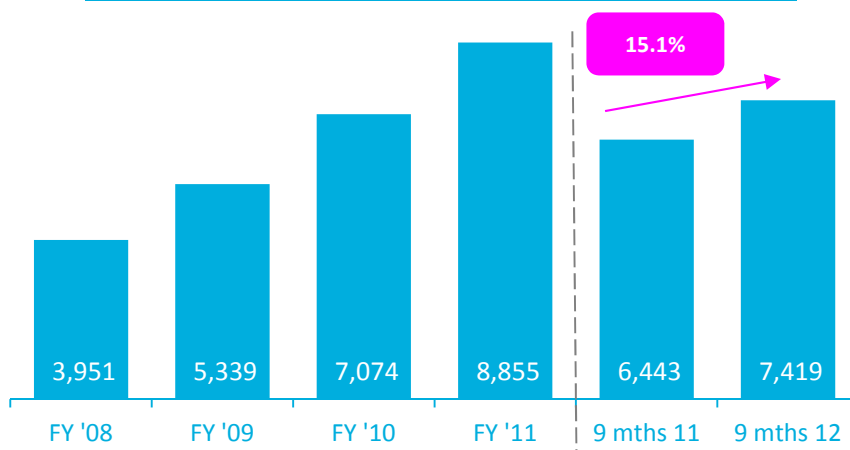
Quarterly Revenue (AEDm)



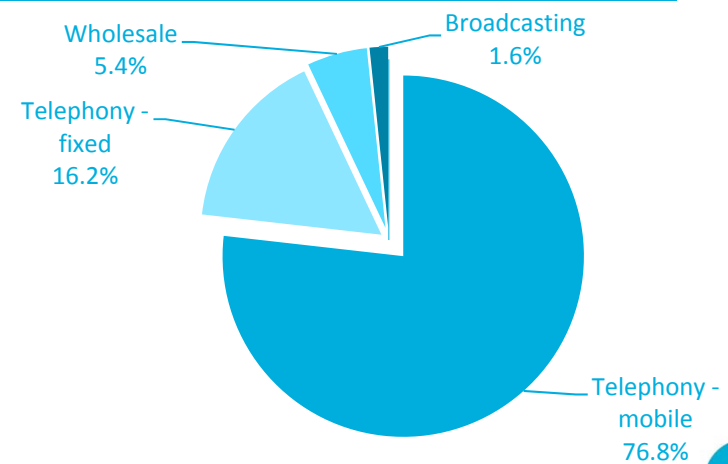
Revenue Year on Year Change (AEDm)



Year to Date Revenue (AEDm)



Q3 2012 Revenue Split



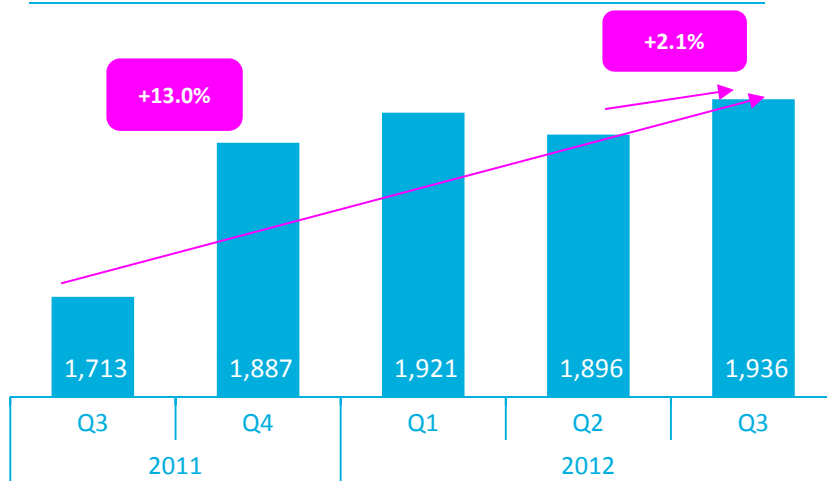
Revenue Drivers - Mobile

Data revenues growing, reflecting partial shift of voice revenues to data

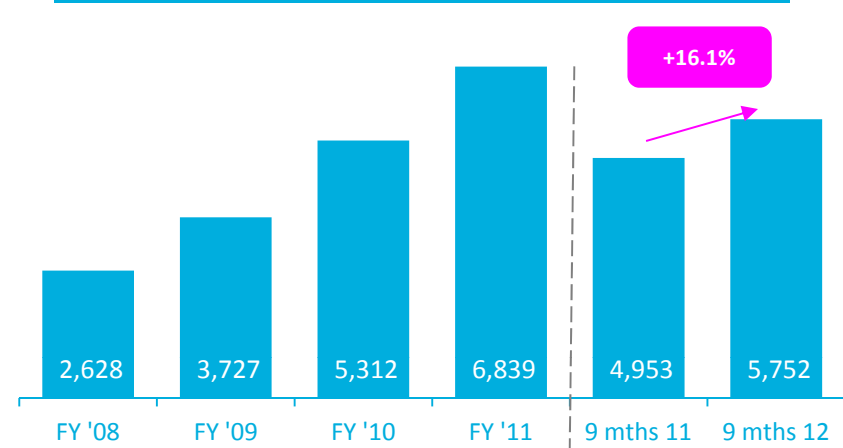
*Q1 2012 positively impacted by one-off promotion.

**Monthly data does not include data in monthly packages (i.e. Elite 100 Plan contains data which is not included).

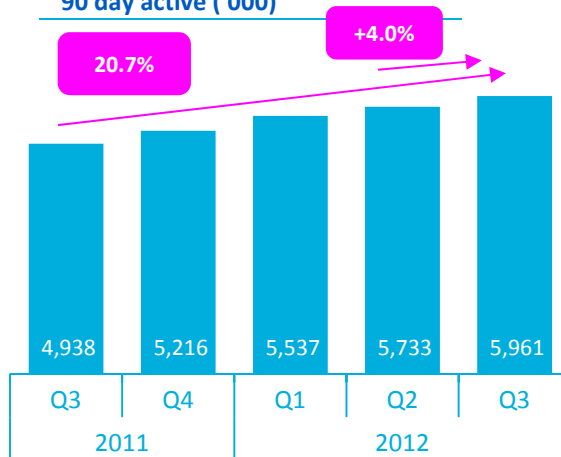
Quarterly Mobile Revenues (AEDm)



