

Q1 2012 Results

Emirates Integrated Telecommunications Company PJSC

May 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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- 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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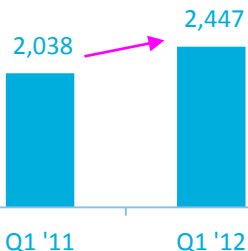
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Q1 Financial Highlights

Strong performance across all key metrics

Total Revenue (AEDm)

+20.1%

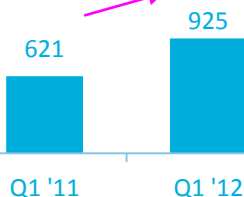


Revenue growth

- Total revenues grew 20.1% year on year to AED 2.4 billion

EBITDA (AEDm)

+49.0%

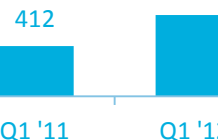


Strong EBITDA growth

- EBITDA increased 49.0% year on year, up from AED 621 million to AED 925 million

Net Profit before Royalty (AEDm)

+61.8%

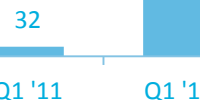


Substantial profits

- Net profit before royalty increased 61.8% to AED 666 million, up from AED 412 million in Q1 2011
- Positively impacted by one-off items of approximately AED 30 million

Free Cash Flow (AEDm)

Nearly
10x

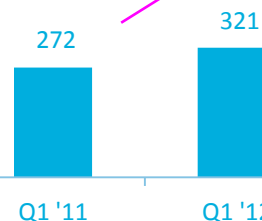


Improved free cash flow

- Free cash flow grew by nearly ten times from AED 32 million to AED 306 million

Mobile Customers* Net additions (000s)

+17.9%



Robust customer additions

- More mobile customers were added in Q1 2012 than any quarter in the past two years. A 17.9% increase in net additions year on year resulted in 321,000 active mobile customers being added, bringing the total mobile customer base to 5.5 million



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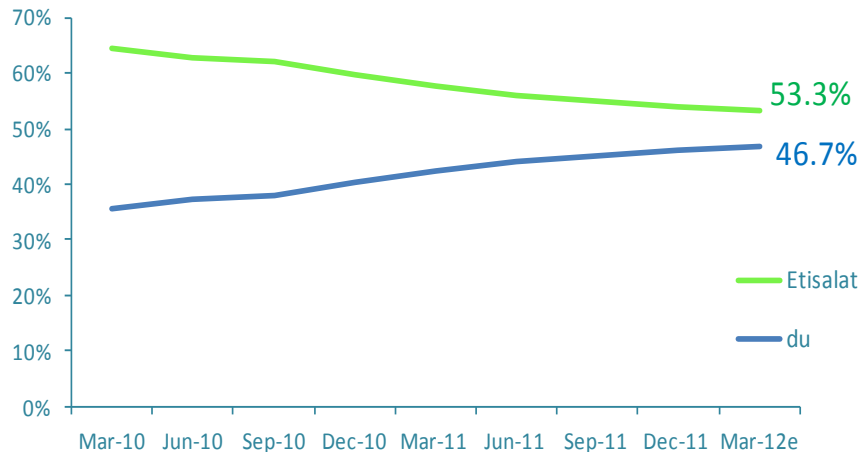
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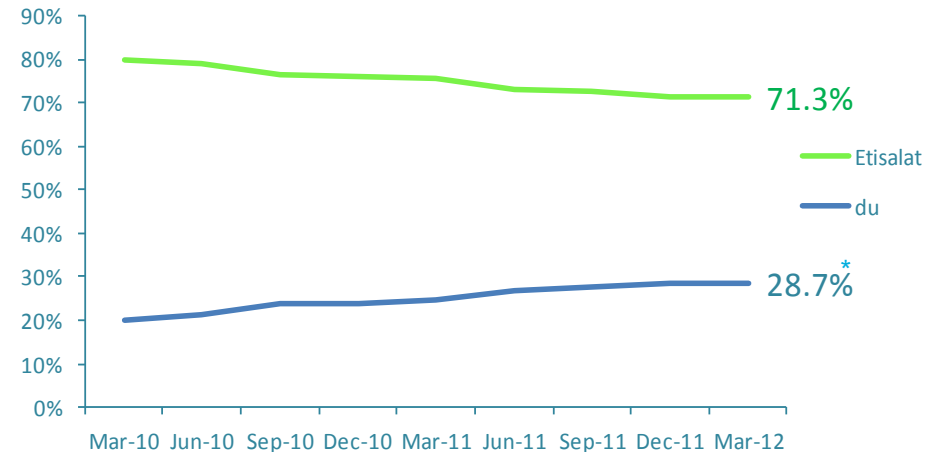
Market overview

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%

Source: TRA Market Statistics April 2012, Internal estimates, Etisalat Quarterly/ Annual financial reports

UAE

- Population: (February 2012 ^e) 8.0 million
- Population growth: (2011 ^e) 5%
- GDP: (2010) US\$ 298 bn
- GDP per capita: (2010) US\$ 57,043

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



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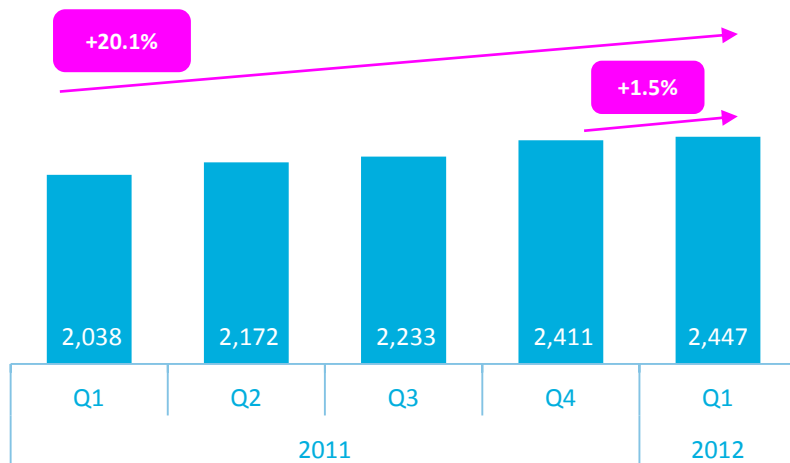
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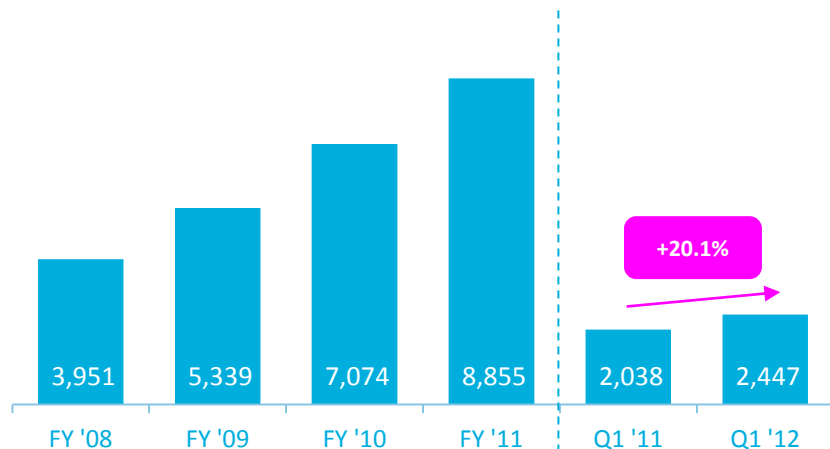
Revenues

