

Third Quarter 2011 Results

Emirates Integrated Telecommunications Company PJSC

October 2011



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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.
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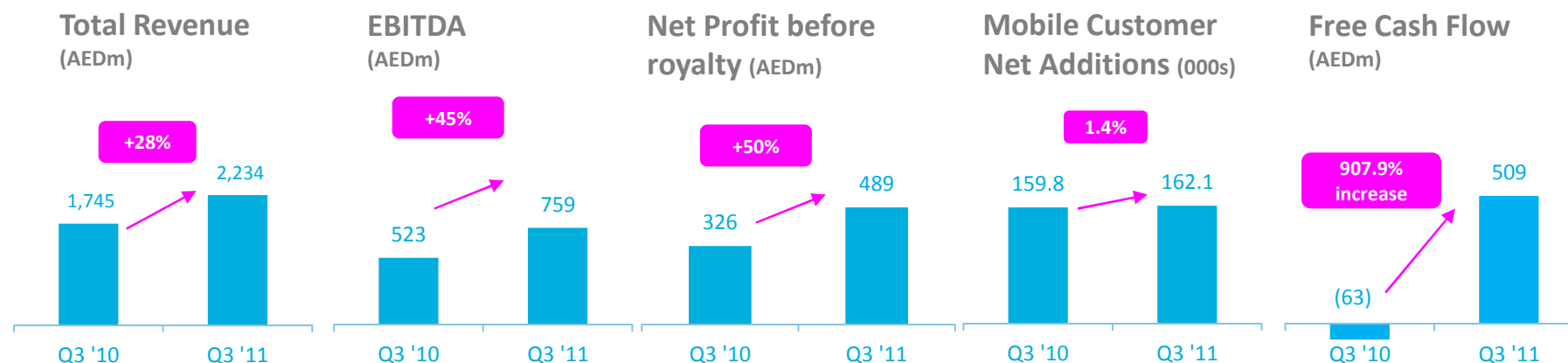
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Q3 Financial Highlights

Revenue up 28% to AED 2.23 billion



Record revenues

- Total revenues up 28%, a reflection of the strong and sustained mobile customer growth over the past 12 months
- 46% of growth in mobile service revenue came from post-paid customers in Q3 11
- Mobile data revenues increased 46% year on year to AED 167 million

EBITDA improved

- EBITDA margins remained strong at 33.97%, an increase of 225 basis points compared to the previous quarter

Increasing profitability

- 50% increase in net profit before royalty compared to Q3 10

Customer growth

- Net customer additions in Q3 11 remained strong at 162,100

Significant free cash flow generation

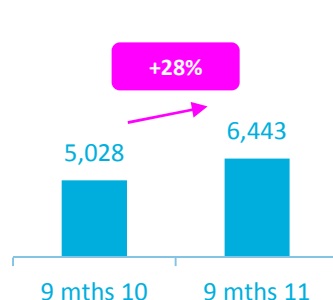
- Free cash flow increased 907.9% to AED 509 million compared with the same period in 2010



9 Months Financial Highlights

Net profit up 65% YTD

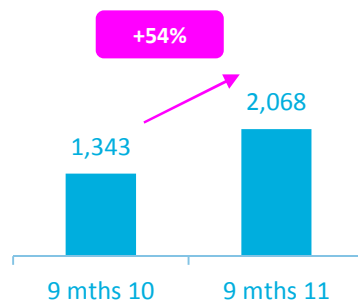
Total Revenue (YTD)
(AEDm)



Record revenues

- Revenue for the first 9 months of 2011 shows continued year on year growth up 28% from the first 9 months of 2010

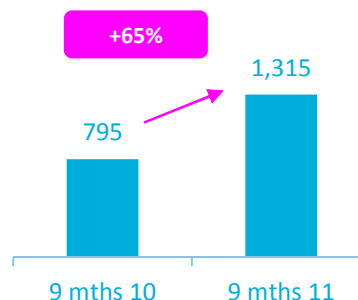
EBITDA (YTD)
(AEDm)



EBITDA improved

- EBITDA for the first 9 months of the year stood at AED 2,068 million, growing at 54% year on year
- EBITDA margin grew 540 basis points from 26.70% in the first 9 months of 2010 to 32.10% in the first 9 months of 2011

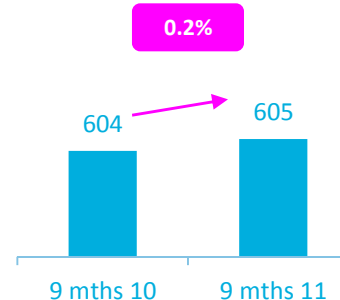
Net Profit before royalty (YTD)
(AEDm)



Increasing profitability

- 65% increase in net profit before royalty compared to the same period in 2010
- Net profit margin increased 459 basis points from 15.82% in the first 9 months of 2010 to 20.41% in the first 9 months of 2011

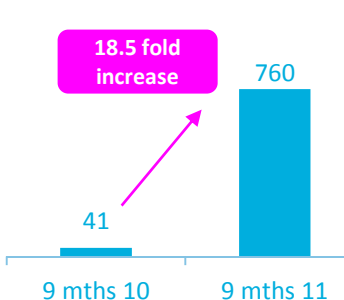
Mobile Customer Additions (Cumulative)
(000s)



Customer growth

- Continued to expand customer base

Free Cash Flow
(AEDm)



Increasing free cash flow

- Free cash flow increased by 18.5 times to AED 760 million for the first 9 months of 2011



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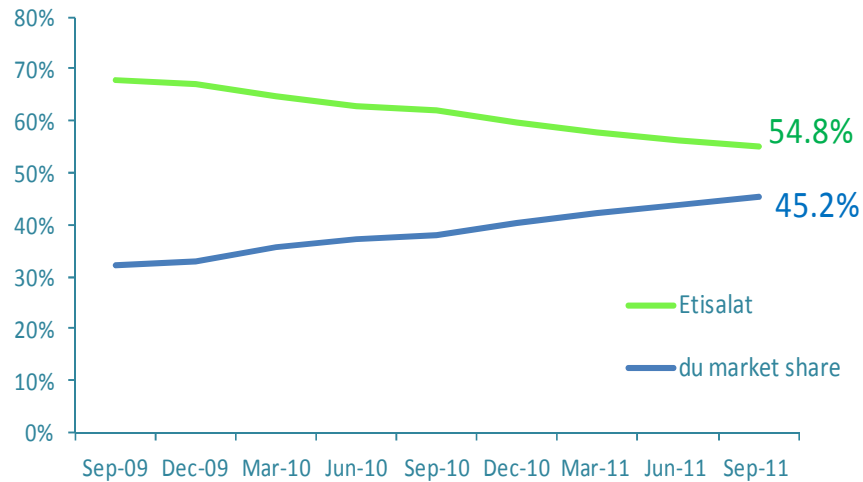