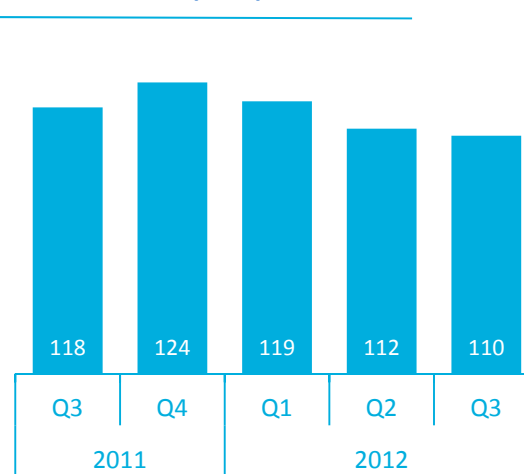
Year to Date Mobile Revenues (AEDm)



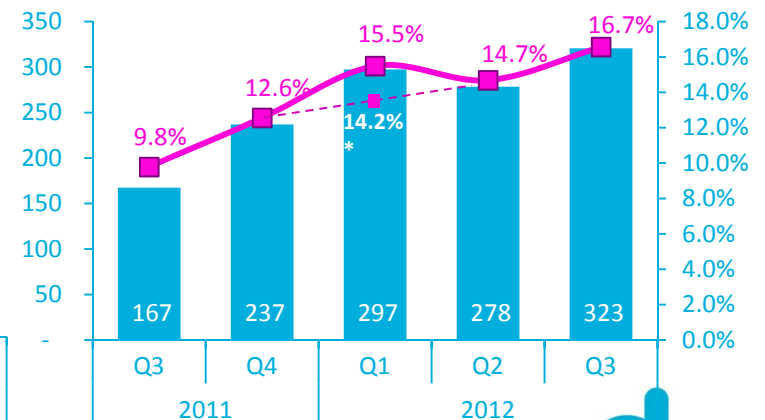
Mobile Subscribers 90 day active ('000)



Mobile ARPU (AED)



**Mobile Data (AEDm)



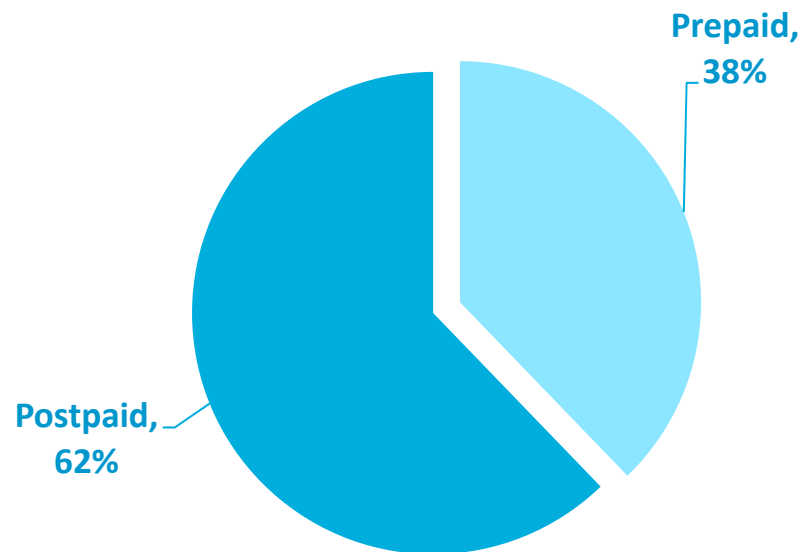
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Revenue Drivers – Mobile

Post-paid customer base continues to grow in importance

Contribution to YoY growth in mobile revenues

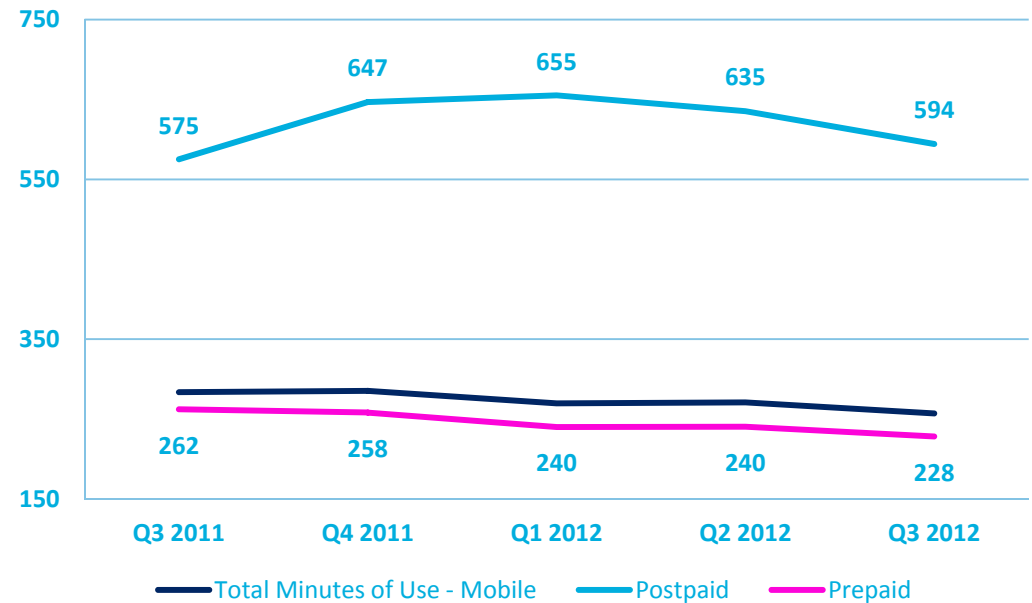
(excluding inbound roaming and handset revenue)



Post-paid segment continues to grow in importance

- 62% of the growth in mobile revenues in Q3 2012 came from the post-paid customer base, of which 4% was a result of ARPU.

Minutes of use by customer segment



Minutes of use continue to show effects of challenging environment

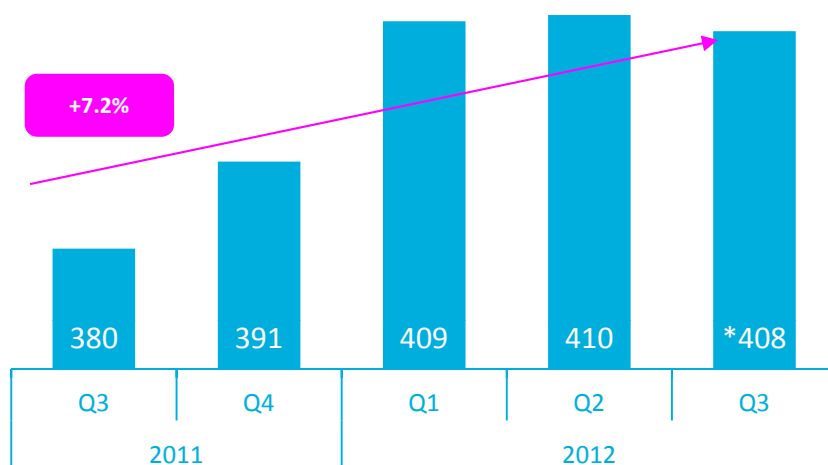
- Usage among post-paid customers remains strong at 594 minutes compared to 575 minutes during the same period in 2011.
- The drop in usage is attributed to a combination of increased pressure on international minutes from VOIP and local competition.



