Q2 2012 Results

Emirates Integrated Telecommunications Company PJSC

July 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
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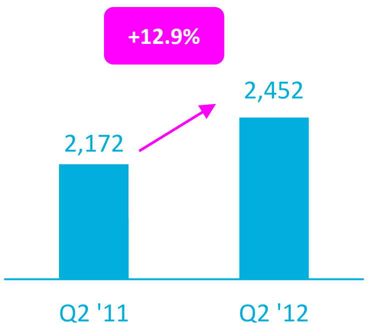
Q2 Financial Highlights

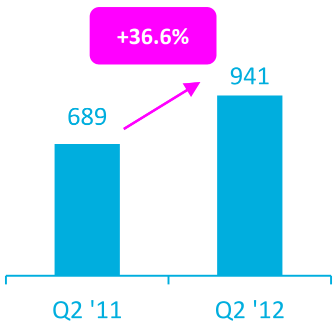
Total Revenue
(AEDm)



Revenue growth

- Total revenues grew 12.9% year on year to AED 2.5 billion

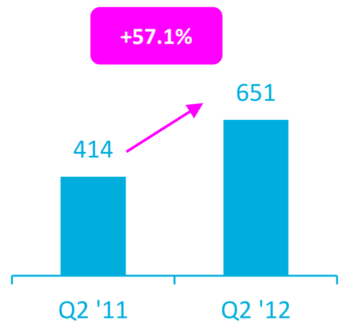
EBITDA
(AEDm)



Strong EBITDA growth

- EBITDA increased 36.6% year on year, up from AED 689 million to AED 941 million
- EBITDA as a percentage of revenue increased from 31.7% to 38.4% year on year

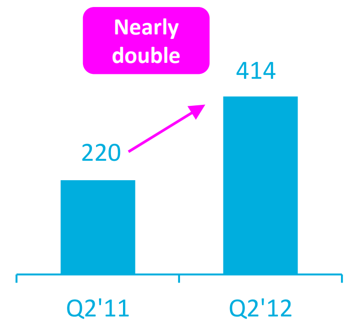
Net Profit before Royalty
(AEDm)



Substantial profits

- Net profit before royalty increased 57.1% to AED 651 million, up from AED 414 million in Q2 2011

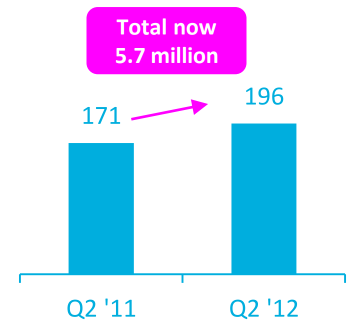
Free Cash Flow Quarterly
(AEDm)



Improved free cash flow

- Free cash flow nearly doubled from AED 220 million to AED 414 million

Mobile Customers Net additions (000s)



Robust customer additions

- Mobile customers continued to grow. 196,000 net additions brought the total mobile customer base to 5.7 million
- 18.5% or 36,300 of the net additions of mobile customers were high value post-paid customers

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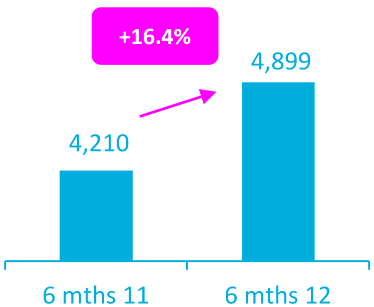
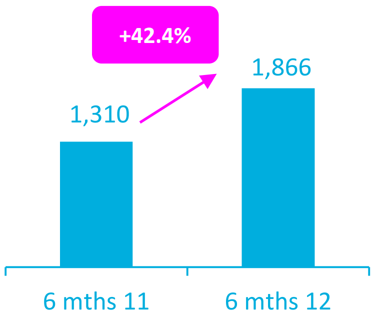
6 Months Financial Highlights

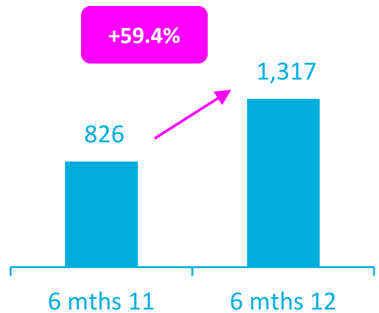
Total Revenue (YTD)
(AEDm)



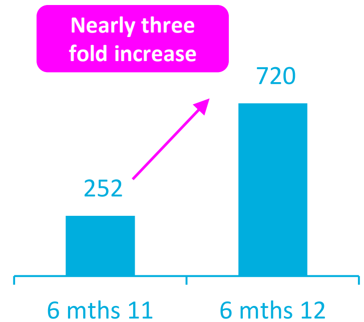
EBITDA (YTD)
(AEDm)



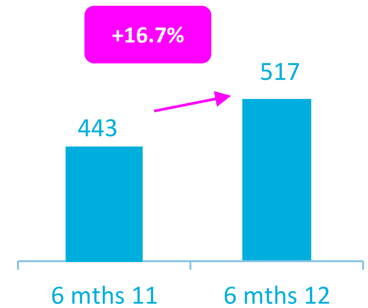
Net Profit before Royalty (YTD)
(AEDm)



Free Cash Flow
(AEDm)



Mobile Customers Additions (Cumulative)
(000s)



Record revenues

- Revenue for the first six months of 2012 shows continued year on year growth up 16.4% from the first six months of 2011

EBITDA improved

- EBITDA for the first six months of the year stood at AED 1.9 billion, growing at 42.4% year on year
- EBITDA margin grew 700 basis points from 31.09% in the first six months of 2011 to 38.09% in the first six months of 2012

Increasing profitability

- 59.4% increase in net profit before royalty compared to the same period in 2011
- Net profit margin increased 725 basis points from 19.65% in the first six months of 2011 to 26.90% in the first six months of 2012

Increasing free cash flow

- Free cash flow increased by nearly three times to AED 720 million for the first six months of 2012

Customer growth

- Continued to expand customer base
- High value post-paid customers now represent 7.8% of the mobile customer base, up from 6.8% in Q2 2011

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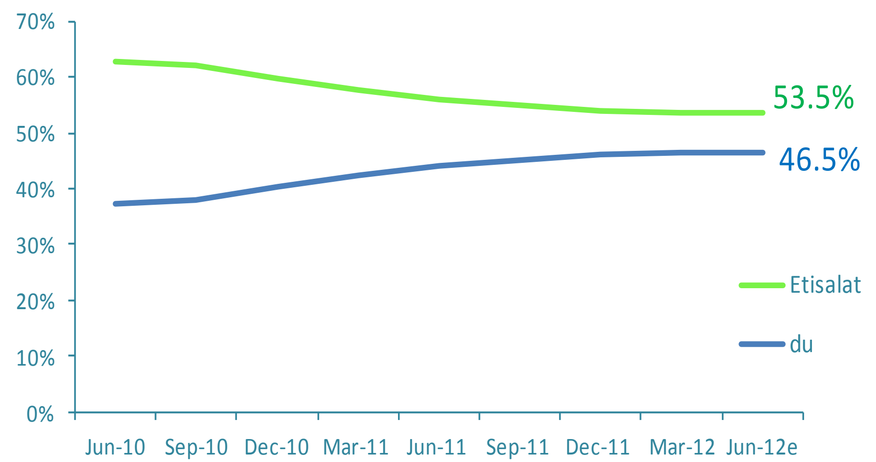
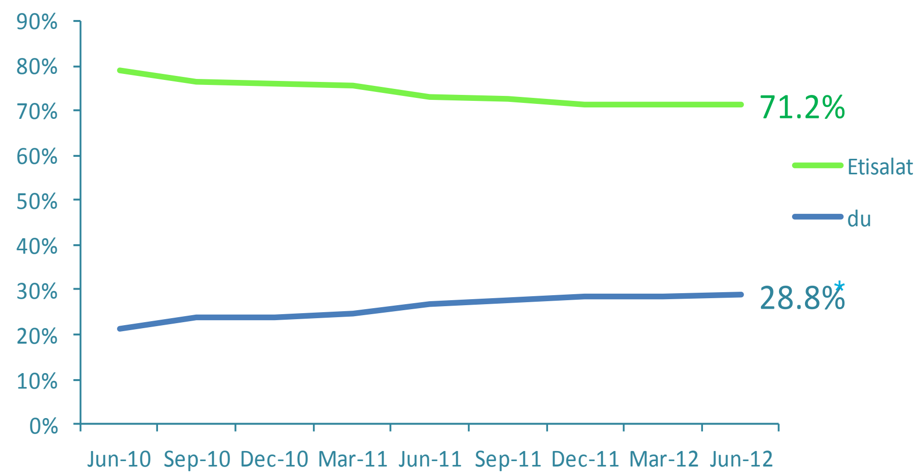
Market overview