Mobile business remains core driver of growth

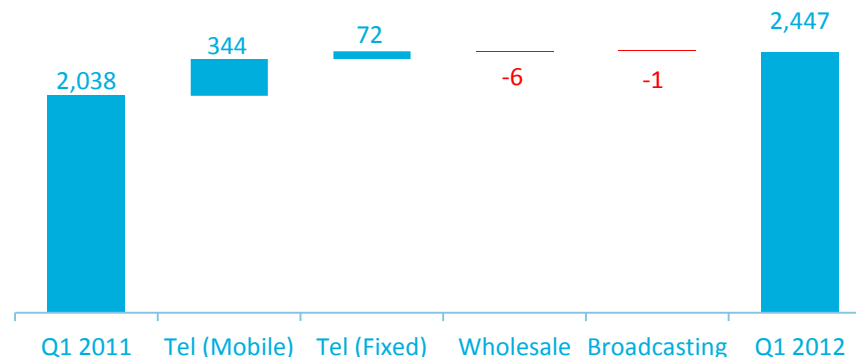
Quarterly Revenue (AEDm)



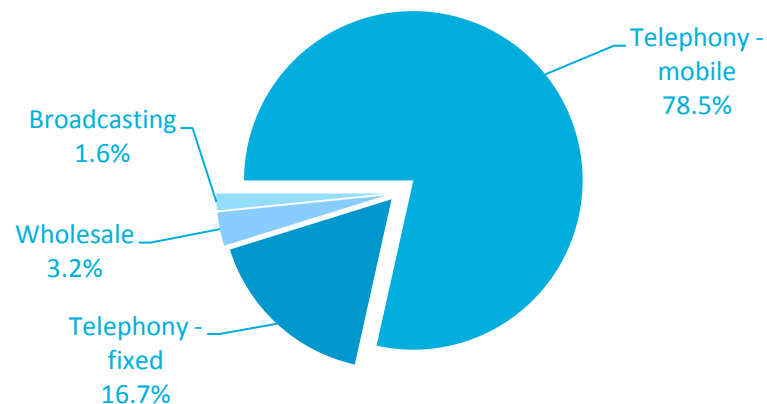
Year to Date Revenue (AEDm)



Revenue Quarter Change (AEDm)



Q1 2012 Revenue Split

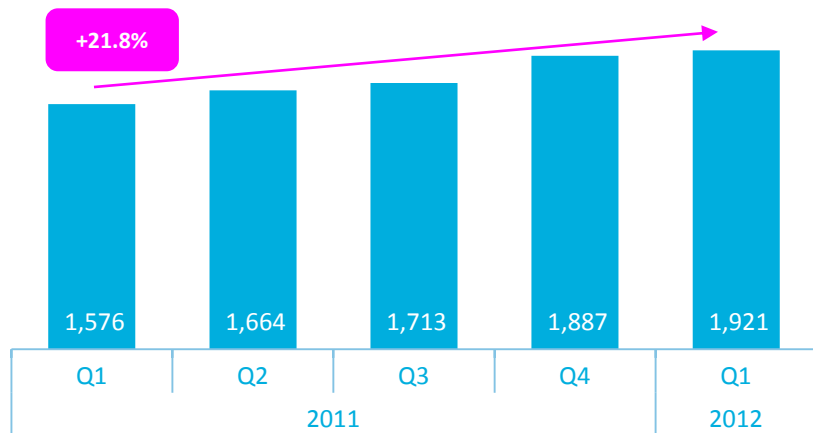


Revenue Drivers - Mobile

Significant increase in data as a proportion of mobile revenues

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

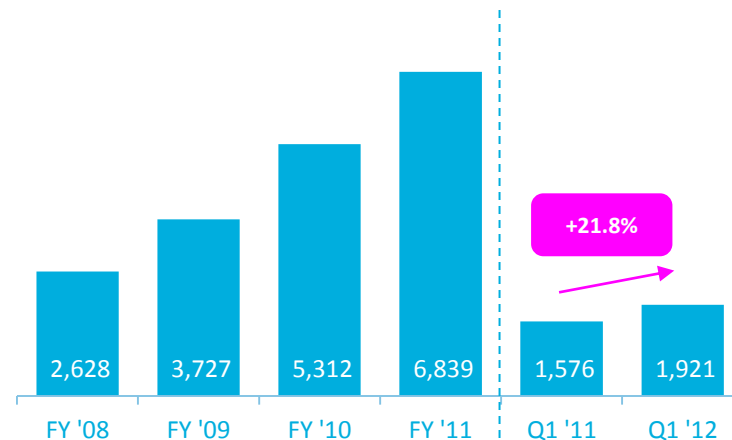
Quarterly Mobile Revenues (AEDm)



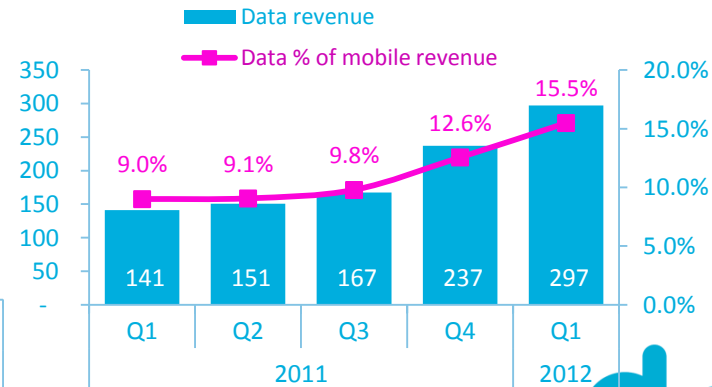
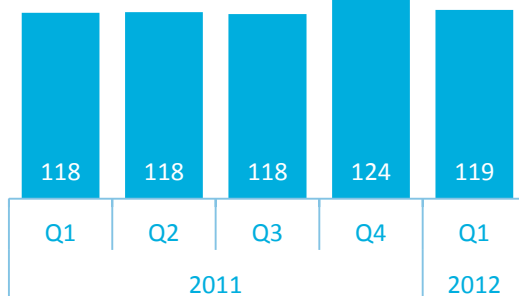
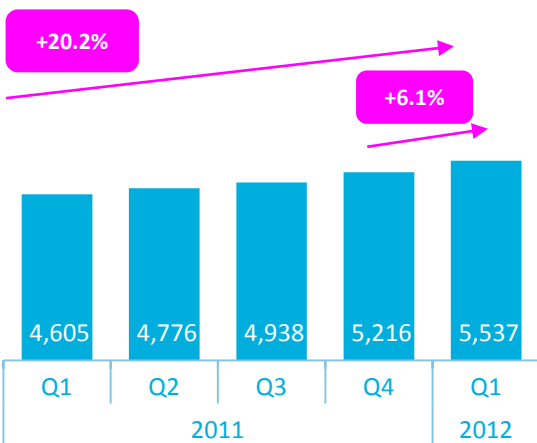
Mobile Subscribers
Active 90 days ('000)