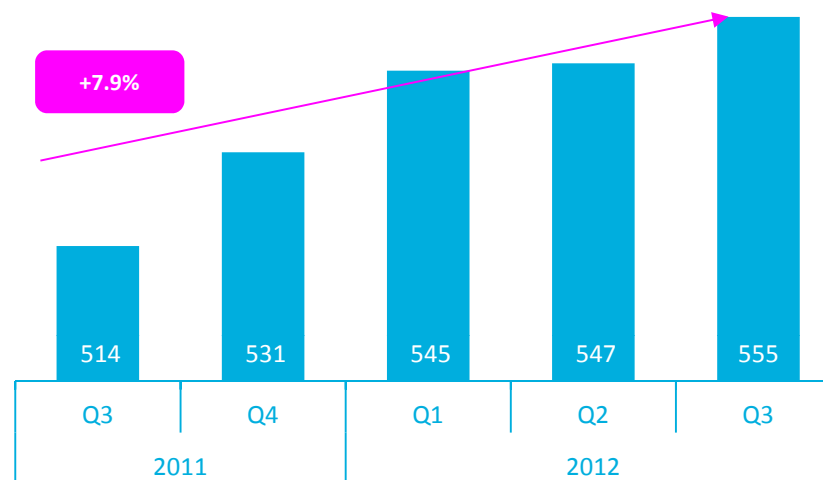
Revenue Drivers – Fixed

*Reduction in fixed revenue associated with a drop in calling card.

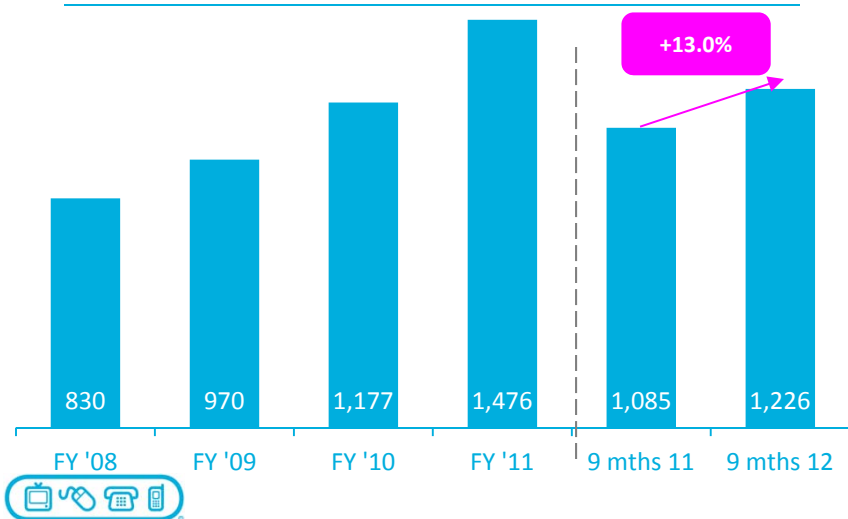
*Quarterly Fixed Revenue (AEDm)



Quarterly Fixed Line Subscribers ('000)



Year to Date Fixed Revenue (AEDm)



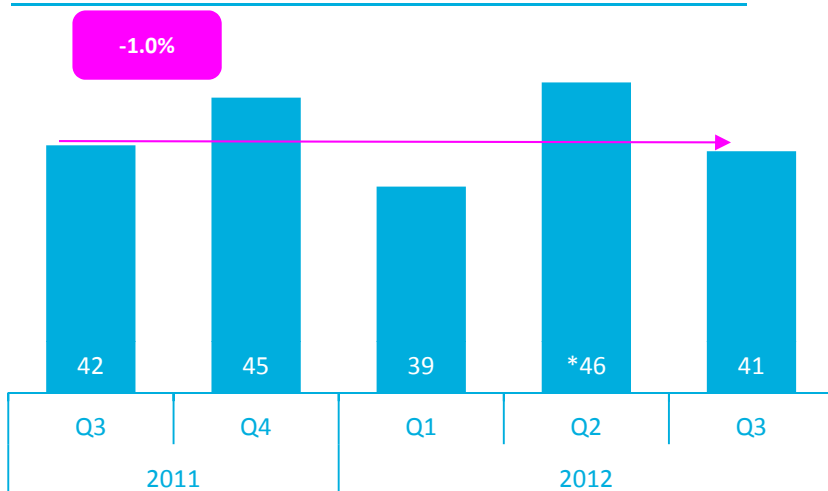
Fixed line breakdown (Q3'12)

	(000s)	Q3 '12	Q3 '11	YoY change	Q2 '12	QoQ change
Fixed Line customers		555	514	7.9%	547	1.5%
Telephony		222	200	10.7%	217	2.1%
Broadband		136	117	16.0%	132	2.9%
TV		120	109	10.3%	117	2.2%
Call Select		77	88	-11.9%	80	(3.5%)