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 28.4%

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

UAE

- Population: (May 2012 e) 8.1 million
- Population growth: (2011 e) 5%
- GDP: (2010) US$ 298 bn
- GDP per capita: (2010) US$ 57,043

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

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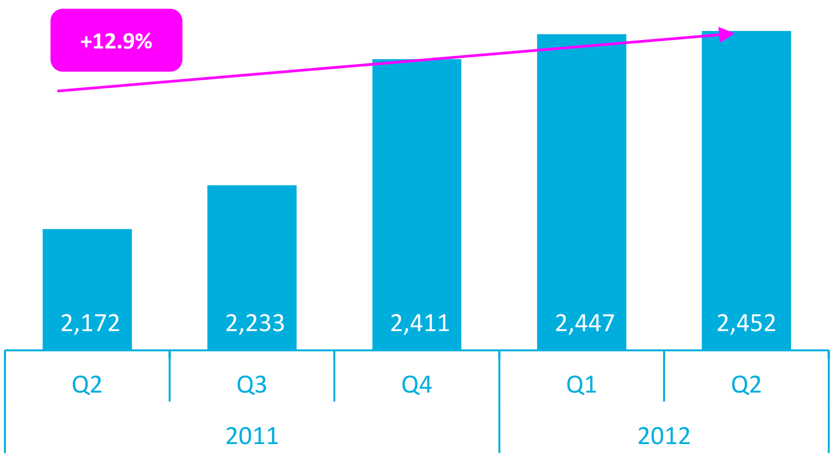
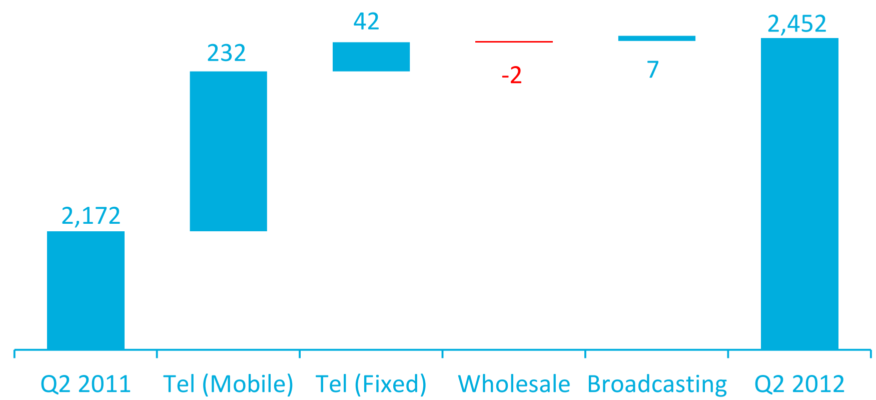
Revenues

Mobile business remains core driver of growth

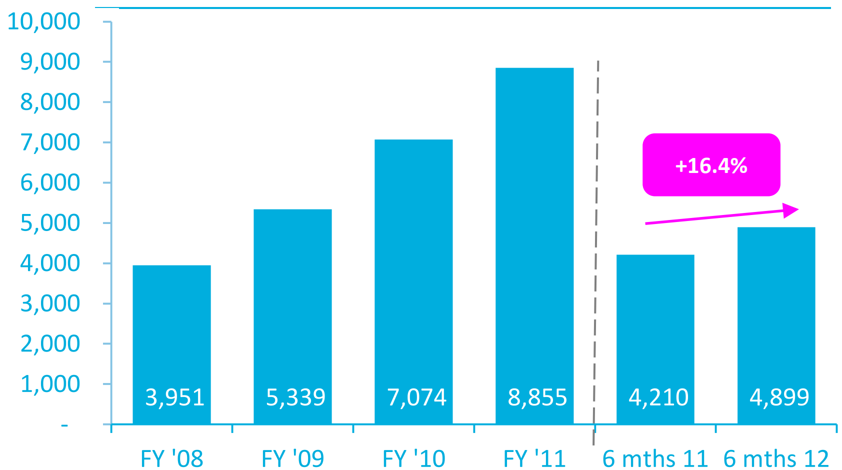
Quarterly Revenue (AEDm)



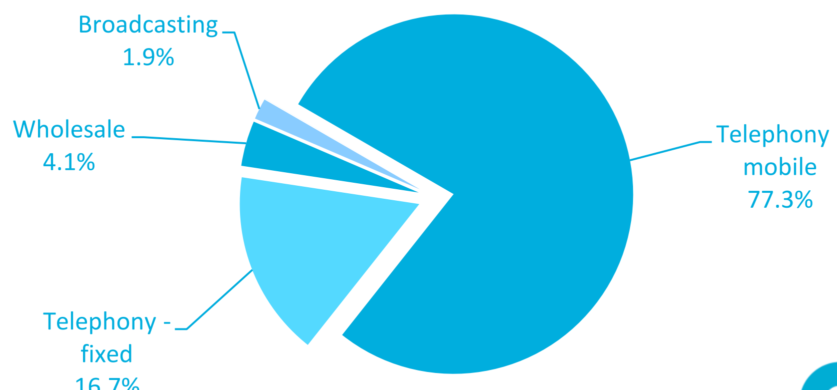
Revenue Year on Year Change (AEDm)



Year to Date Revenue (AEDm)



Q2 2012 Revenue Split



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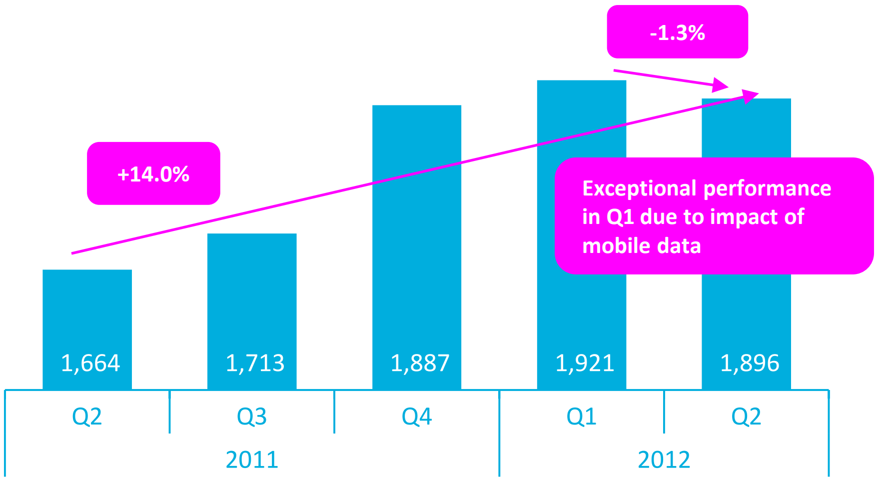
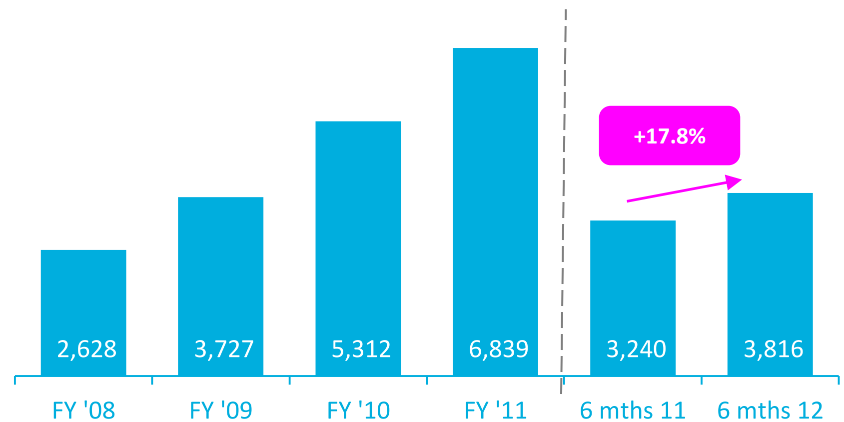
Revenue Drivers - Mobile