Mobile ARPU (AED)

Year to Date Mobile Revenues (AEDm)



Mobile Data (AEDm)



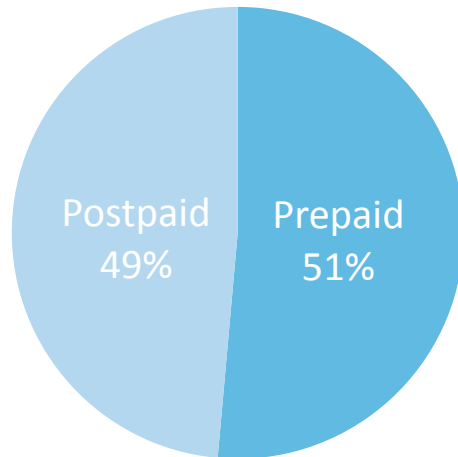
* Data includes MMS, SMS, GPRS,
net of discounts

Revenue Drivers – Mobile

Growing strength in post-paid customer base

Contribution to YoY growth in mobile revenues

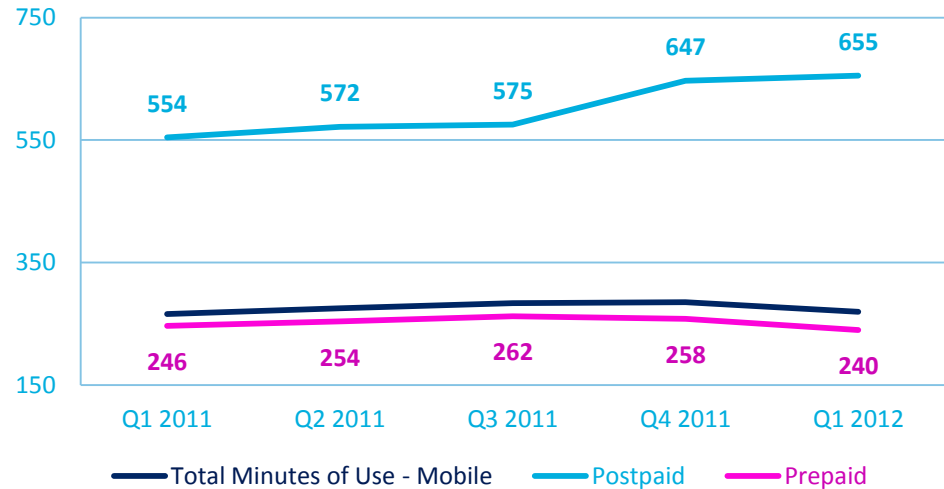
(excluding inbound roaming and handset revenue)



Growing contribution from post-paid segment

- 49% of the growth in mobile revenues in Q1 2012 came from the post-paid customer base, of which 44% was a result of ARPU.
- Represents an increasing proportion of growth, compared to 42% in Q4 2011.

Minutes of use by customer segment



Minutes of use among post-paid segment continues to grow

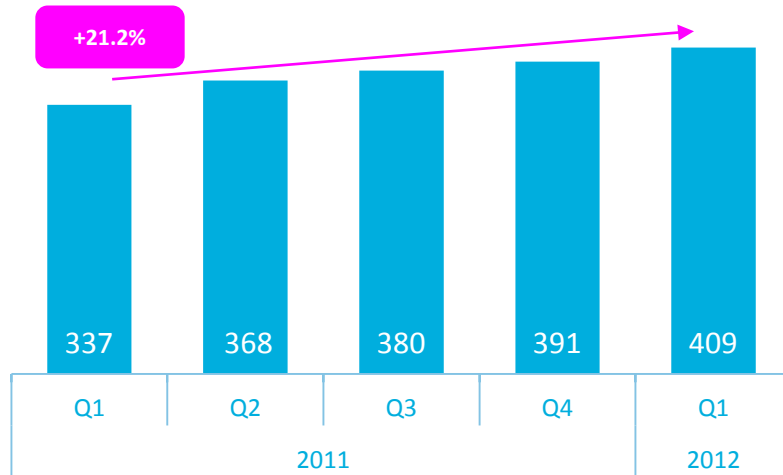
- Usage among post-paid customers continues to grow, increasing from 647 total average minutes per user per month in Q4 2011 to 655 minutes in Q1 2012.



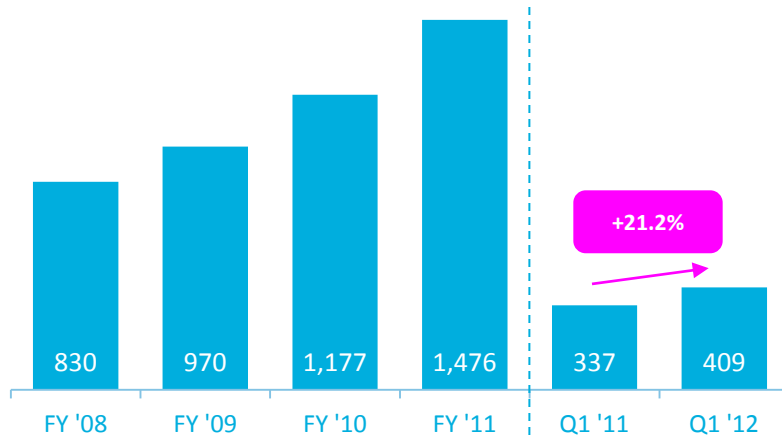
Revenue Drivers – Fixed

Solid performance in fixed line business

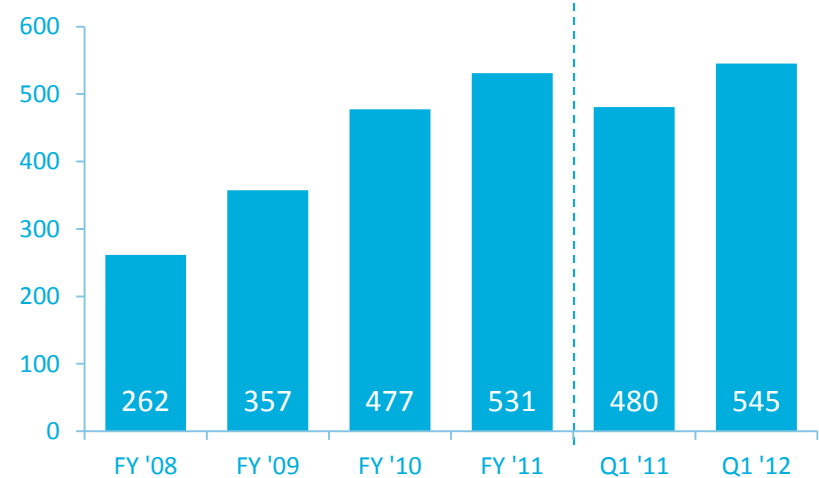
Quarterly Fixed Revenue (AEDm)