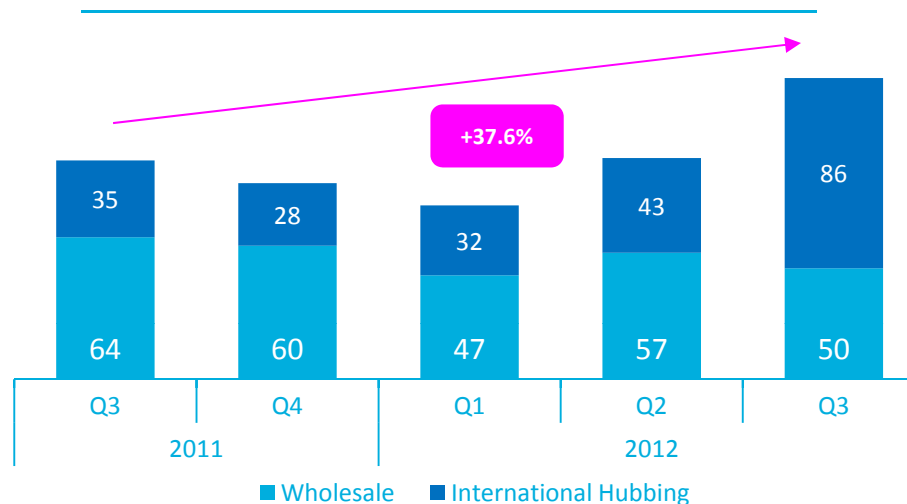
Revenue Drivers

Wholesale & Broadcasting businesses remain steady

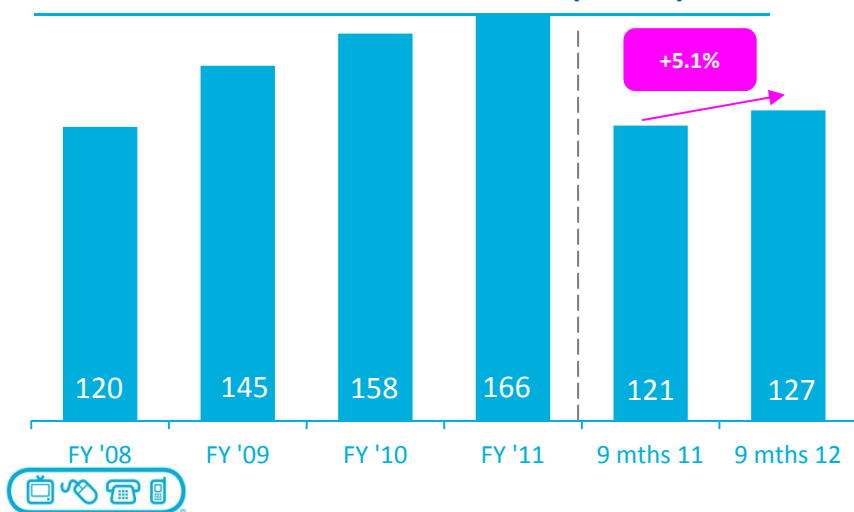
*Quarterly Broadcast Revenues (AEDm)



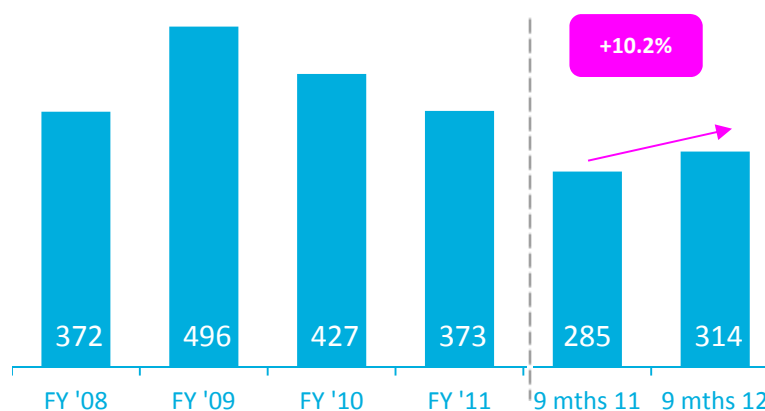
Quarterly Wholesale Revenues (AEDm)



Year to Date Broadcast Revenues (AEDm)



Year to Date Wholesale Revenues (AEDm)



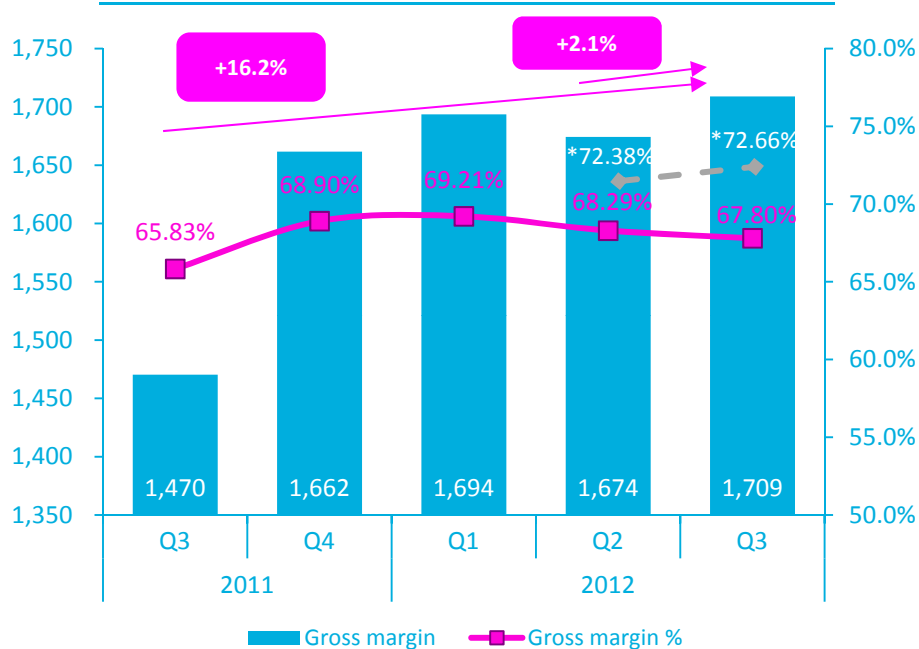
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Gross Margin

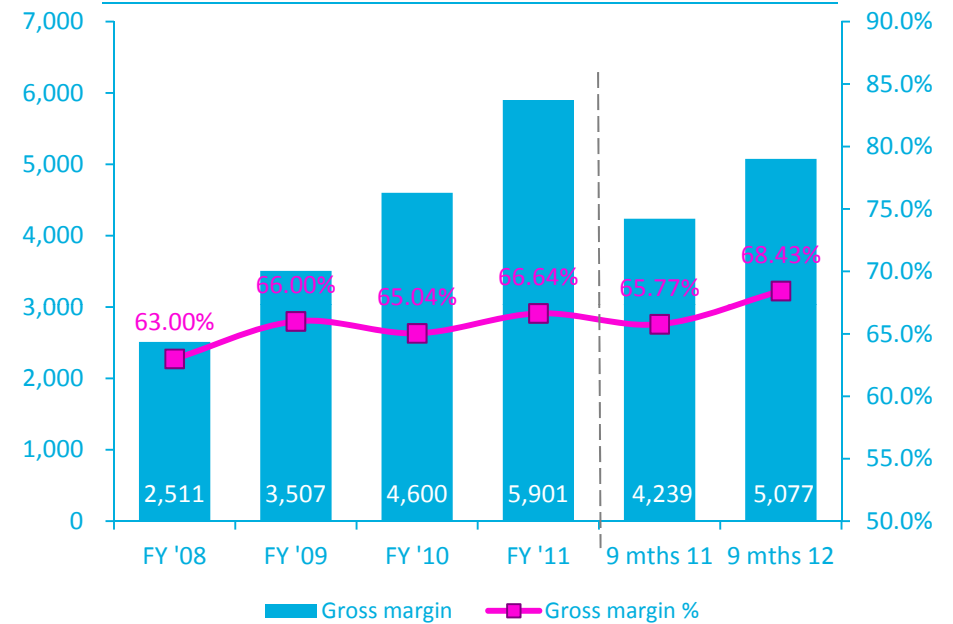
Steady growth in gross margin for the quarter

*Excludes handsets and wholesale.