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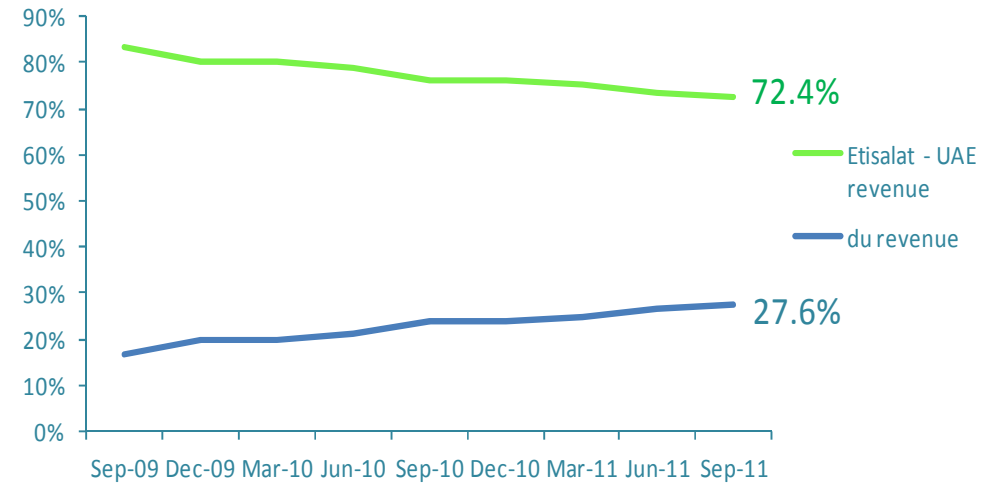
UAE Market overview

Strengthened market position – focus on gaining revenue share

UAE Mobile Subscribers - Market share evolution



UAE Telecom Market - Revenue share evolution



Source: TRA Market statistics, Etisalat Quarterly financial report , October 2011

UAE

- Population: (August 2011 ^e) 5.77 million
- Population growth: (2010 ^e) 4%
- GDP: (2010 ^e) US\$ 302.04 bn
- GDP per capita: (2010 ^e) US\$ 57,884

(Source: TRA – August 2011, IMF – September 2011)



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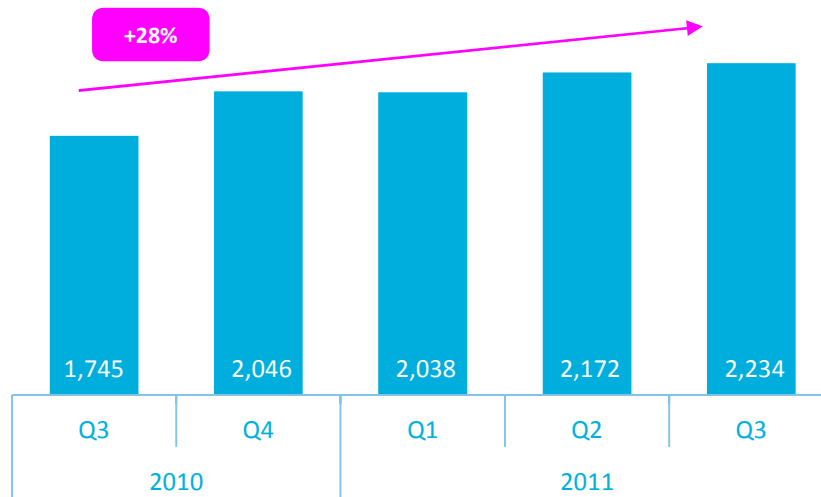
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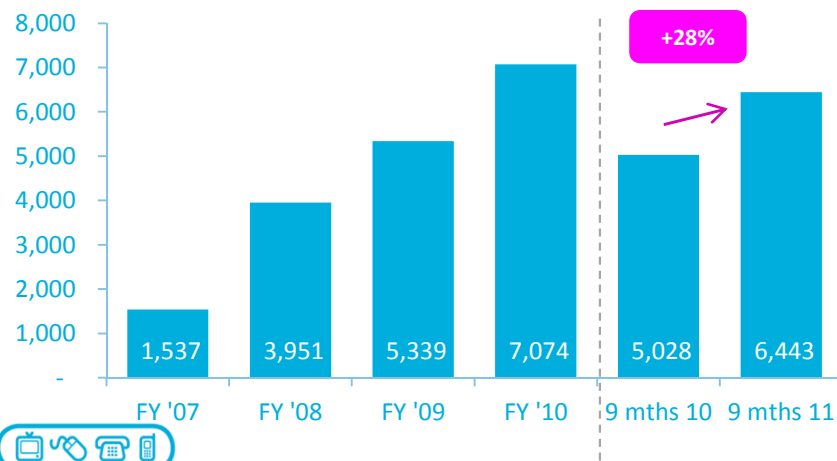
Revenues

Sustained revenue growth driven by mobile

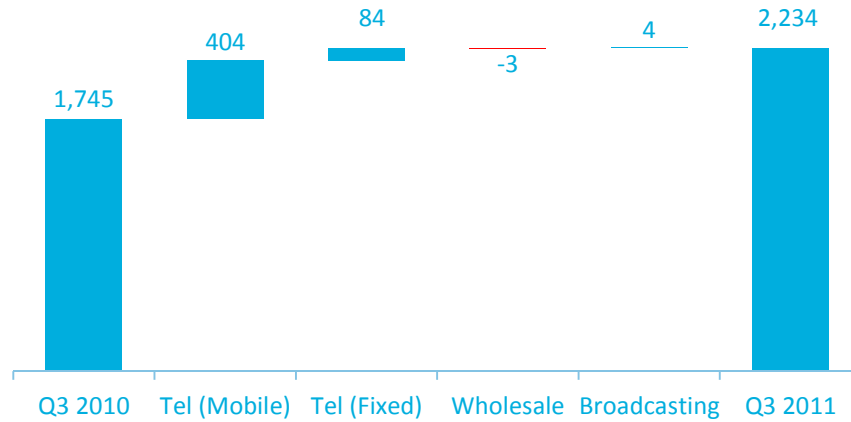
Quarterly Revenue (AEDm)



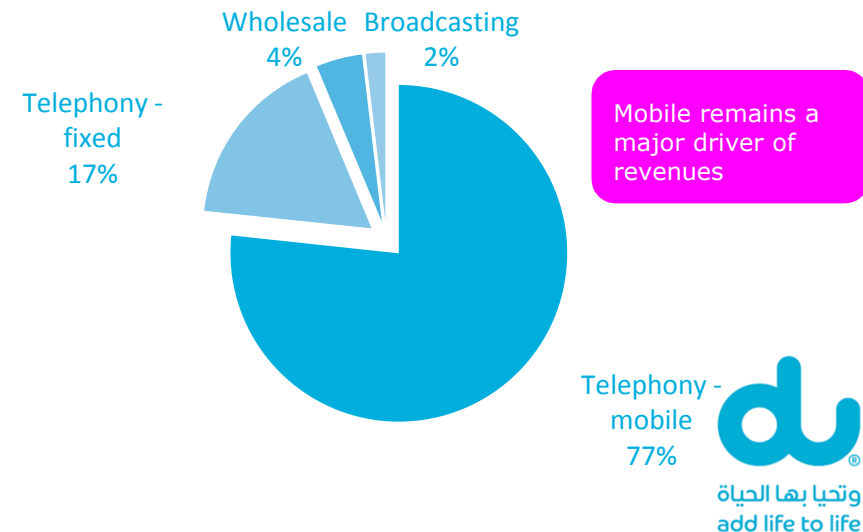
Year to Date Revenue (AEDm)