Q1 data revenue was boosted by AED 29 million of expired promotional credits from a data promotion initiated in Q4. The adjusted data percentage of mobile revenue would be 14.2%

Quarterly Mobile Revenues (AEDm)

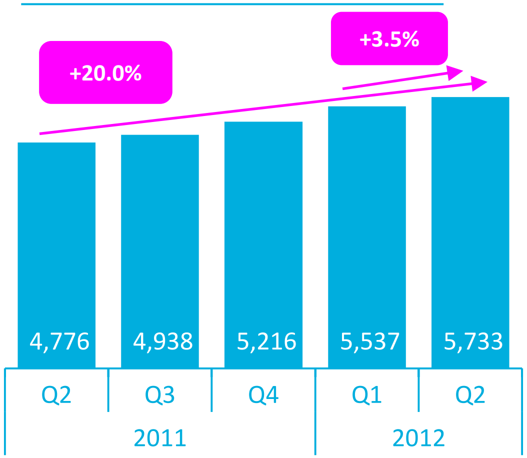


Year to Date Mobile Revenues (AEDm)



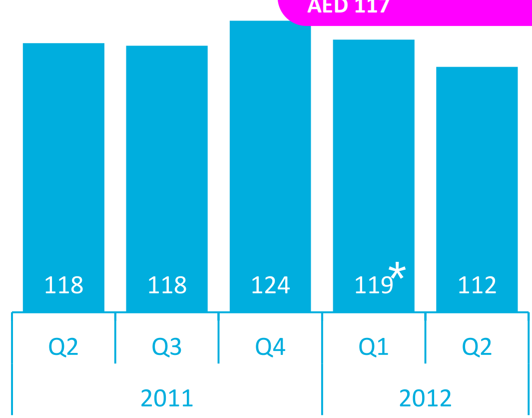
Mobile Subscribers

Active 90 days ('000)

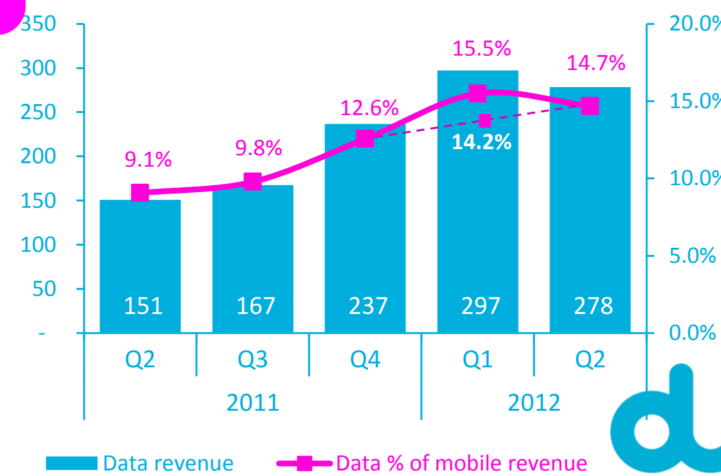


Mobile ARPU (AED)

*** Q1 ARPU if adjusted for the AED 29 million exceptional benefit in Q1 would have been AED 117**



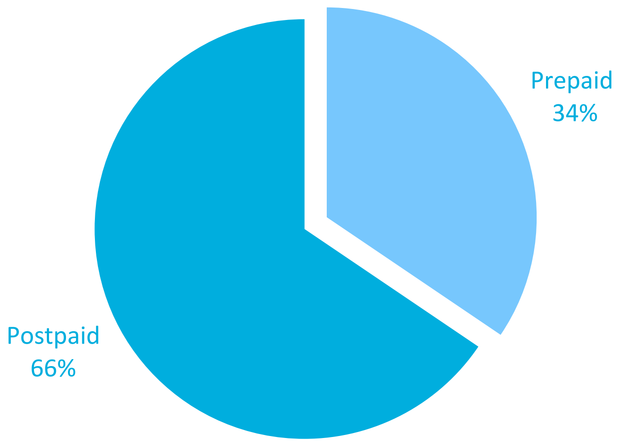
Mobile Data (AEDm)



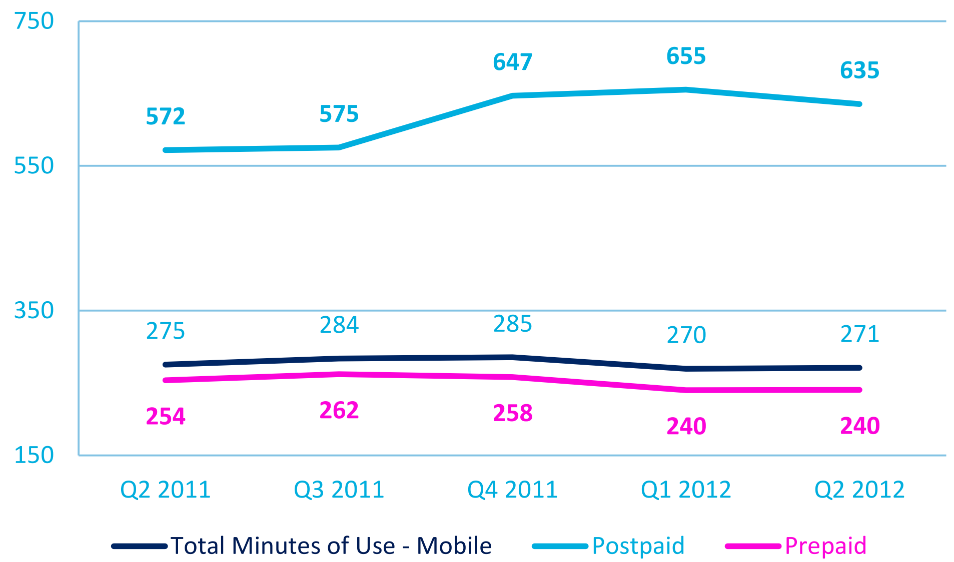
Revenue Drivers – Mobile

Post-paid customer base continues to grow in importance

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



Minutes of use by customer segment



Post-paid segment continues to grow in importance

- 66% of the growth in mobile revenues in Q2 2012 came from the post-paid customer base, of which 33% was a result of ARPU.
- Represents a substantial increase in the proportion of growth, compared to 49% in Q1 2011.

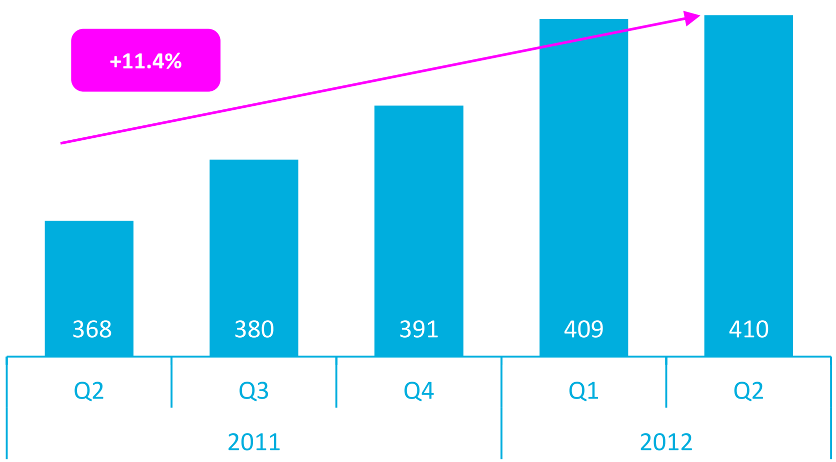
Minutes of use among post-paid segment remains strong

- Usage among post-paid customers remains strong at 635 minutes compared to 572 minutes during the same period in 2011.