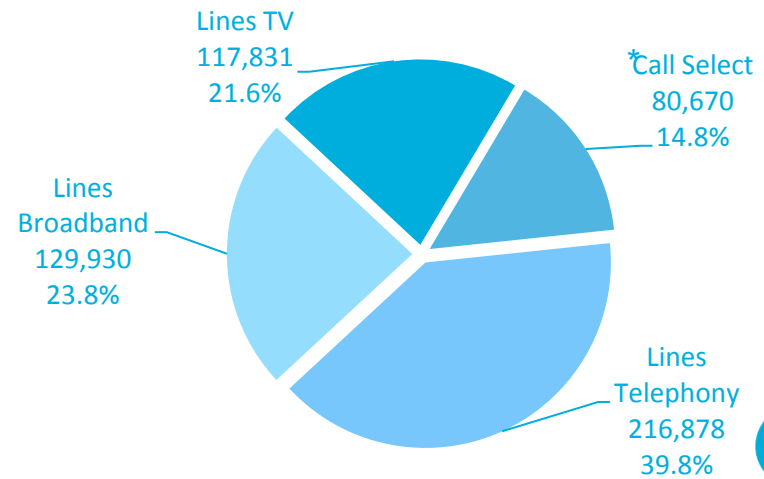
Year to Date Fixed Revenue (AEDm)



Year to Date Fixed Line Subscribers ('000)



Fixed line breakdown (Q1'12)

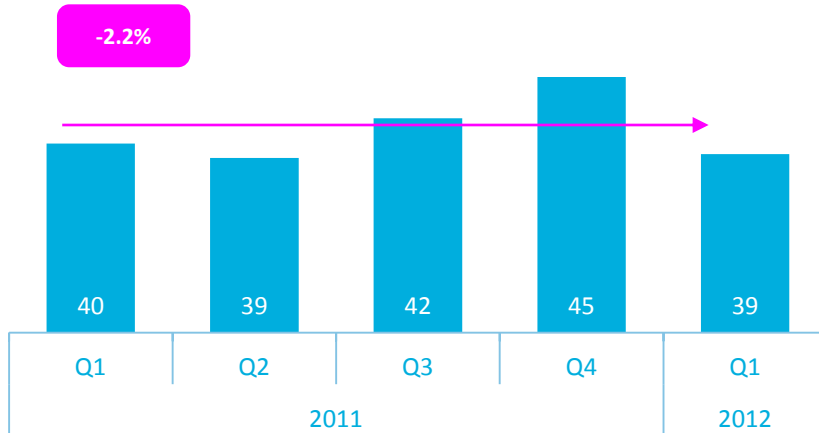


وتحيا بها الحياة
add life to life

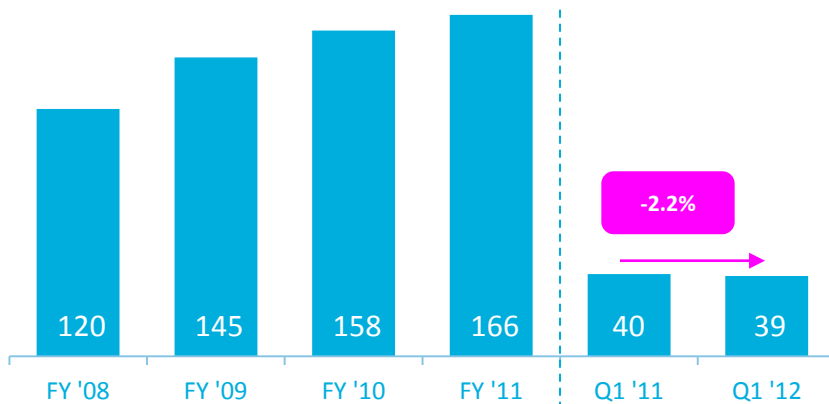
Revenue Drivers

Wholesale & Broadcasting businesses remain steady

Quarterly Broadcast Revenues (AEDm)

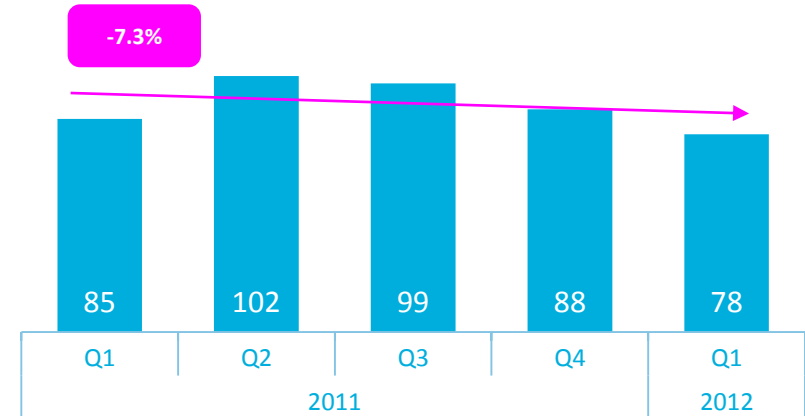


Year to Date Broadcast Revenues (AEDm)

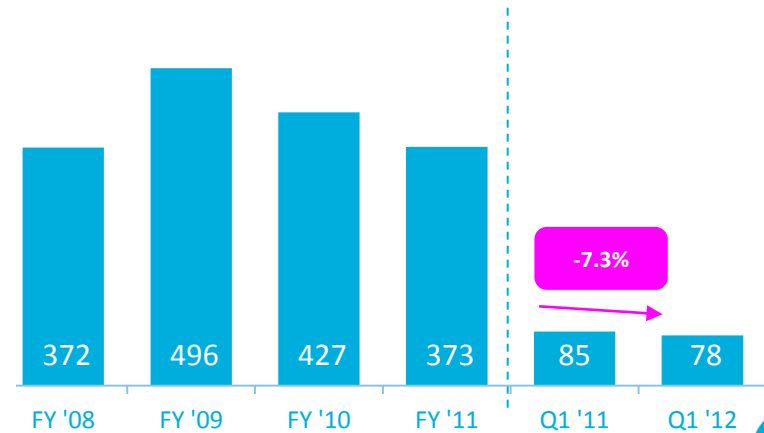


Wholesale revenues impacted by change in share of mobile market – more people now using du's own service and therefore traffic from competition in the form of wholesale continues to reduce

Quarterly Wholesale Revenues (AEDm)