Revenue Year on Year Change (AEDm)



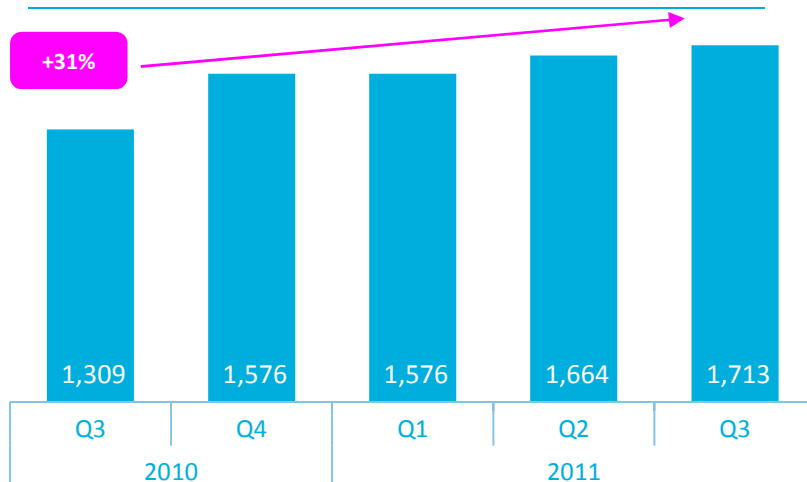
Q3 2011 Revenue split



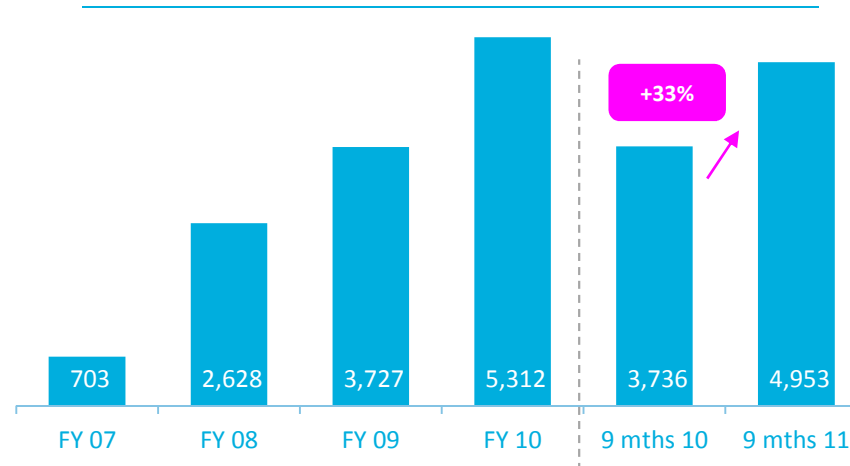
Revenue Drivers - Mobile

Data revenues improved

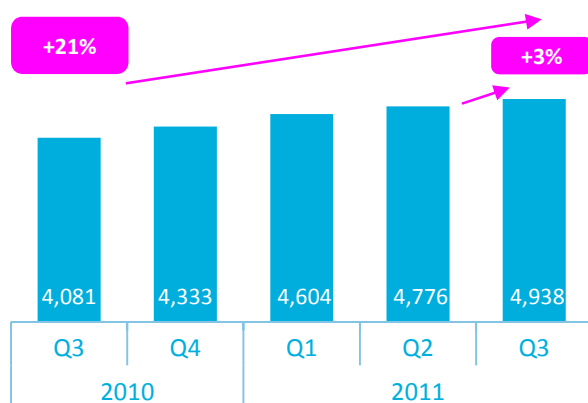
Quarterly Mobile Revenues (AEDm)



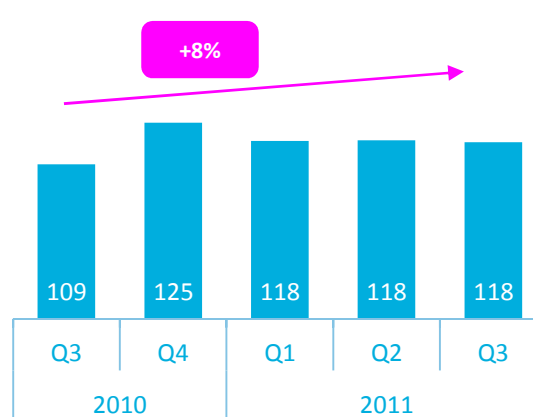
Year To Date Mobile Revenues (AEDm)



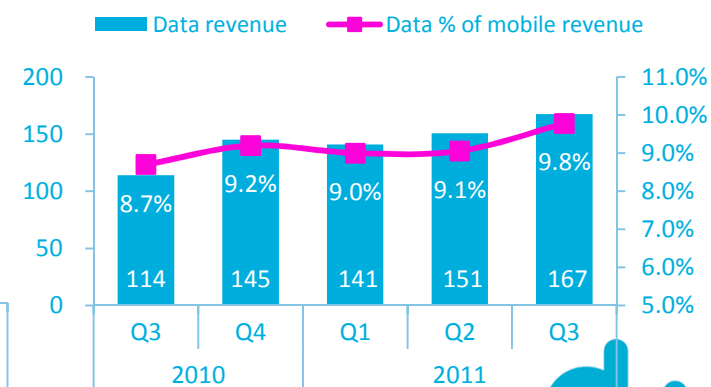
Mobile Subscribers Active 90 days ('000)



Mobile ARPU (AED)



Mobile Data (AEDm)



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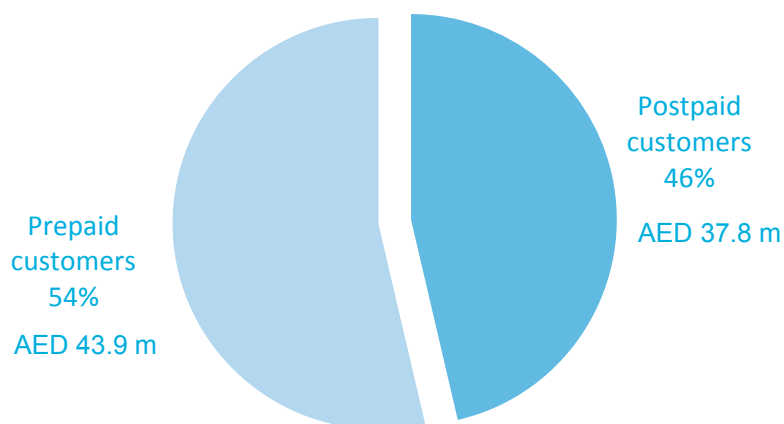
* Data includes MMS, SMS, GPRS, net of discounts