***Quarterly Gross Margin (AEDm)**



Year to Date Gross Margin (AEDm)



Gross margin shows steady growth

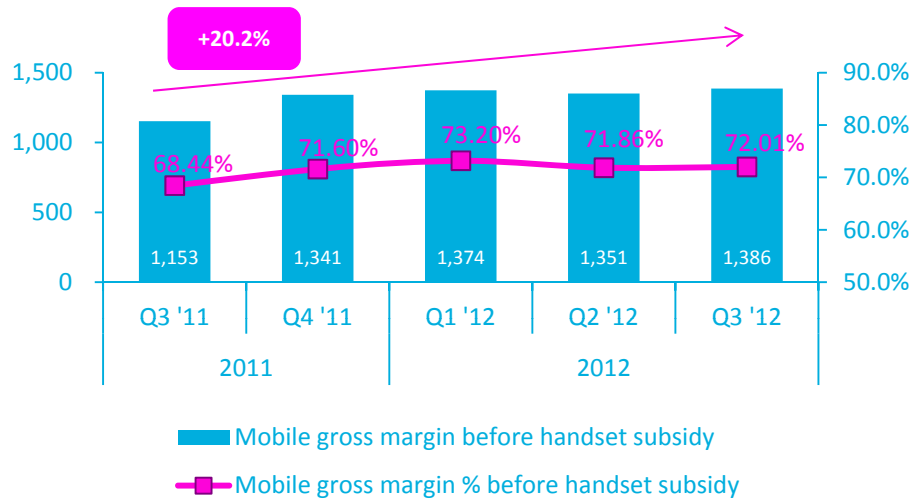
- Gross margin for the quarter stood at AED 1.71 billion, representing a 16.2% increase year on year and a 2.1% increase quarter on quarter.



Gross Margin

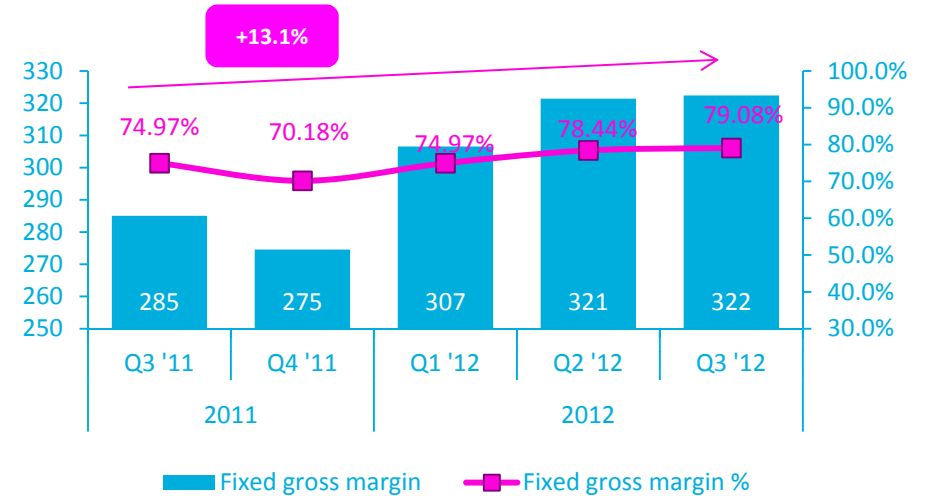
By Segment (Quarterly)

Quarterly Mobile Gross Margin before handset subsidy (AEDm)

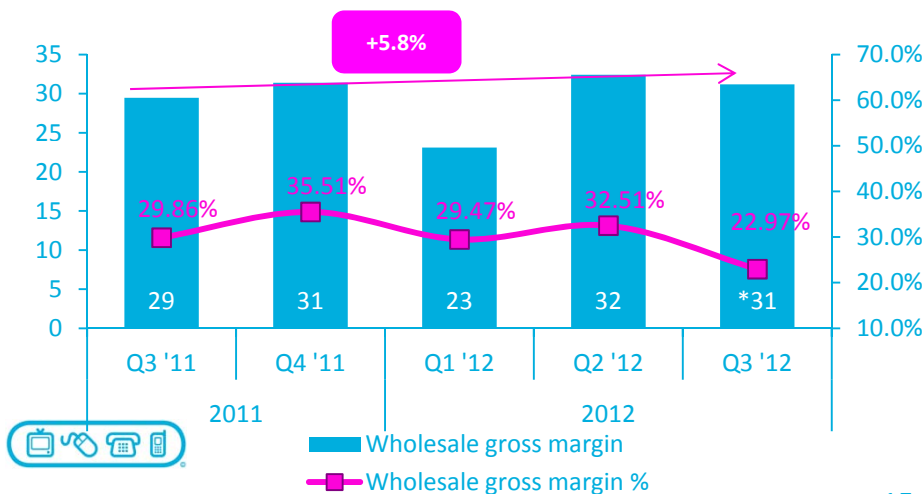


*Wholesale gross margin was affected by an increase in international hubbing revenue share which has a lower margin

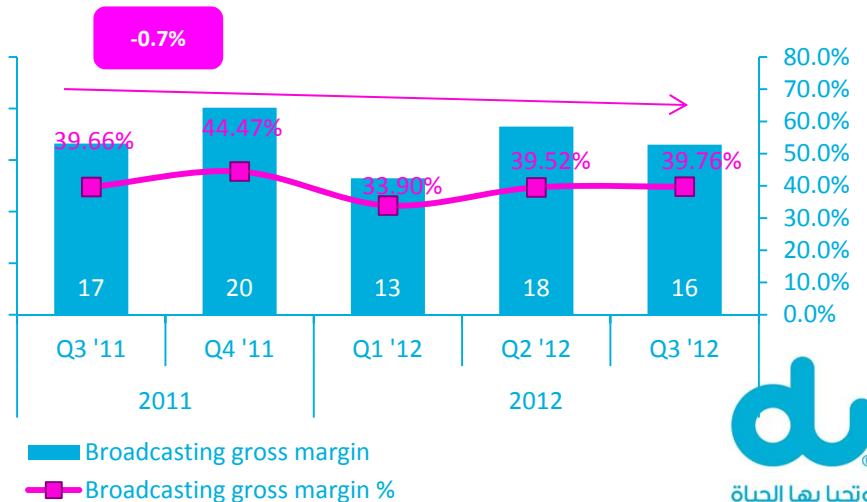
Quarterly Fixed Gross Margin (AEDm)



*Quarterly Wholesale Gross Margin (AEDm)