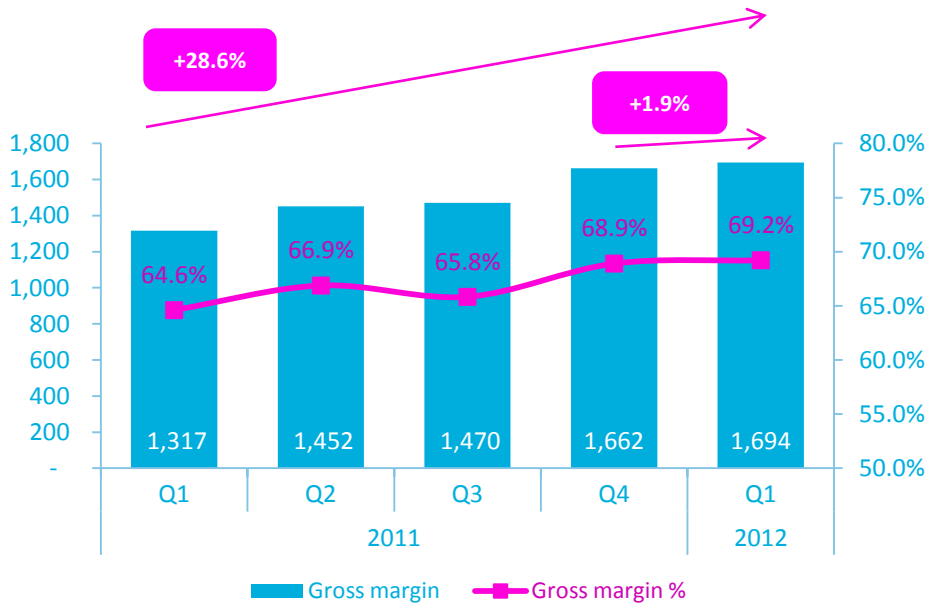
Year to Date Wholesale Revenues (AEDm)



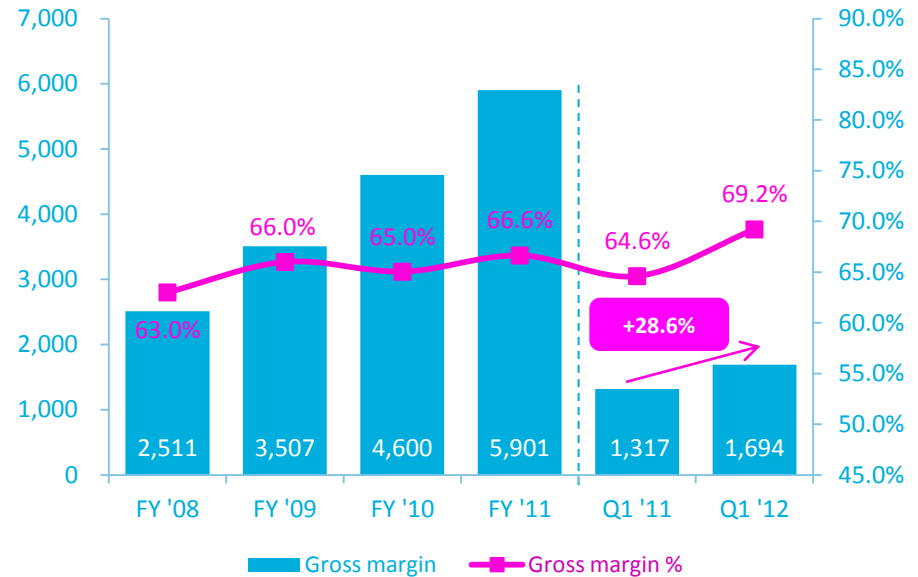
Gross Margin

Healthy growth in gross margin for the quarter

Quarterly Gross Margin (AEDm)



Year to Date Gross Margin (AEDm)



Healthy growth in gross margin

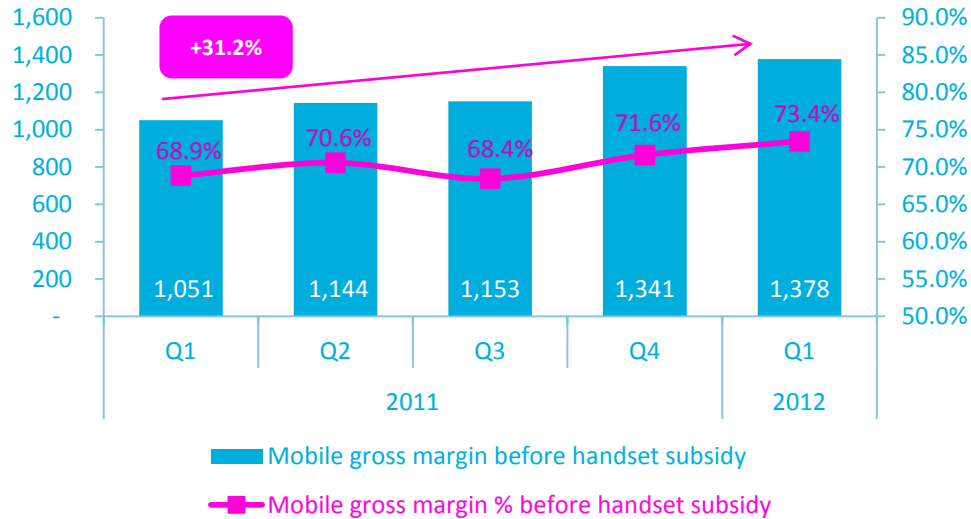
- Gross margin grew from AED 1.3 billion to AED 1.7 billion, representing a 28.6% increase year on year
- Gross margin improved from 64.6% to 69.2%, up by nearly five percentage points year on year



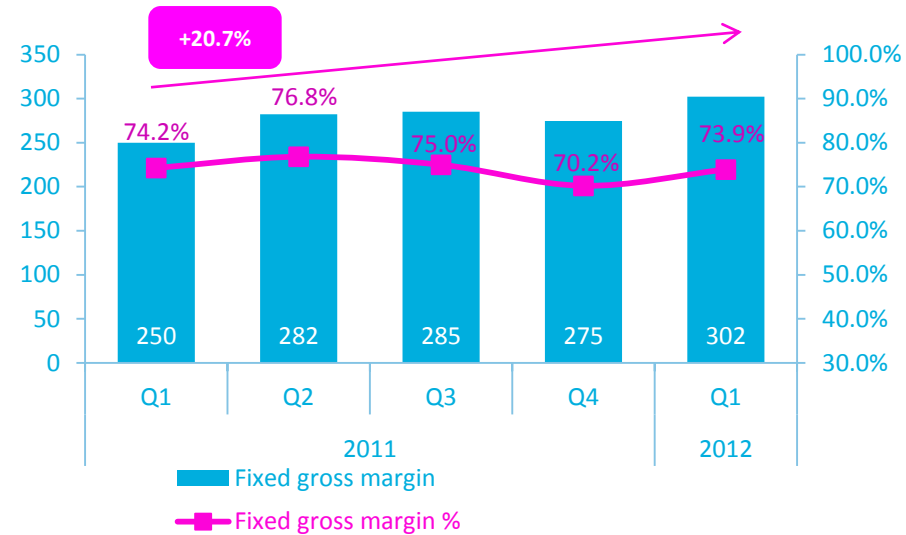
Gross Margin

By Segment (Quarterly)