Revenue Drivers – Mobile

Growing contribution from post-paid customers

Contribution to growth in mobile revenues

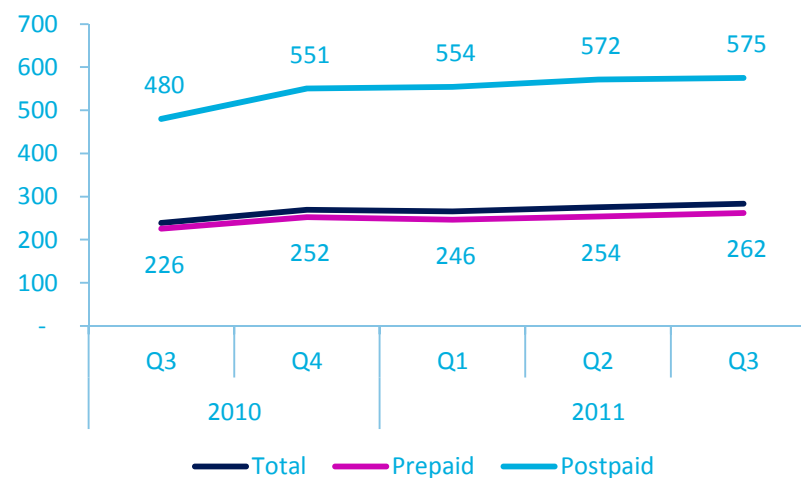
(excluding inbound roaming and handset revenue)



- Sustained postpaid contribution to mobile service revenue growth from Q2 to Q3
- 46% of growth in the quarter in mobile service revenues can be attributed to post-paid customers
- 66% of this post-paid contribution can be attributed to growth in ARPU
- *NOTE: Q2 figure recast to exclude all non-recurring revenues. Postpaid contribution in Q2 was 46%, prepaid contribution in Q2 was 54%.*



Minutes of use by customer segment

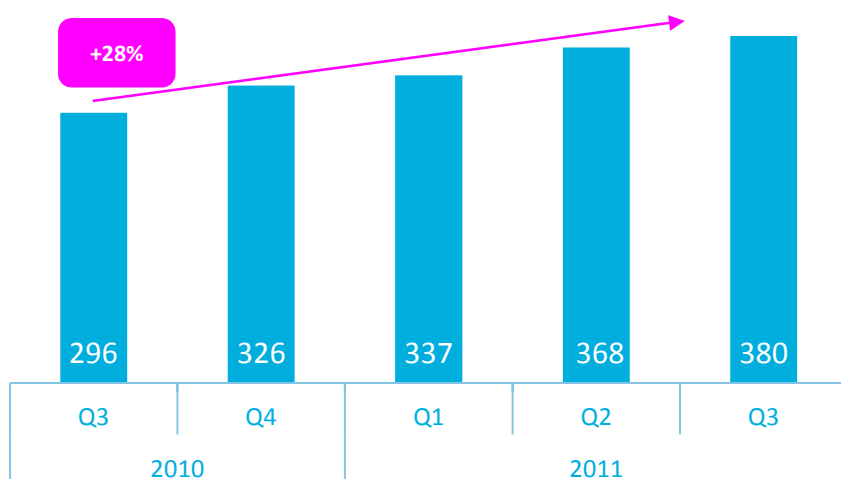


- Post-paid customers consume more than double the number of minutes used by pre-paid customers

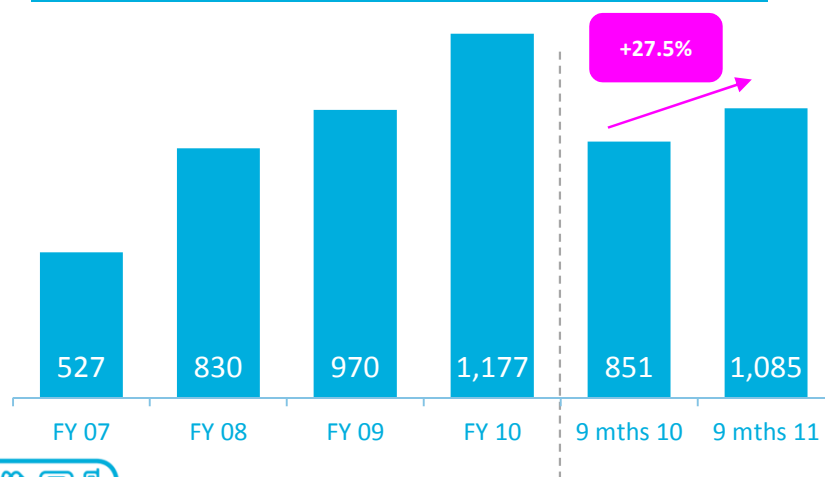
Revenue Drivers – Fixed

28% growth in fixed line revenues

Quarterly Fixed Revenue (AEDm)

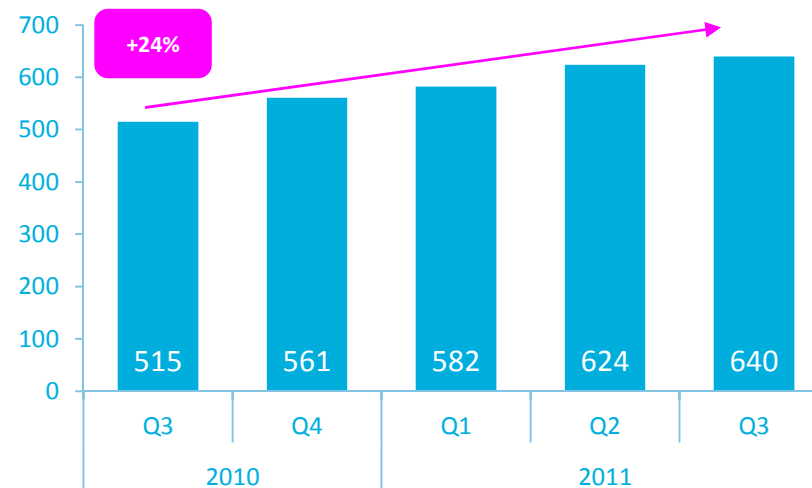


Year to date Fixed Revenue (AEDm)

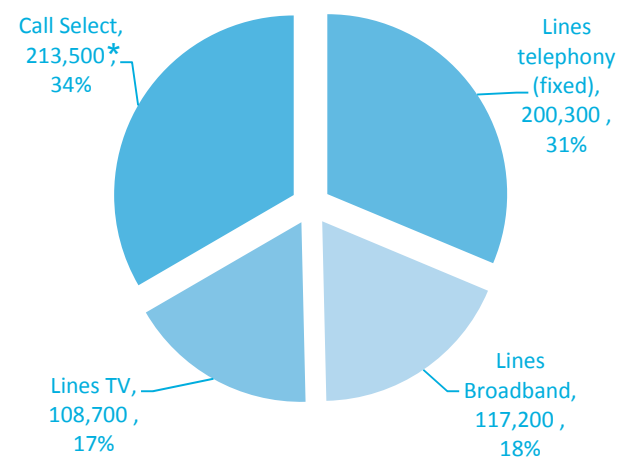


Total fixed lines increased 24% year on year closing with 639,700 lines; 16,100 lines added during the quarter

Fixed Line Subscribers ('000)



Fixed line breakdown (Q3 2011)