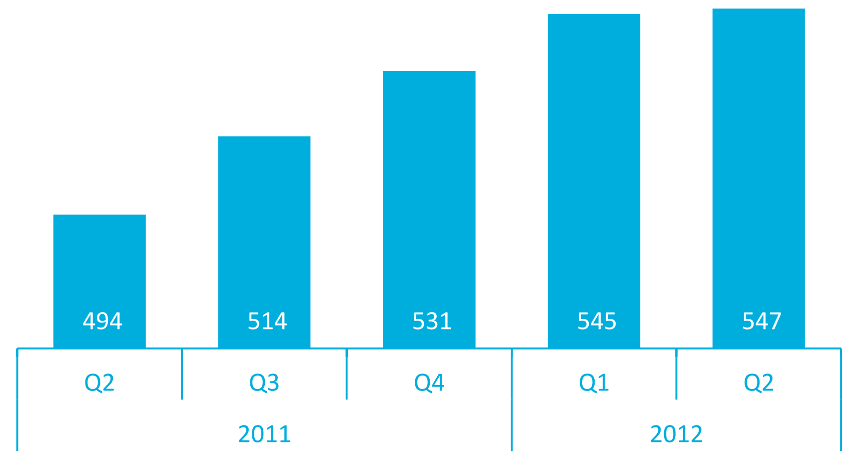
Revenue Drivers – Fixed

Fixed line business remains strong

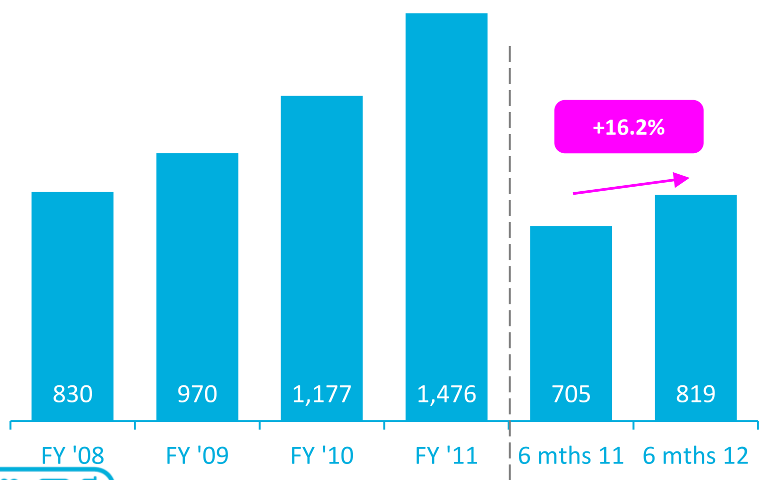
Quarterly Fixed Revenue (AEDm)



Quarterly Fixed Line Subscribers ('000)



Year to Date Fixed Revenue (AEDm)



Fixed Line breakdown ('000s)

(000s)	Q2'12	Q2 '11	YoY change	Q1 '12	QoQ change
Fixed Line customers	547	494	10.6%	545	0.2%
Telephony	217	191	13.6%	217	0.1%
Broadband	132	111	19.0%	130	1.6%
TV	117	104	13.2%	118	(0.4%)
Call Select	80	88	(9.3%)	81	(0.5%)

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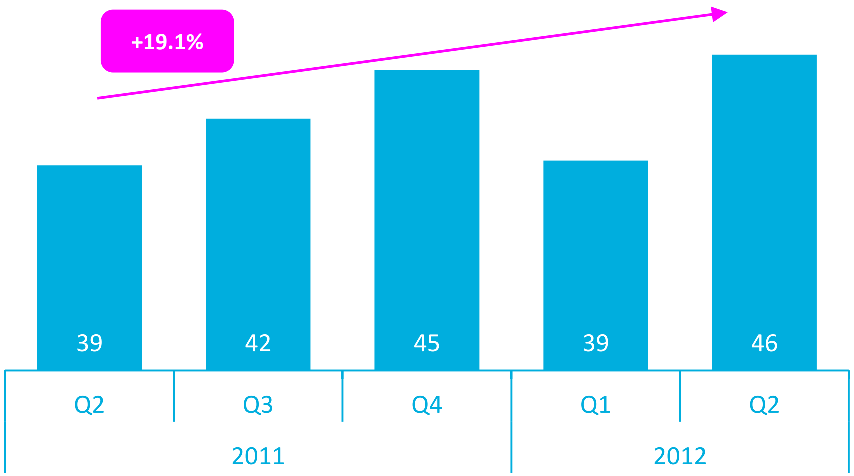
Revenue Drivers

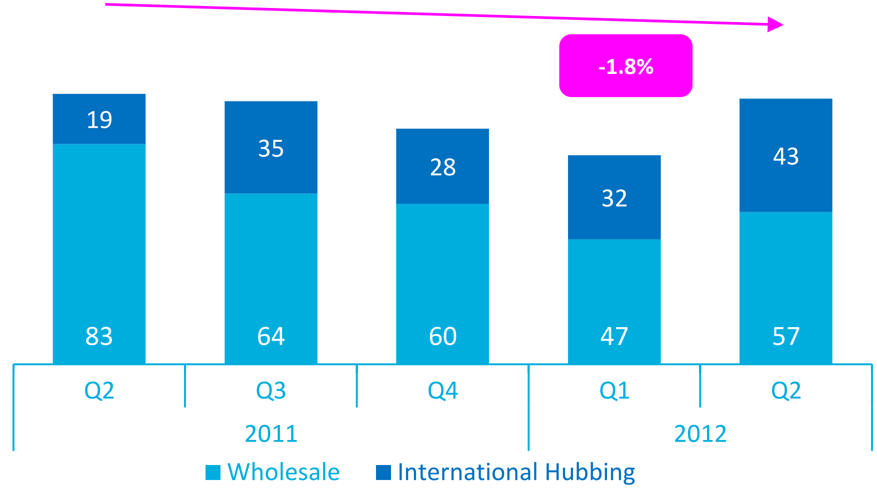
- Broadcast revenues in Q1 12 were affected by to two customers closing operations in the UAE.
- Q2 12 broadcast revenues benefitted from a one-off customer penalty of AED 5 million that was charged

Wholesale & Broadcasting businesses remain steady

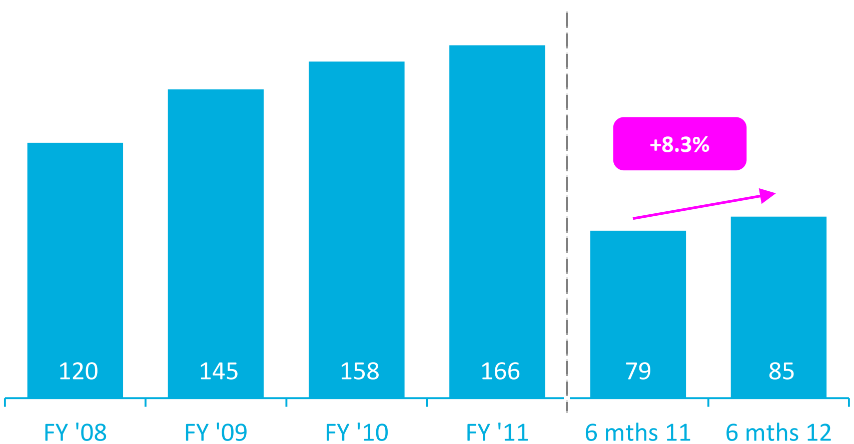
Quarterly Broadcast Revenues (AEDm)