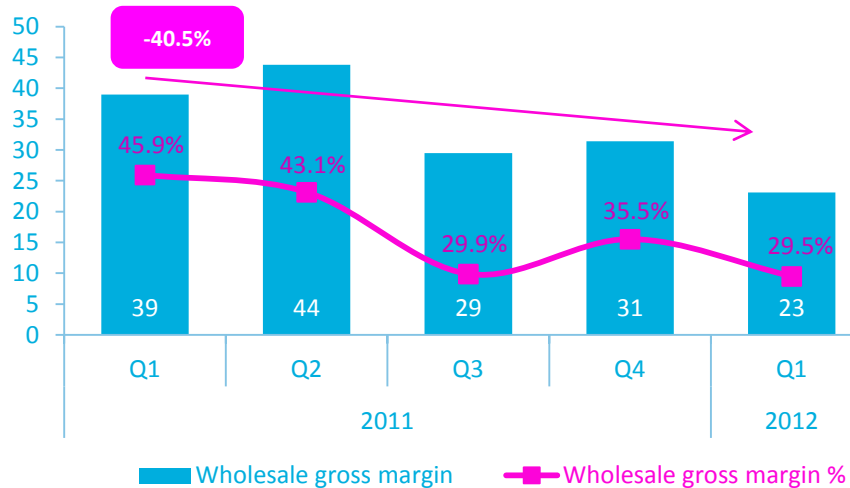
Mobile Gross Margin (AEDm) before handset subsidy



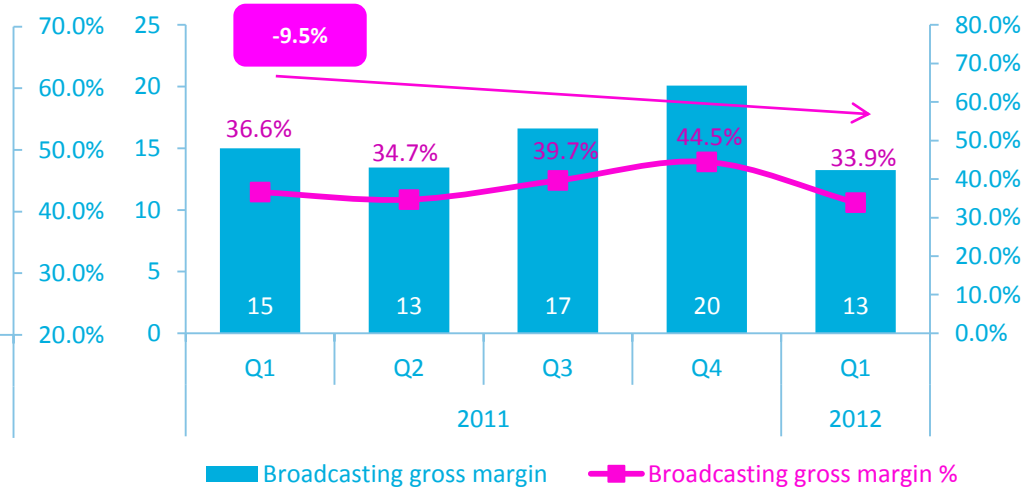
Fixed Gross Margin (AEDm)



Wholesale Gross Margin (AEDm)



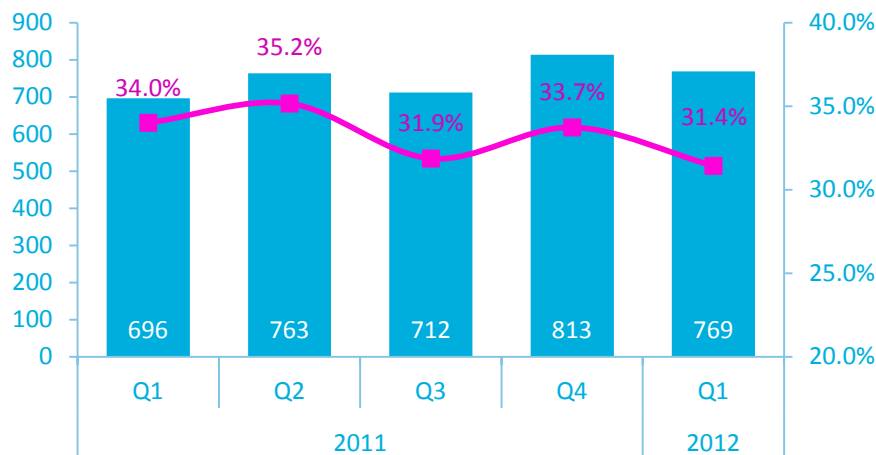
Broadcasting Gross Margin (AEDm)



Overheads

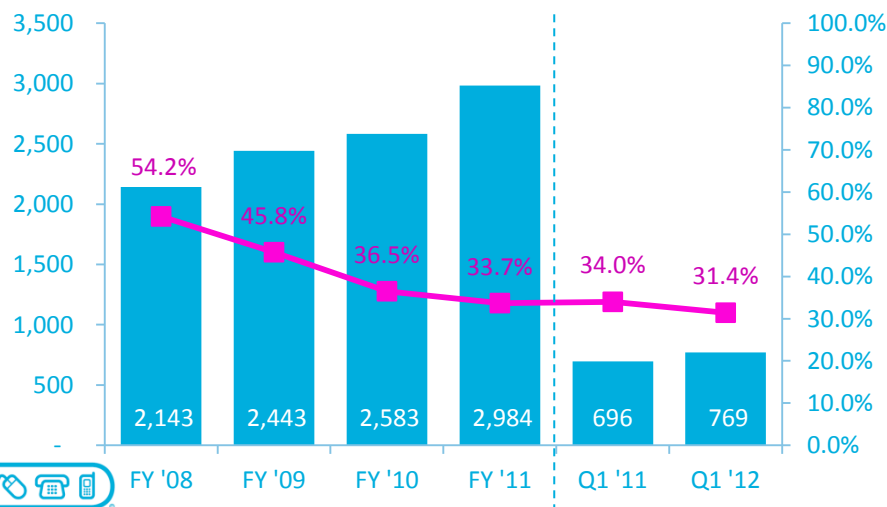
Control maintained

Quarterly Overheads (AEDm)



Overheads as a percentage of revenue	Q1 '11	Q1 '12
Manpower	16%	15%
Telecommunications license & related fees	3%	3%
Sales & Marketing expenses	3%	3%
Bad debts	1%	1%
Network operation & maintenance	9%	8%
Rent & utilities	2%	1%
Miscellaneous	1%	1%
Total Overheads as % of Revenue	34%	31%

Year to Date Overheads (AEDm)



Continue to improve performance

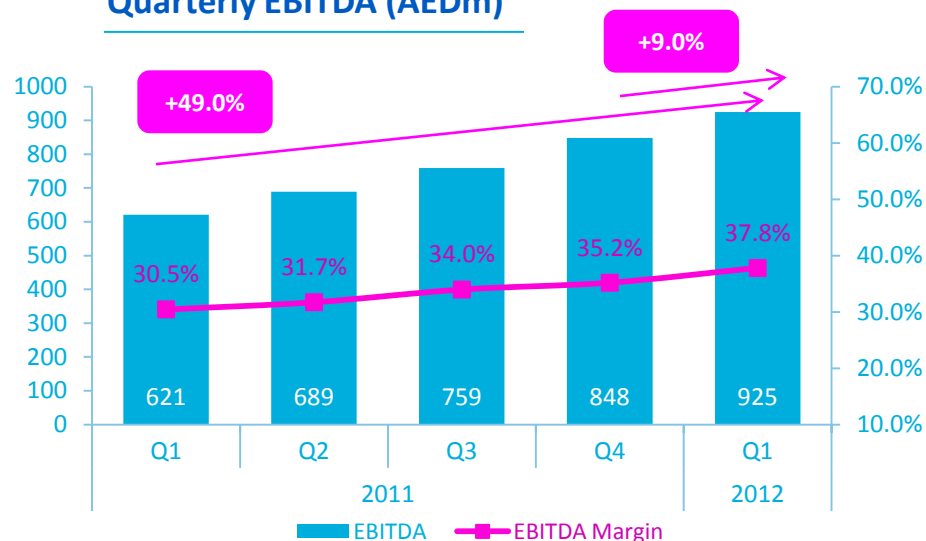
- Overheads as a percentage of revenue decreased from 34% to 31% as a result of continued control on costs in spite of strong growth in size of business
- Total overheads for the quarter stood at AED 769 million