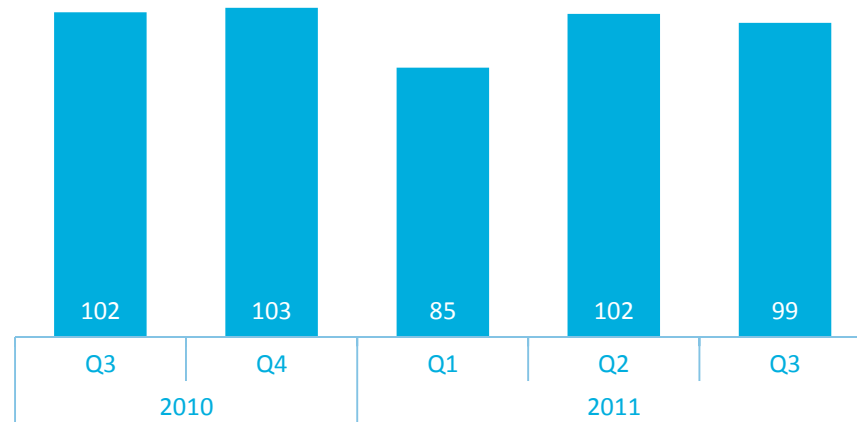


* Gross sales

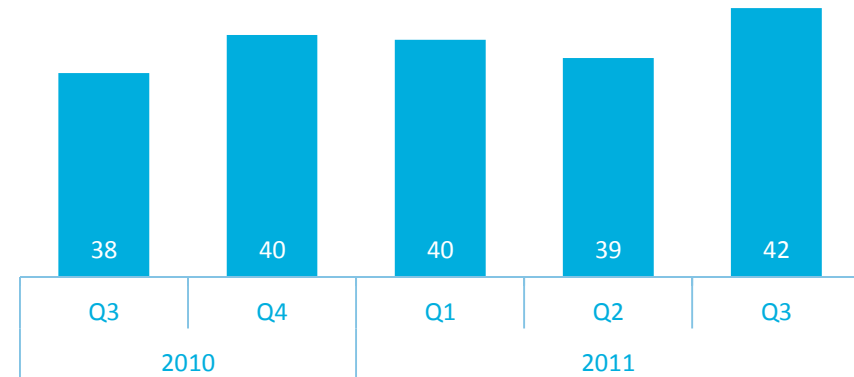
Revenue Drivers

Wholesale & Broadcasting

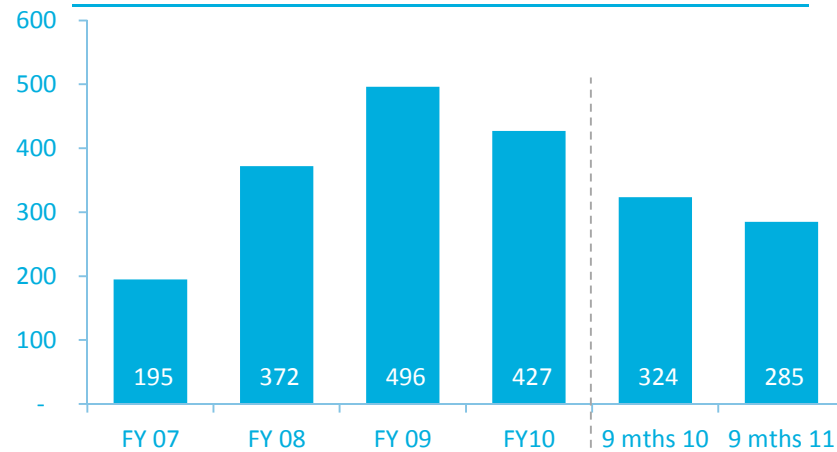
Quarterly Wholesale Revenues (AEDm)



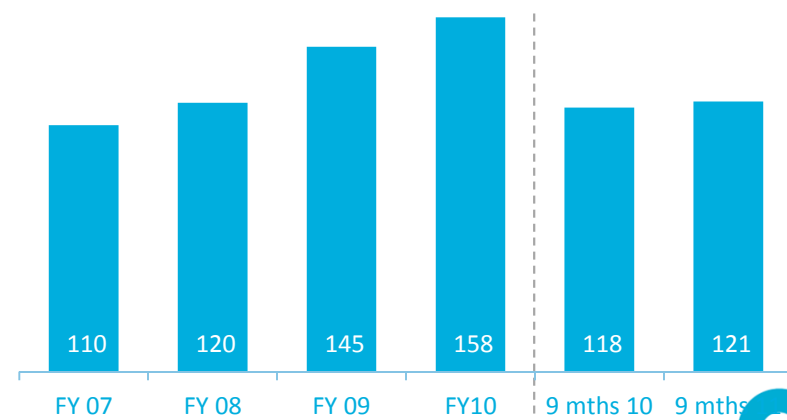
Quarterly Broadcast Revenues (AEDm)



Year to Date Wholesale Revenues (AEDm)



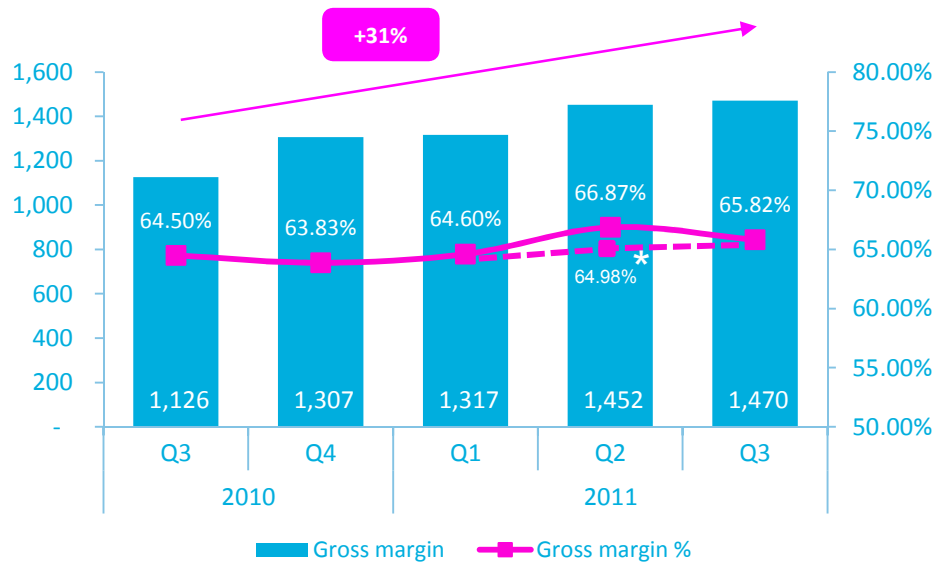
Year to Date Broadcast Revenues (AEDm)