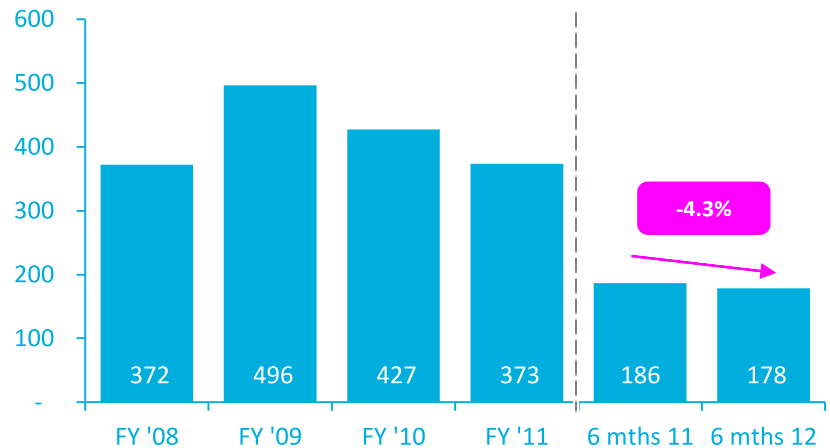
Quarterly Wholesale Revenues (AEDm)



Year to Date Broadcast Revenues (AEDm)



Year to Date Wholesale Revenues (AEDm)



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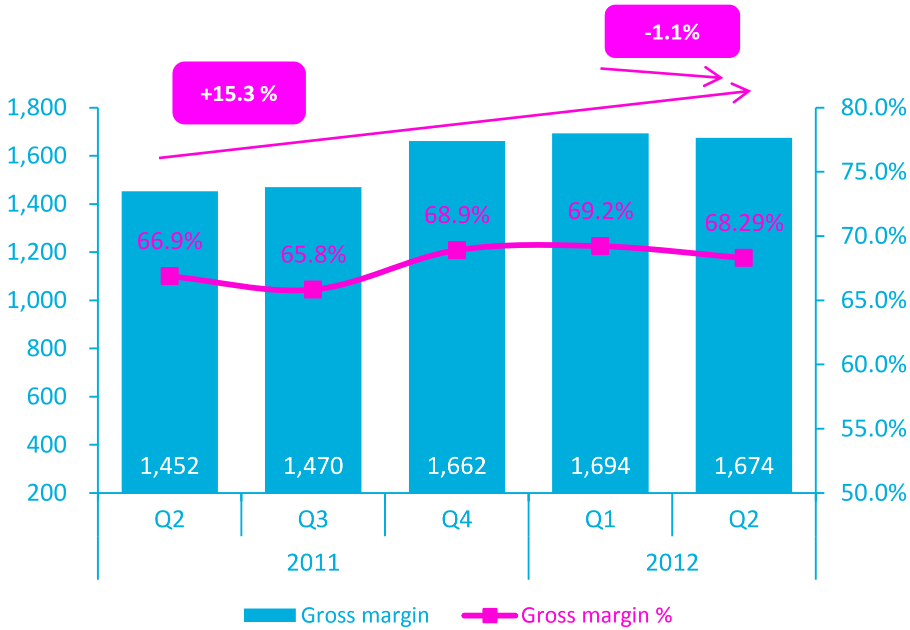
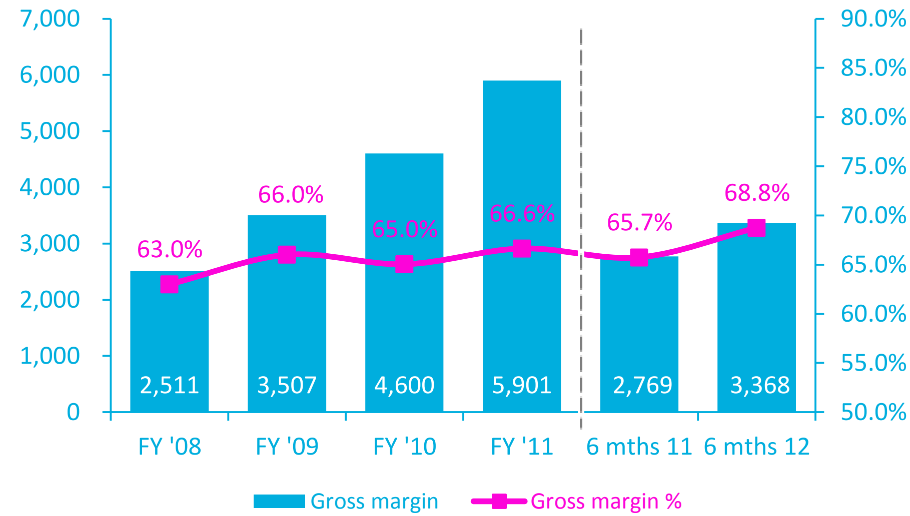
Gross Margin

Gross margin for the quarter affected by handset subsidies

Quarterly Gross Margin (AEDm)



Year to Date Gross Margin (AEDm)



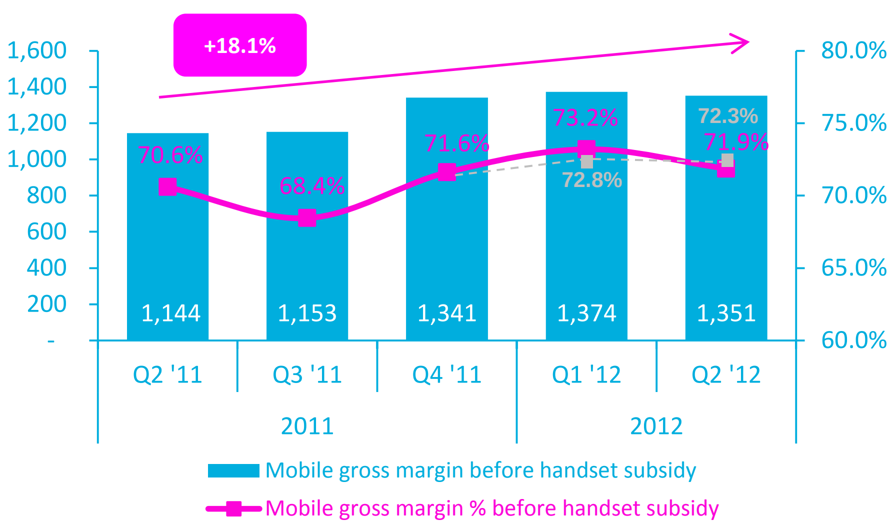
Gross margin affected by handset subsidies related to enterprise segment

- Gross margin for the quarter stood at AED 1.7 billion, representing a 28.6% increase year on year and a 1.1% decrease quarter on quarter. This can be attributed to the affect of an reduction in handset revenue but an increase in cost, due to higher subsidies being given to enterprise customers. This is expected to result in increased usage due to the nature of this customer segment, however the impact of this will not be seen until future quarters