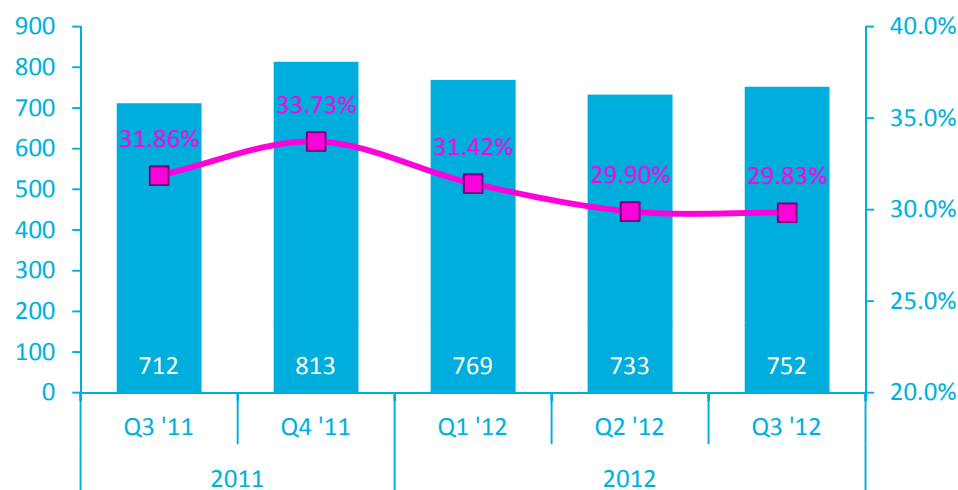
Quarterly Broadcasting Gross Margin (AEDm)



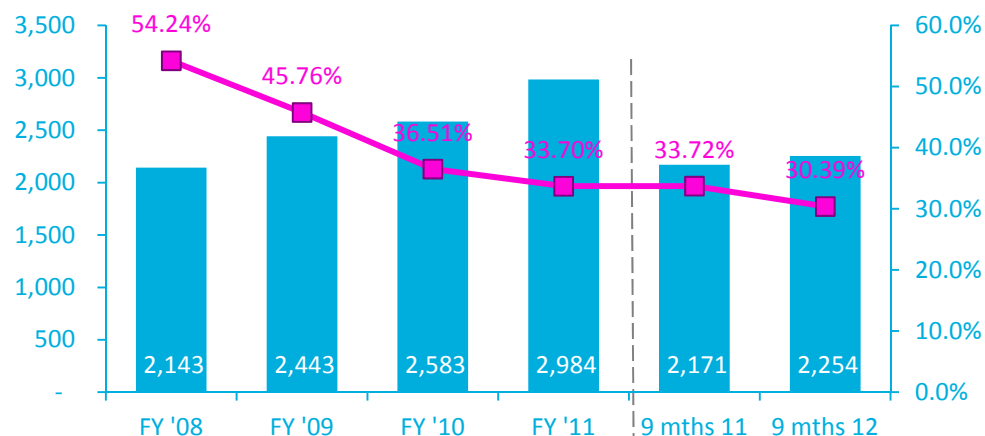
Overheads

Control on overheads maintained

Quarterly Overheads (AEDm)



Year on Year Overheads (AEDm)



Overheads as a percentage of revenue	Q3 '11	Q3 '12
Manpower	14.74%	13.54%
Telecommunications license & related fees	2.38%	2.54%
Sales & Marketing expenses	3.80%	3.17%
Bad debts	1.12%	0.98%
Network operation & maintenance	7.40%	7.56%
Rent & utilities	1.60%	1.34%
Miscellaneous	0.81%	0.70%
Total Overheads as % of Revenue	31.86%	29.83%

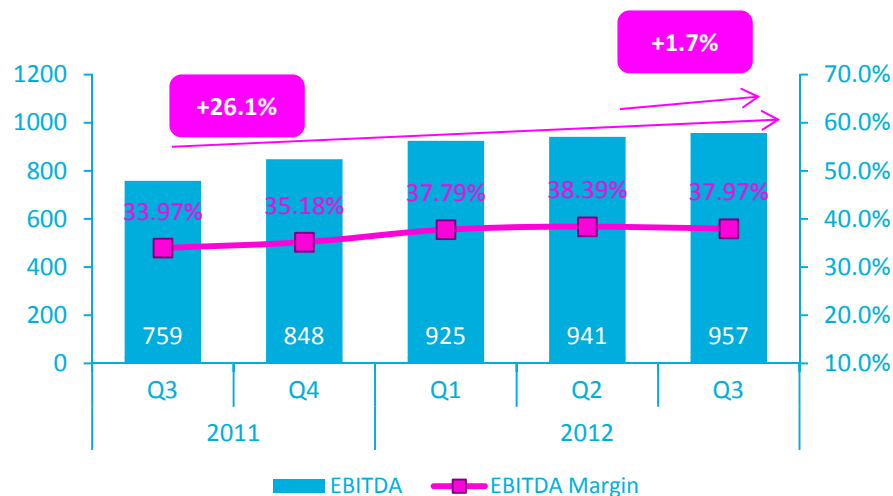
Continued performance improvements

- Overheads as a percentage of revenue decreased from 31.86% to 29.83% as a result of continued control on costs in spite of strong growth in size of business.
- Total overheads for the quarter stood at AED 752 million.
- The increase in overheads from Q2 2012 to Q3 2012 can be partially attributed to seasonality in sales & marketing and partially to a one-off increase in manpower related to the initiation of outsourcing arrangements.

Profitability

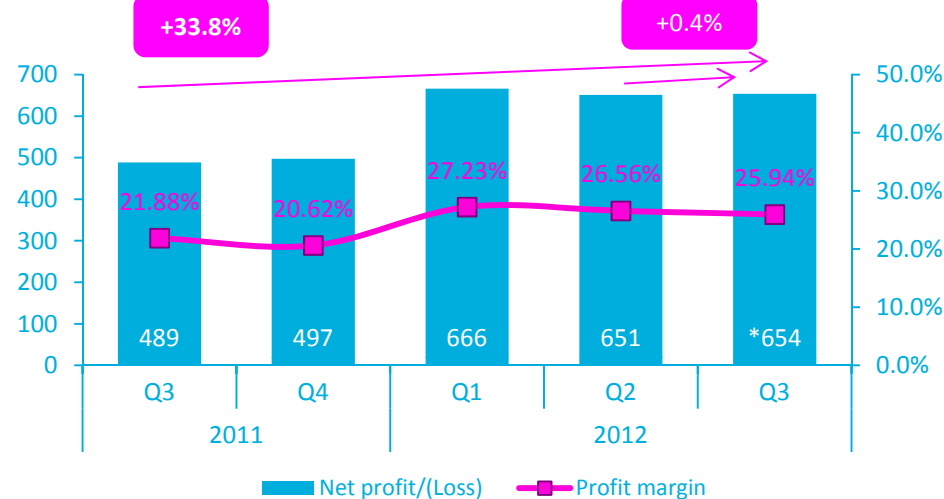
EBITDA and Net Profit before Royalty remain strong