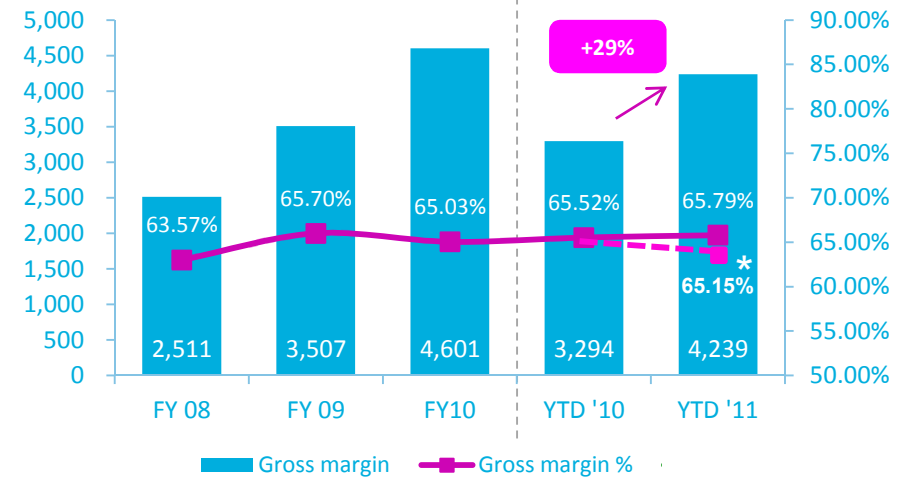
Gross Margin

Solid year-on-year margin growth

Quarterly Gross Margin (AEDm)



Year to Date Gross Margin (AEDm)



- Gross margin for Q3 11 increased 31% year on year to AED 1.47 billion
- Gross margin as a percentage of revenue was 65.82% during the third quarter

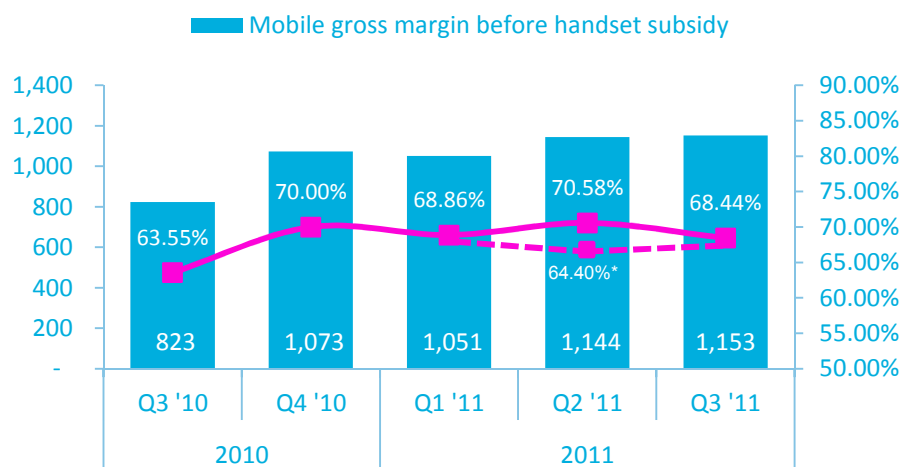
*Reminder of Q2 adjustment - Underlying gross margin, excluding one off benefit of AED 41 million relating to a dispute settlement



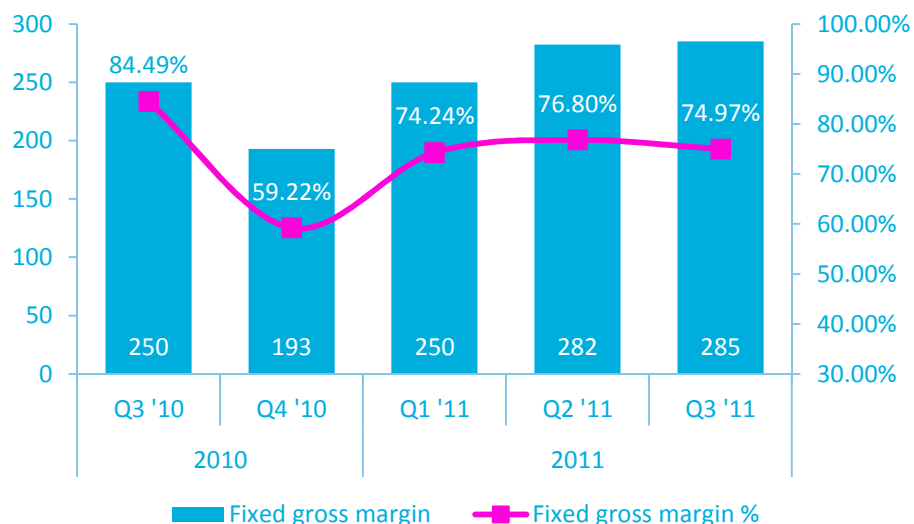
Gross Margin

By Segment

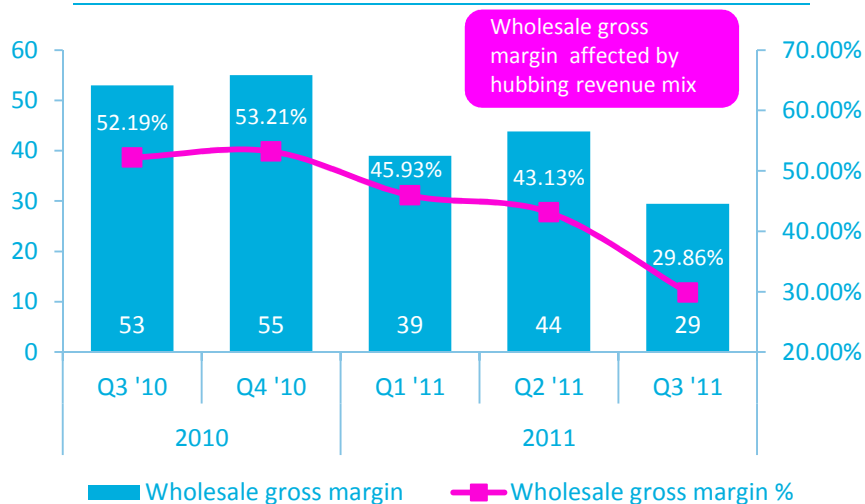
Mobile Gross Margin (AEDm) before handset subsidy



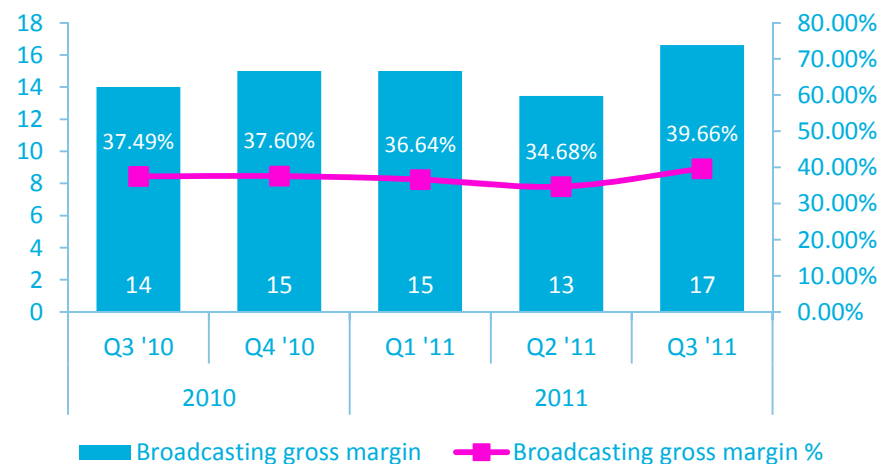
Fixed Gross Margin (AEDm)



Wholesale Gross Margin (AEDm)