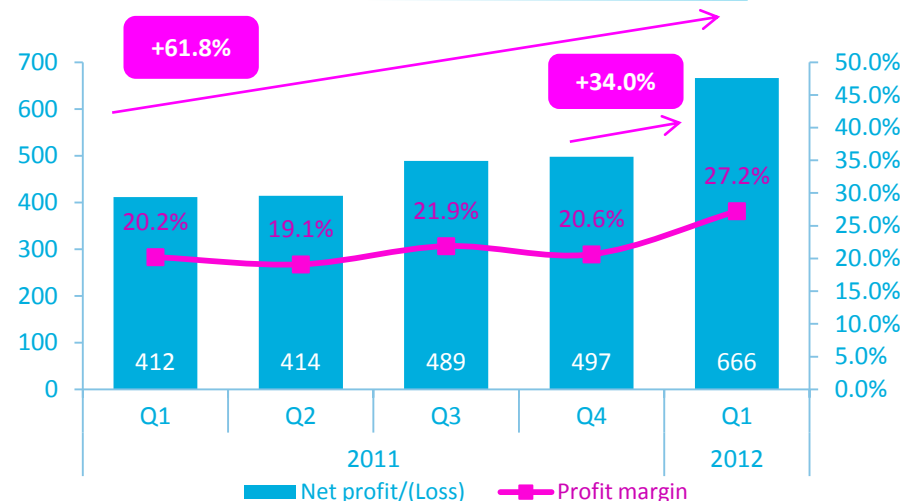
Profitability

Strong performance in both EBITDA and Net profit before Royalty

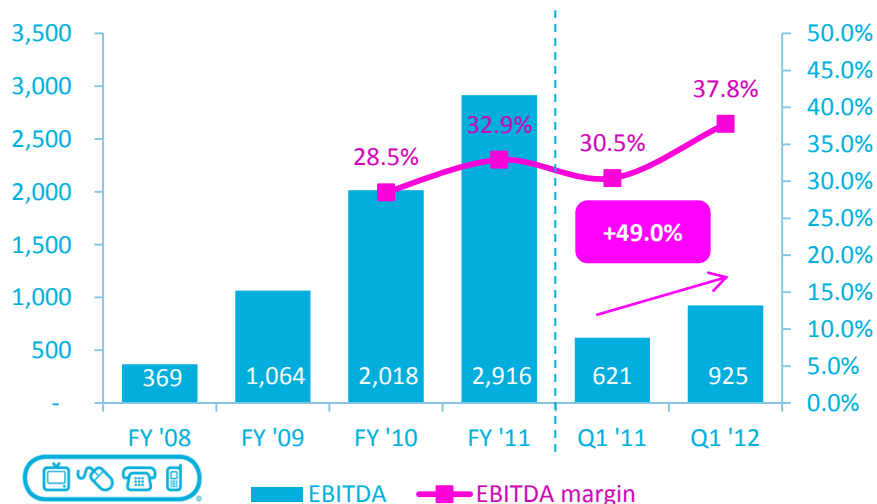
Quarterly EBITDA (AEDm)



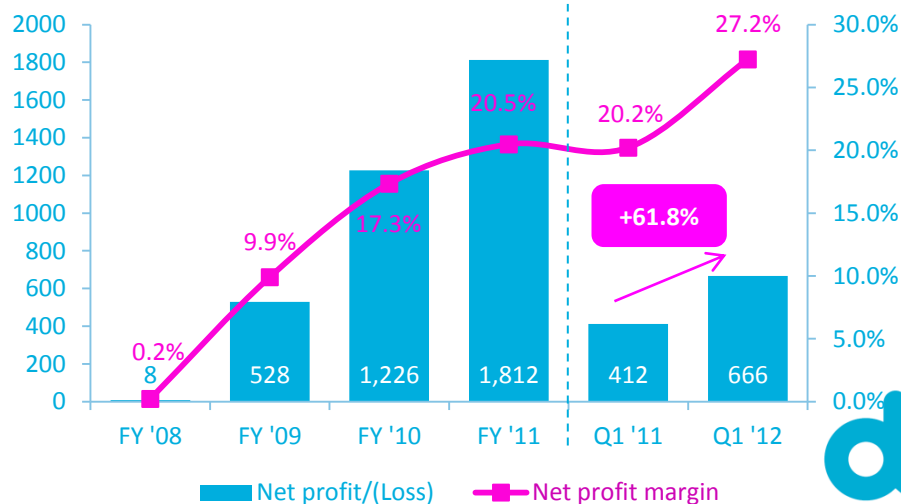
Quarterly Net Profit before Royalty (AEDm)



Year to Date EBITDA (AEDm)



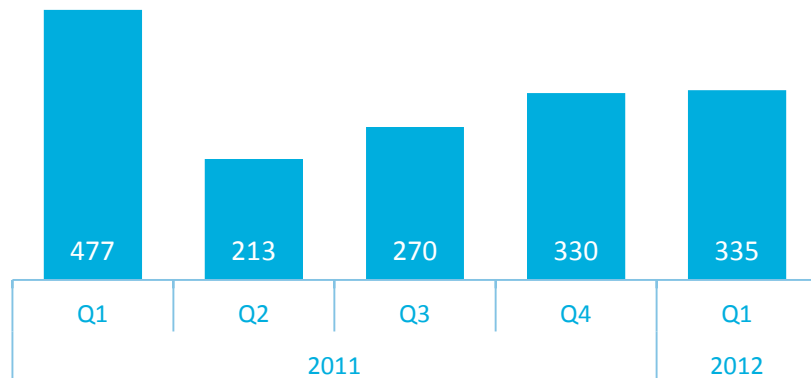
Year to Date Net Profit before Royalty (AEDm)