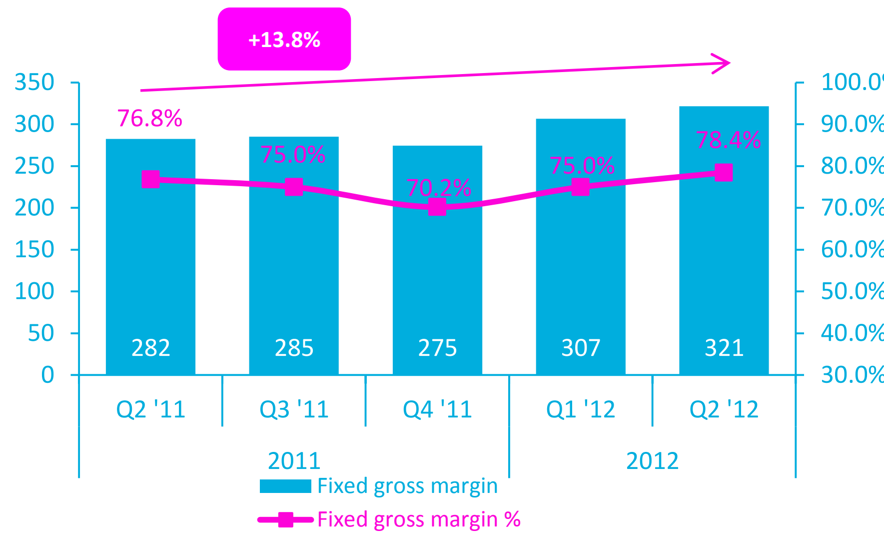
Gross Margin

By Segment (Quarterly)

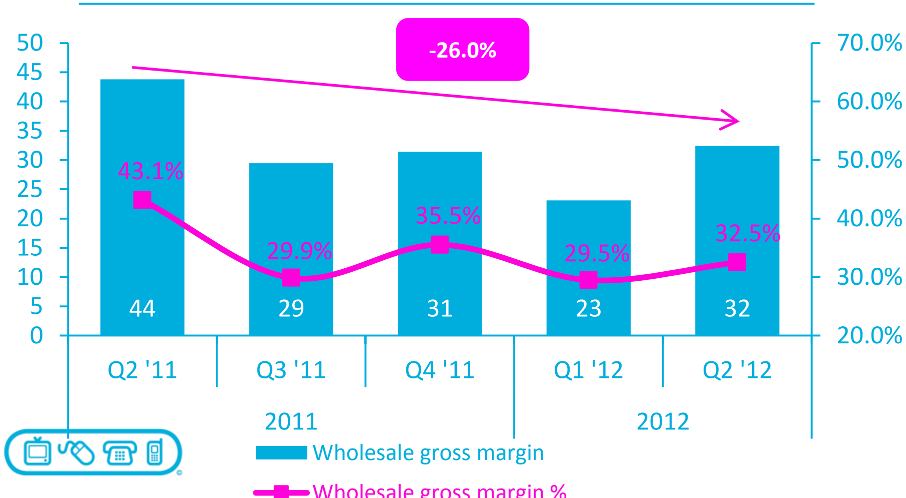
Mobile Gross Margin (AEDm) before handset subsidy



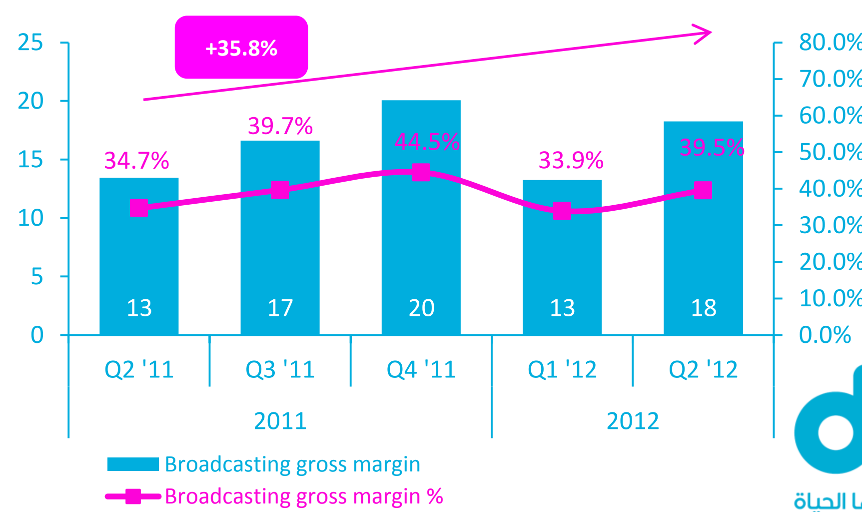
Fixed Gross Margin (AEDm)



Wholesale Gross Margin (AEDm)



Broadcasting Gross Margin (AEDm)



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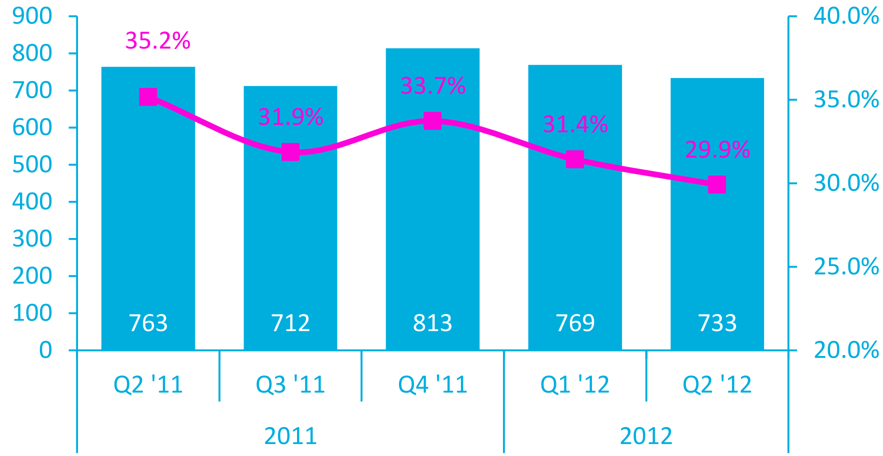
Overheads

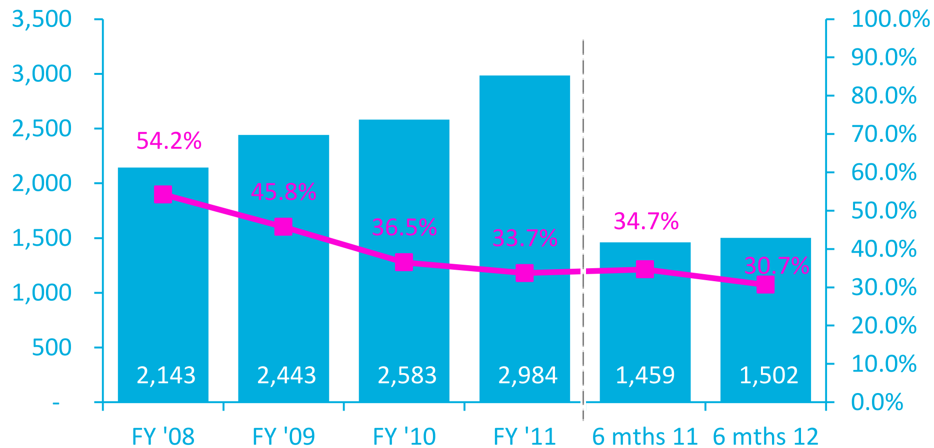
Ongoing efficiency improvements reducing overheads as percentage of revenue

Quarterly Overheads (AEDm)



Overheads as a percentage of revenue	Q2 '11	Q2 '12
Manpower	15.4%	13.3%
Telecommunications license & related fees	2.5%	2.6%
Sales & Marketing expenses	4.4%	3.0%
Bad debts	1.3%	1.0%
Network operation & maintenance	9.1%	7.6%
Rent & utilities	1.5%	1.3%
Miscellaneous	1.0%	1.0%
Total Overheads as % of Revenue	**35.2%**	**29.9%**

Year on Year Overheads (AEDm)



Continued performance improvements

- Overheads as a percentage of revenue decreased from 35% to 30% as a result of continued control on costs in spite of strong growth in size of business and the addition of 957,000 customers over the same period.
- Total overheads for the quarter stood at AED 733 million down from 769 million in Q1 2012 primarily due to seasonality of Sales & Marketing