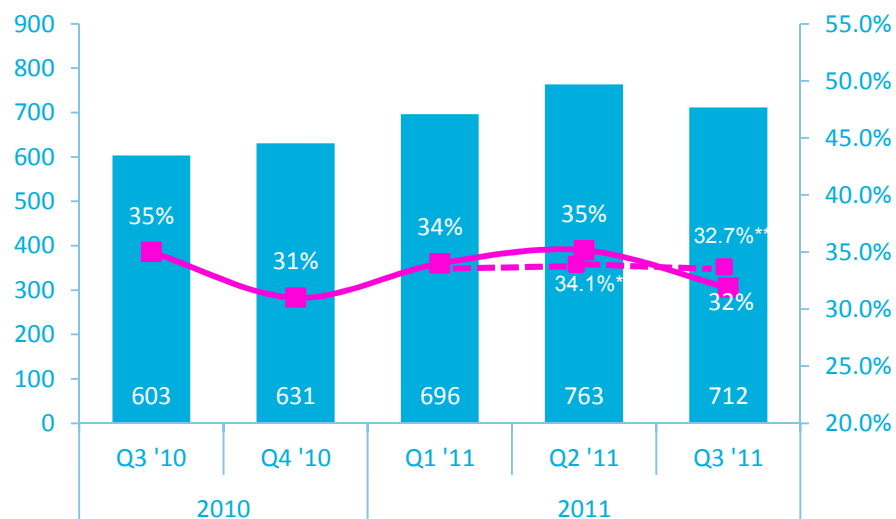
Broadcasting Gross Margin (AEDm)



Overheads

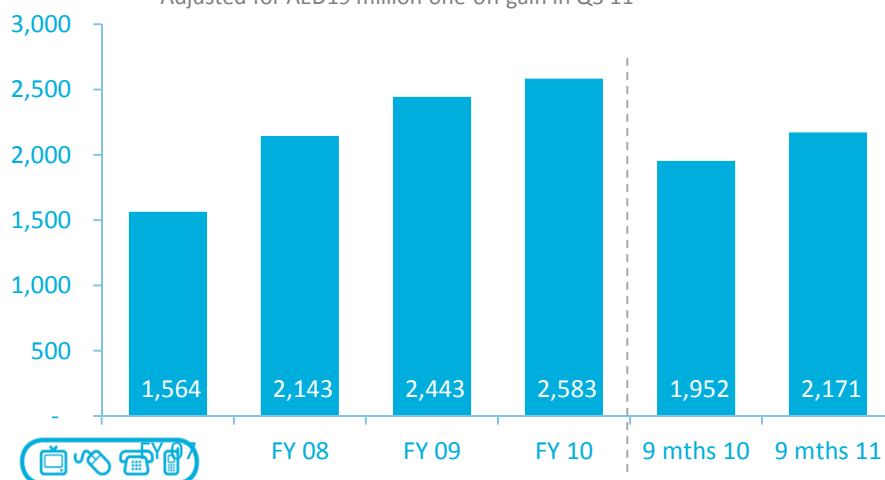
270 basis point decrease in overheads year on year as a percentage of revenue

Overheads (AEDm)



* Adjusted AED23 million one-off charge in Q2 '11

** Adjusted for AED19 million one-off gain in Q3 '11



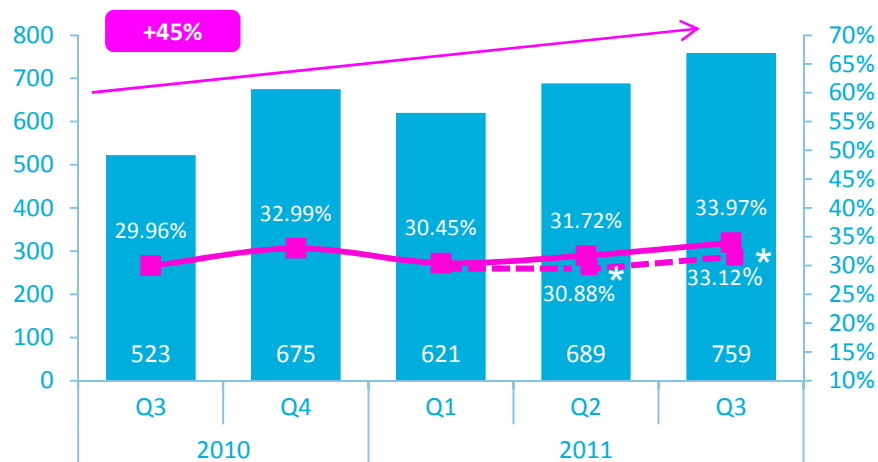
Overheads as a percentage of revenue		
	Q3 10	Q3 11
Manpower	17.7%	14.7%
Telecommunications license & related fees	2.5%	2.4%
Sales & Marketing expenses	5.2%	3.8%
Bad debts	1.9%	1.1%
Network operation & maintenance	4.7%	7.4%
Rent & utilities	1.6%	1.6%
Impairment of property, plant & equipment	0.9%	0.8%
Total Overheads as % of revenue	34.6%	31.9%
Clean overheads (without one-offs)	34.6%	32.7%

- Overheads as a percentage of revenue have, year on year, decreased by 270 basis points, due to the company's focus on driving efficiencies.
- Overheads for the quarter included a one off gain of AED 19 million relating to the settlement of a dispute settled in du's favour.
- NOTE: reminder that Q2 overheads included a one off charge of AED 23 million