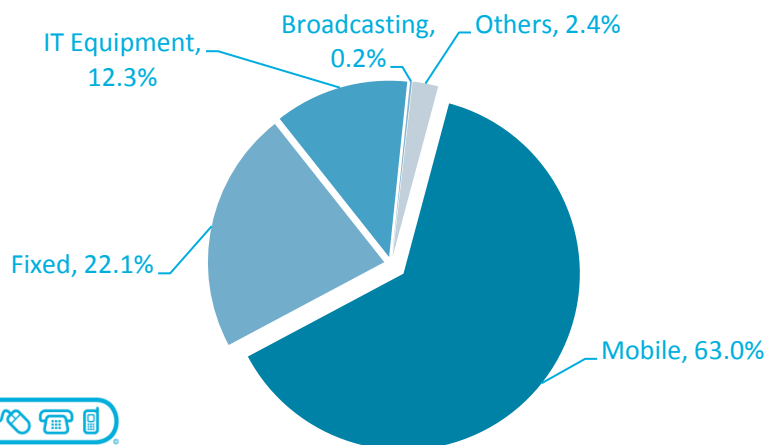
Capital Investments

Maintained spend

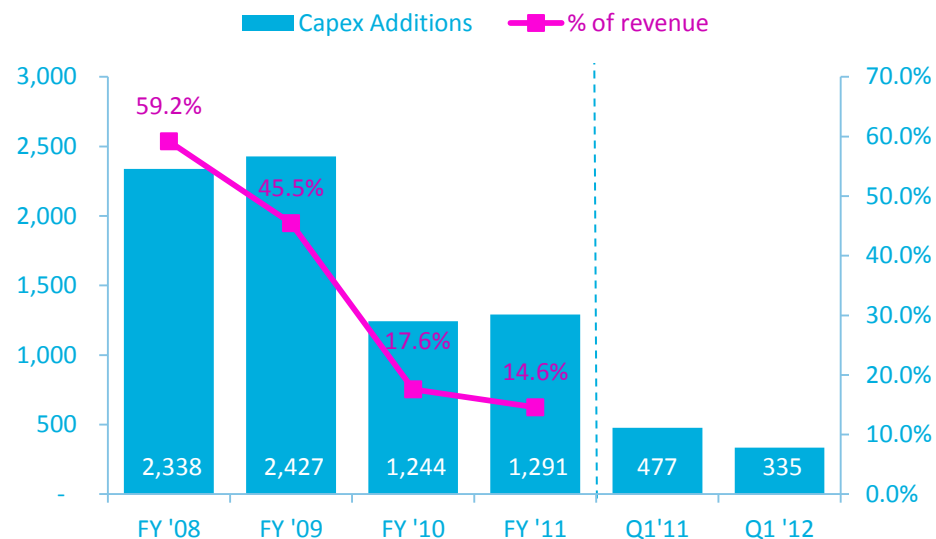
Quarterly Capex additions (AEDm)



Q1 Capex additions breakdown



Year to Date Capex additions (AEDm)



Maintaining Investment

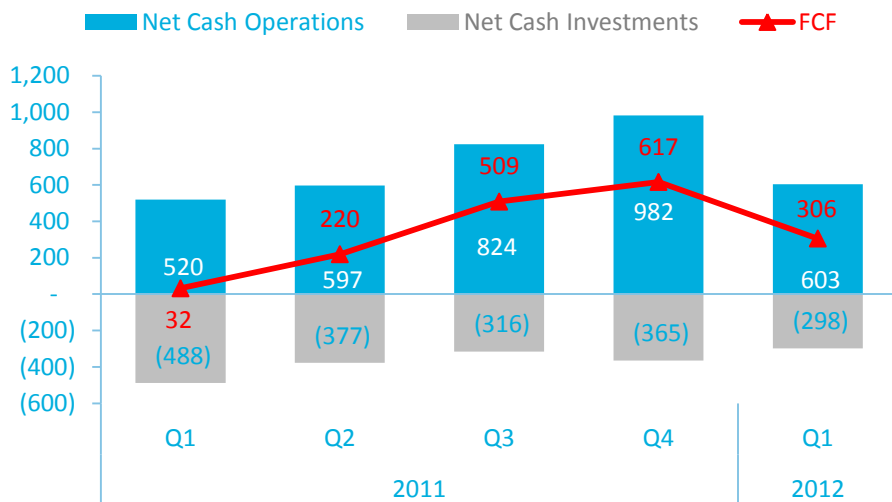
- Continue to invest in the development of the business
Q1 capex spend was largely focused on the mobile business



Cash & Debt overview

Strong free cash flow in 2011

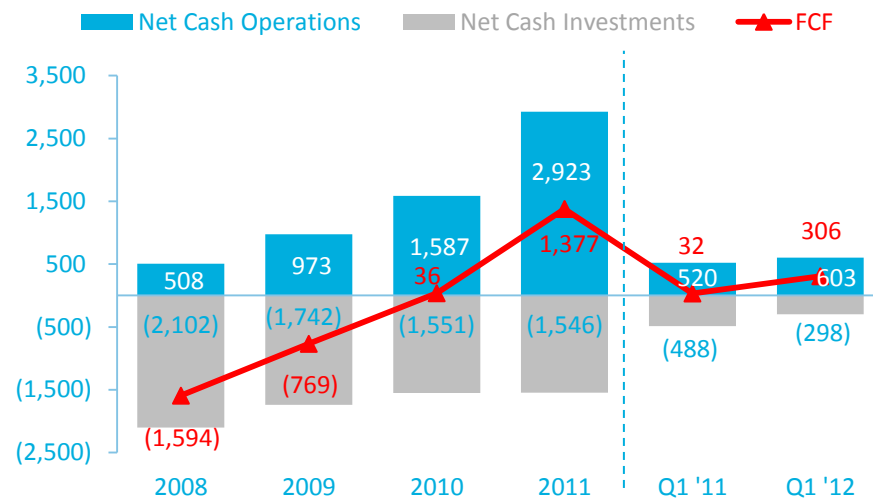
Quarterly Free cash flow (AEDm)



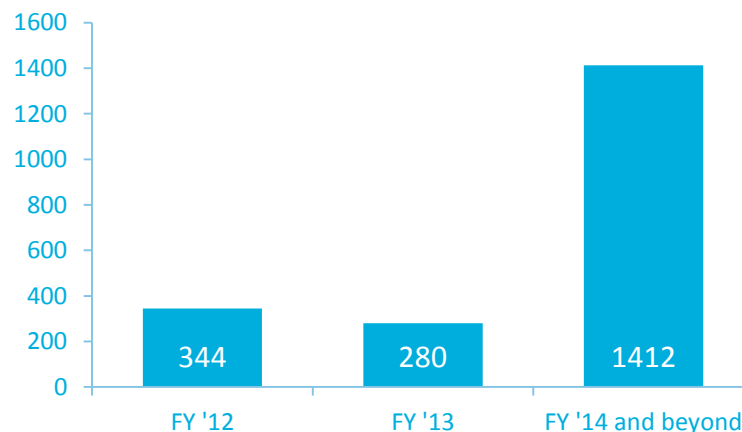
Bank facilities

Loan Sources (AED Millions)	Available	Drawn
ECA - NSN Nordea	988	707
ECA - NSN KfW	761	241
Vendor - Huawei Bridge	625	204
Vendor - CISCO Capital	76	76
Club Facility - Long Term Loan	808	808
TOTAL DEBT FACILITIES	3,257	2,036
TOTAL CASH IN HAND	2,446	

Year to Date Free cash flow (AEDm)



Debt maturity profile



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Strategy & Outlook

Growth through efficiency

- Focus on profitable growth and increase of value share
- Deliver superior segmented customer experience
- Increased focus on mobile data and bundled offerings
- Introducing nation-wide competition in fixed-line services
- Continued emphasis on operational efficiencies
- Maximize returns of network investments and cash flow generation



Q&A



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add life to life