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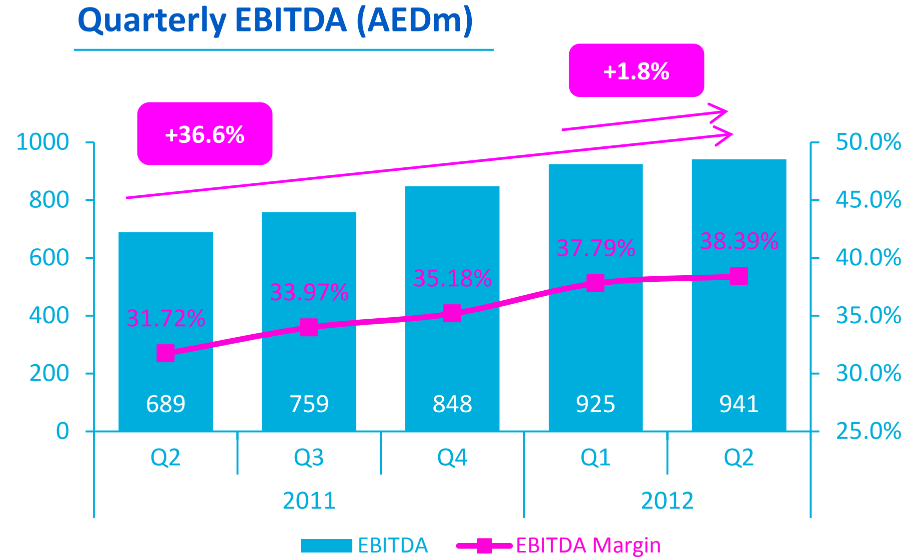
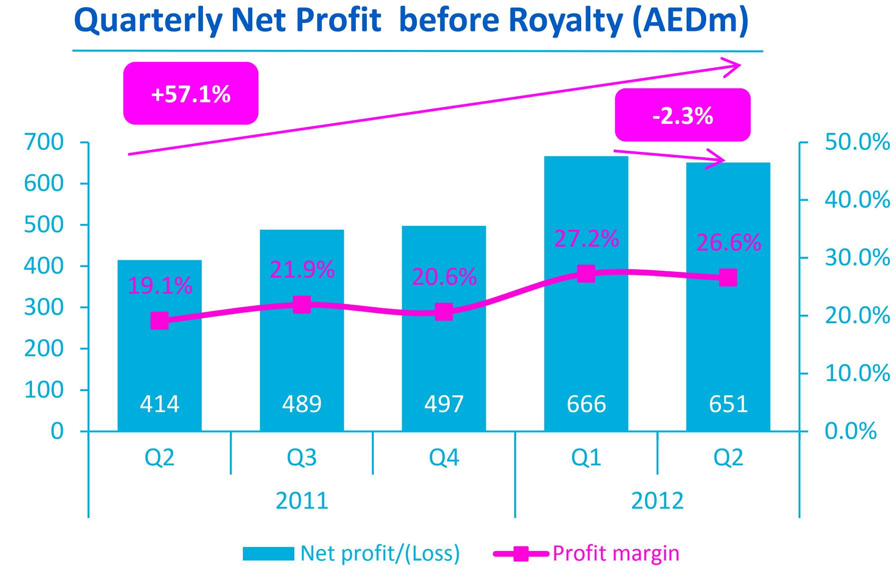
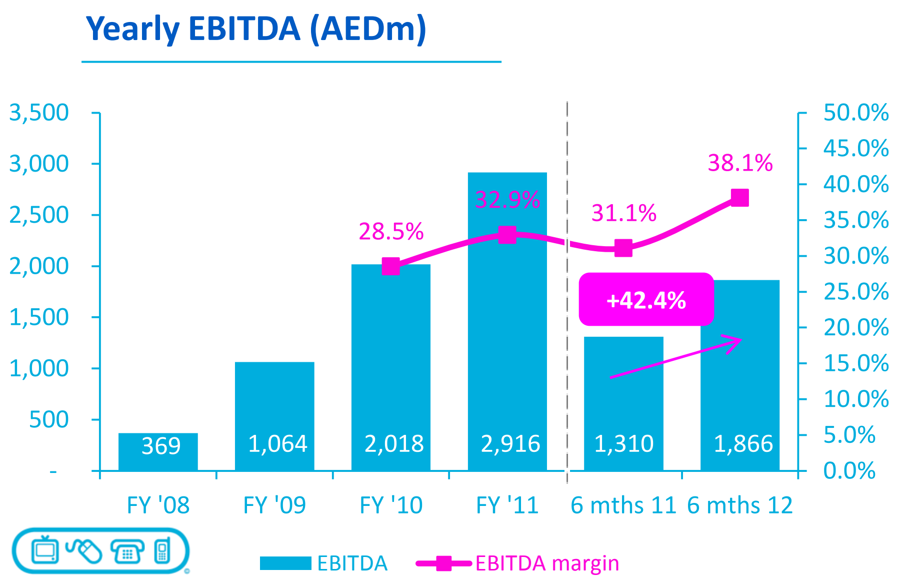
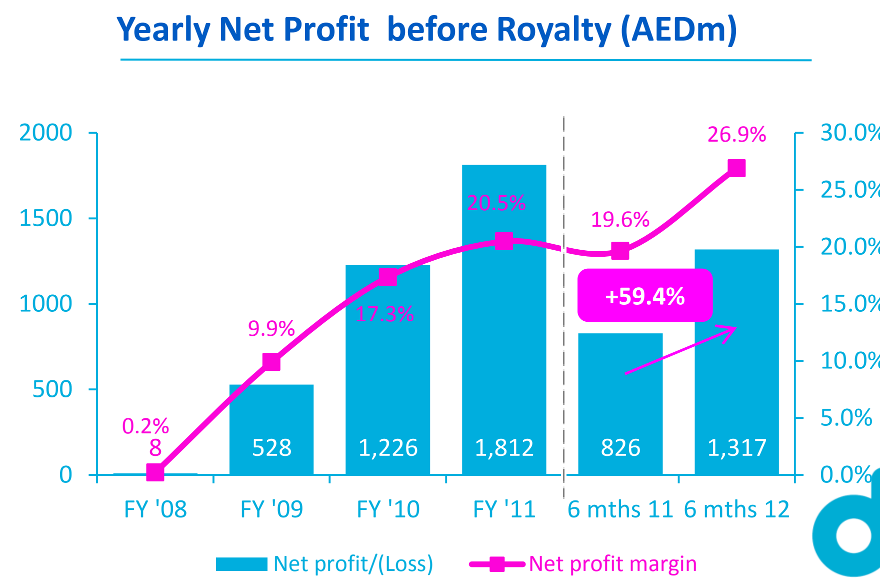
Profitability