Quarterly EBITDA (AEDm)

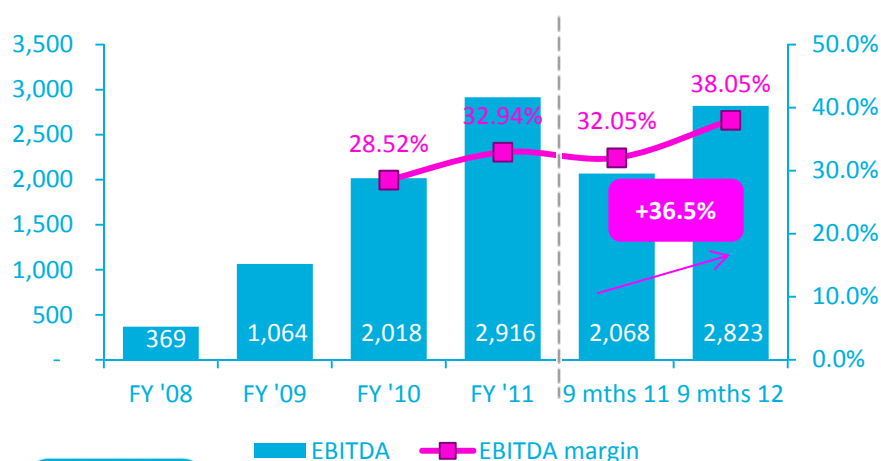


*Higher depreciation due to accelerated CapEx realization.

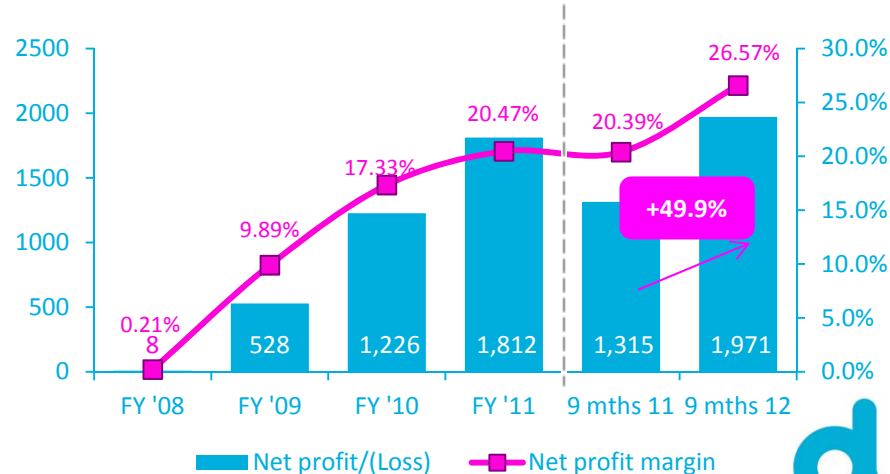
*Quarterly Net Profit before Royalty (AEDm)



Yearly EBITDA (AEDm)



Yearly Net Profit before Royalty (AEDm)

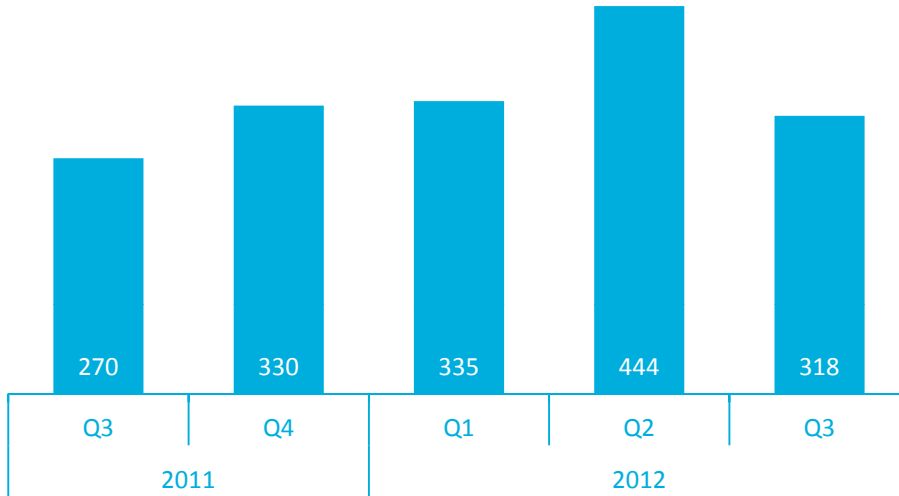


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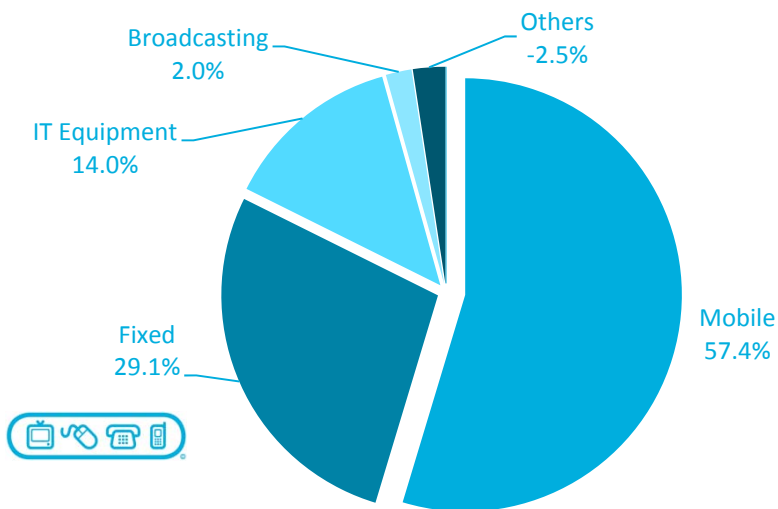
Capital Investments

Guidance remains AED 1.3bn to AED 1.6bn

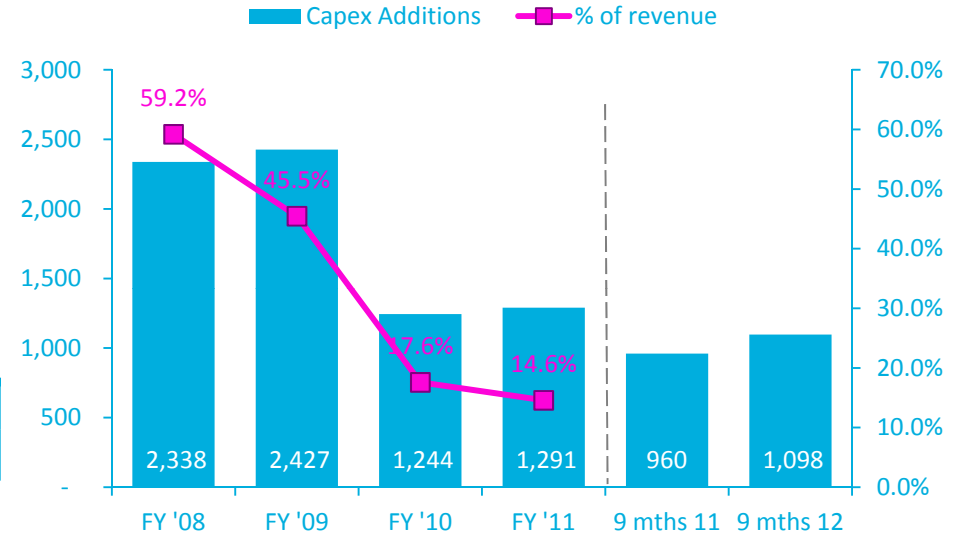
Quarterly Capex additions (AEDm)



Q3 Capex additions breakdown



Yearly Capex additions (AEDm)

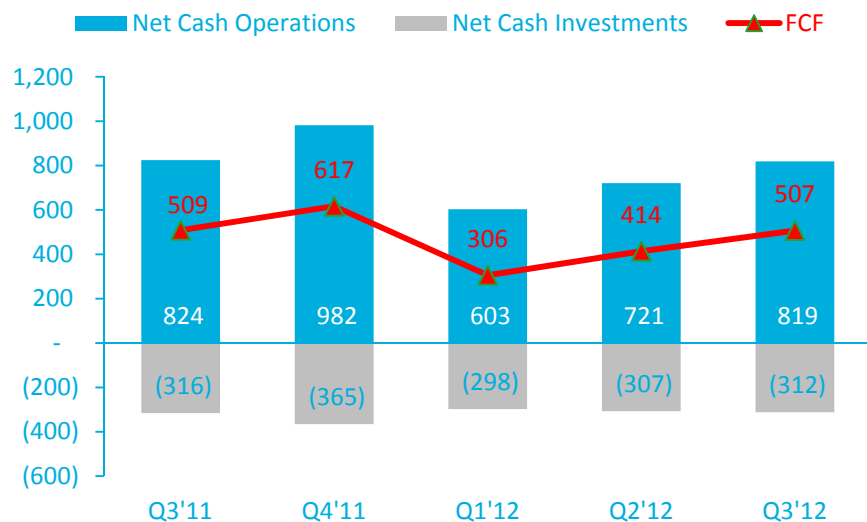


Maintaining Investment

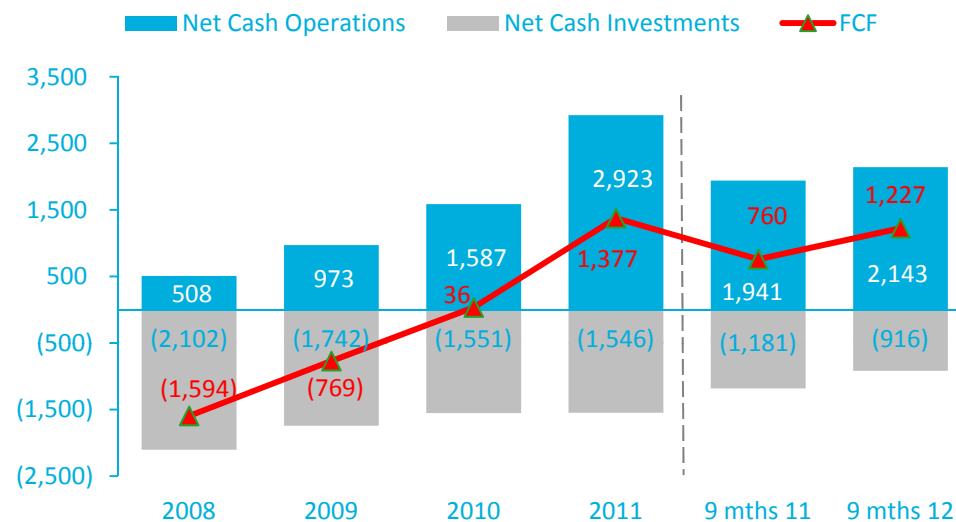
- Continue to invest in the development of the business; Q3 capex spend remained largely focused on the mobile and fixed telephony businesses

Cash & Debt overview

Quarterly Free Cash Flow (AEDm)



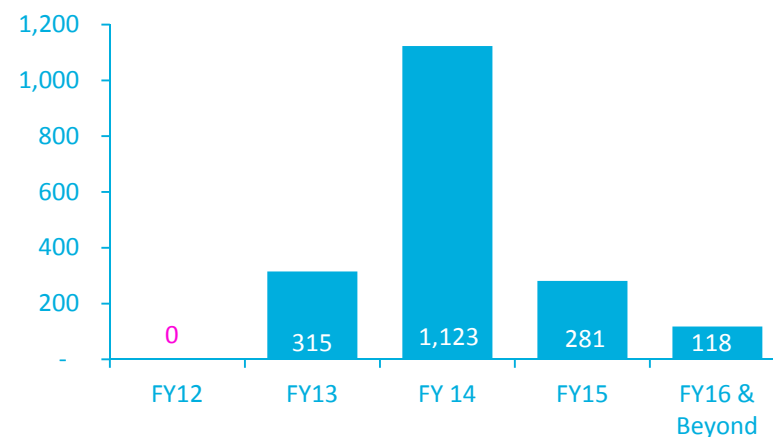
Year on Year Free Cash Flow (AEDm)



Bank facilities

Loan Sources (AED Millions)	Available	Drawn
ECA - NSN Nordea	988	606
ECA - NSN KfW	761	354
Vendor - CISCO Capital	76	69
Club Facility - Long Term Loan	809	808
TOTAL DEBT FACILITIES	2,634	1,837
TOTAL CASH IN HAND		2,483

Debt maturity profile



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Strategy & Outlook

Growth through efficiency

- Focus on profitable growth and increase of value share
- Grow the mobile postpaid base by further pushing into the high-end market whilst protecting position in the low end market
- Increased focus on mobile data and bundled offerings supported by continued emphasis on data network investments
- Deliver superior segmented customer experience
- Continued emphasis on operational efficiencies
- Maximize returns of network investments and cash flow generation



Q&A