Strong performance in both EBITDA and Net profit before Royalty









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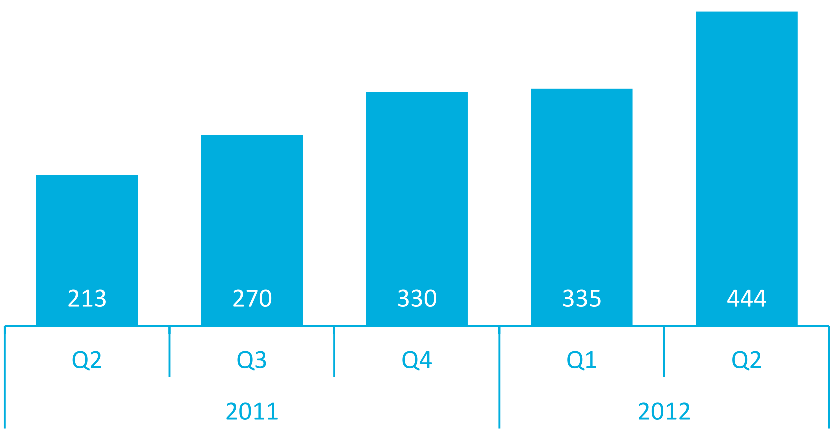
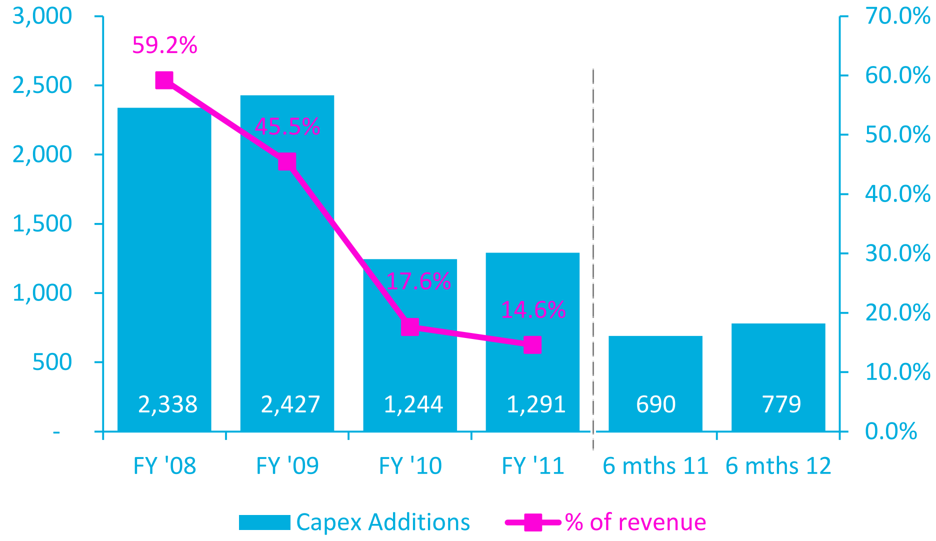
Capital Investments

CAPEX spend in line with guidance

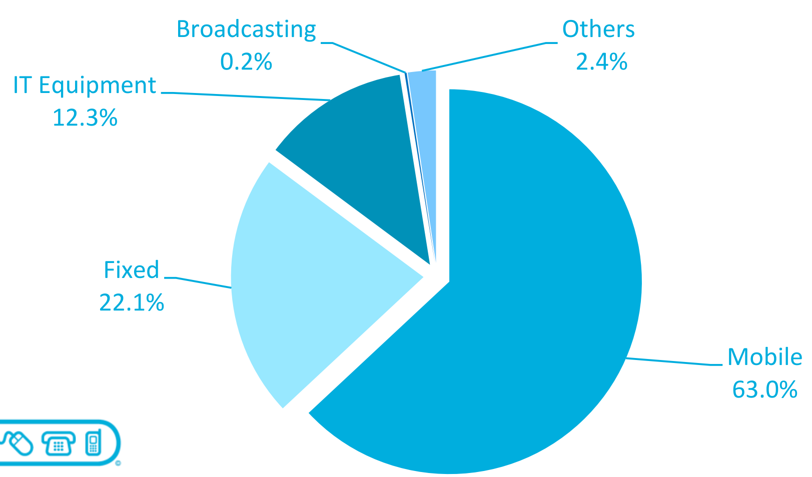
Quarterly Capex additions (AEDm)



Yearly Capex additions (AEDm)



Q2 Capex additions breakdown



Investment in line with full year guidance

- Continue to invest in the development of the business Q2 capex spend remained largely focused on the mobile business

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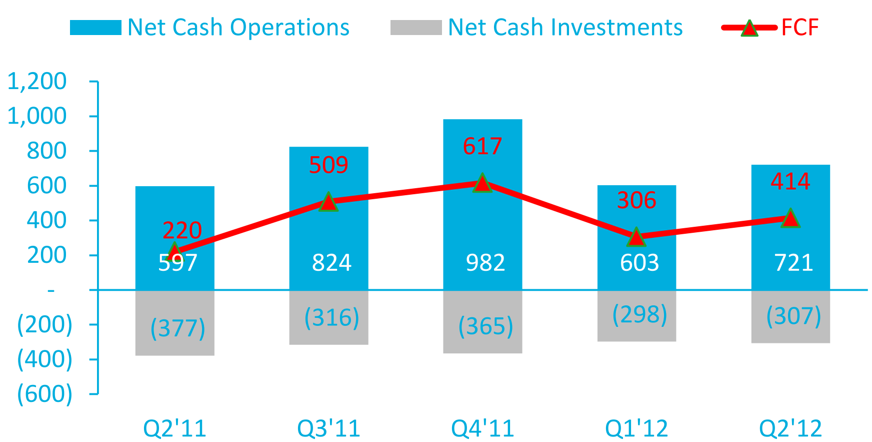
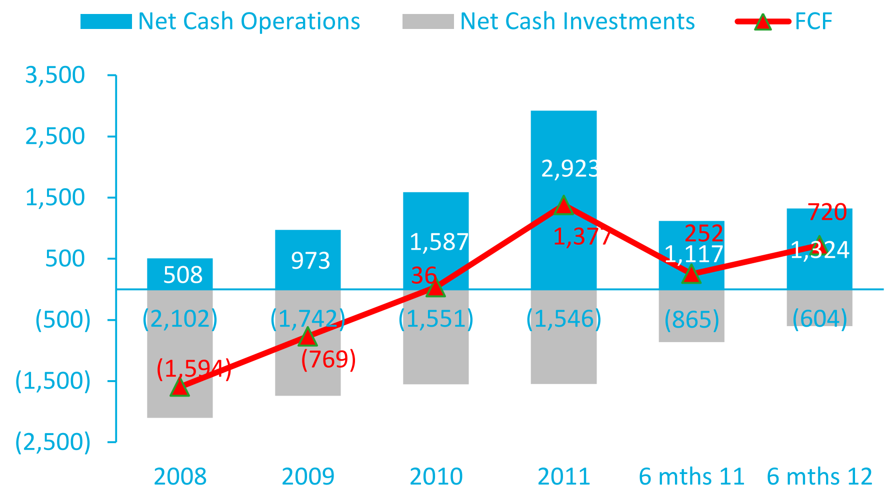
Cash & Debt overview

- Huawei bridge loan of AED 418.5 million was repaid in full during H1 2012 with AED 204 million repaid in Q2 2012
- Q2 free cash flow includes a royalty payment of AED 260 million. Remaining AED 455 million will be paid in Q3 and Q4 2012

Quarterly Free cash flow (AEDm)



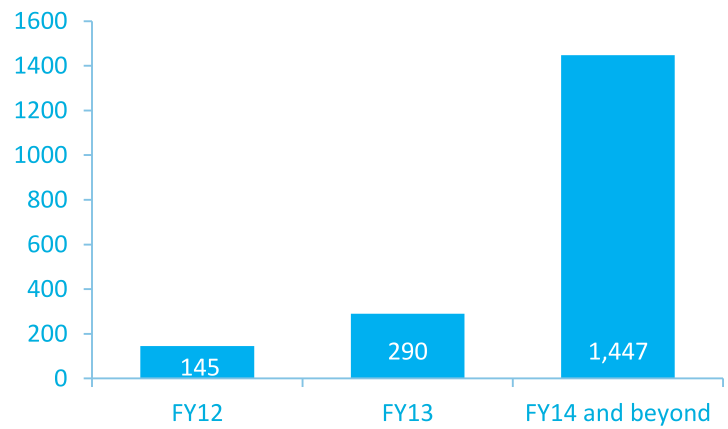
Year to Date Free cash flow (AEDm)



Bank facilities

Loan Sources (AED Millions)	Available	Drawn
ECA - NSN Nordea	707	707
ECA - NSN KFW	761	291
Vendor - Huawei Bridge	0	0
Vendor - CISCO Capital	76	76
Club Facility - Long Term Loan	808	808
TOTAL DEBT FACILITIES	**2,352**	**1,882**
TOTAL CASH IN HAND	**2,021**	

Debt maturity profile



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Strategy & Outlook

Growth through efficiency

- Focus on profitable growth and increase of value share
- Push mobile post-paid penetration within the high-end customer segment
- Increased focus on mobile data and bundled offerings
- Deliver superior segmented customer experience
- Continued emphasis on operational efficiencies
- Maximize returns of network investments and cash flow generation

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Q&A