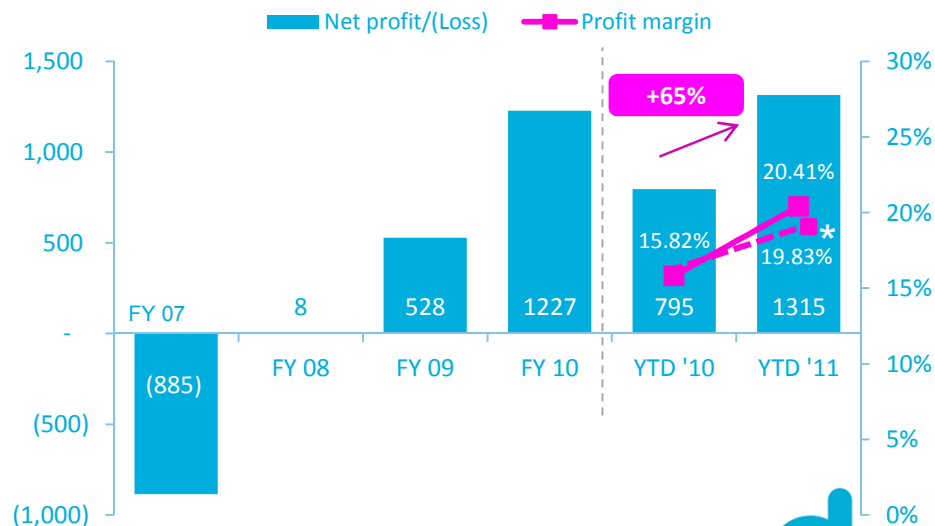
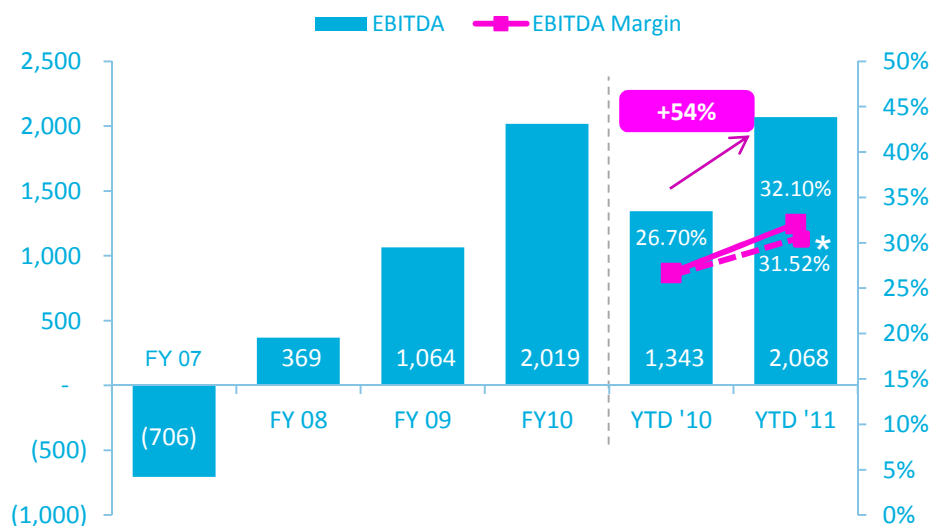
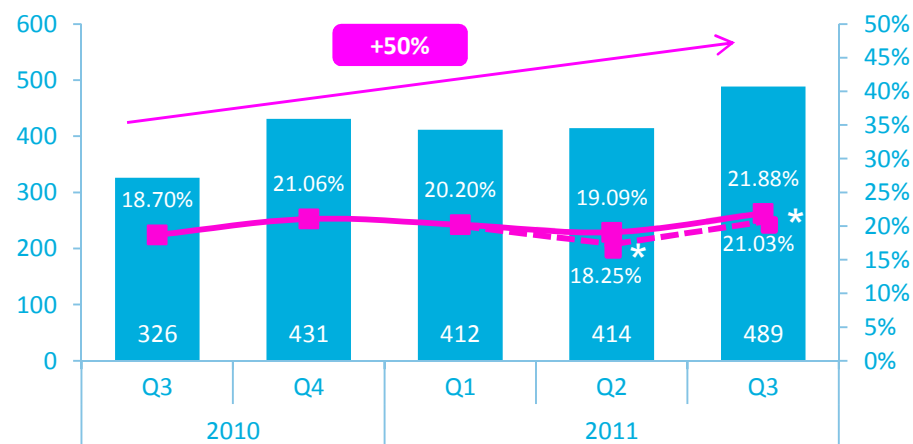
Profitability

Robust financial health – 65% increase in net profit before royalty year on year for the first 9 months

EBITDA (AEDm)



Net Profit before royalty (AEDm)



EBITDA EBITDA margin

* Underlying margins excluding one-offs

Net profit/(Loss) Net profit margin

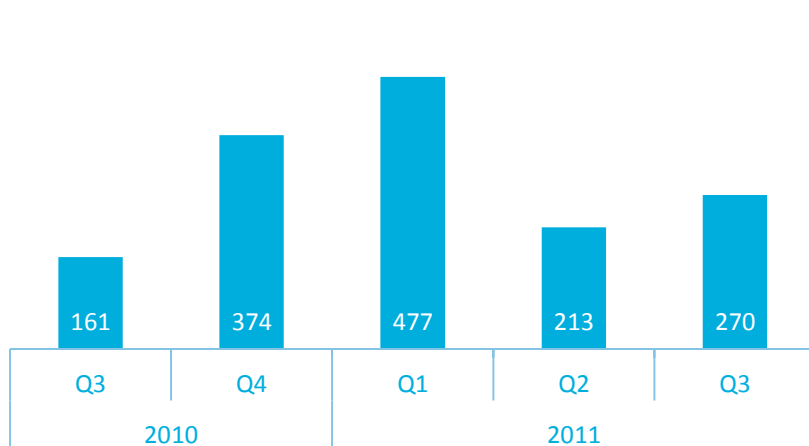


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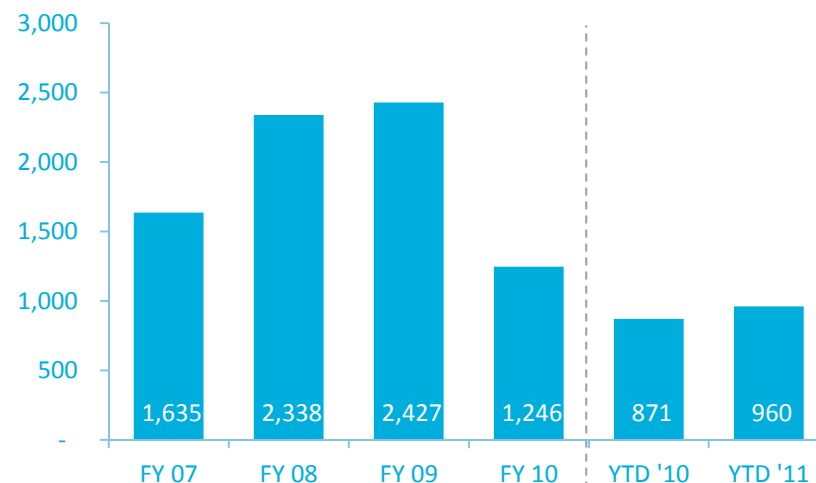
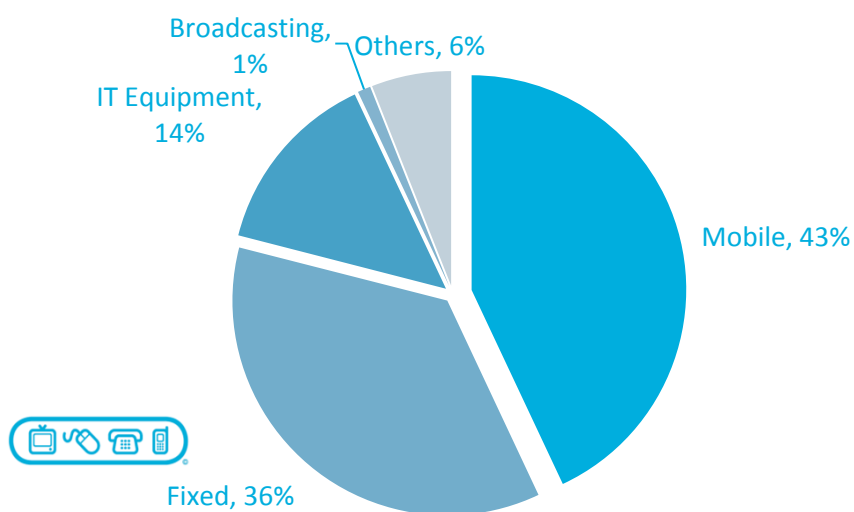
Capital Investments

Capex focused on fixed line investment in Q3

Capex additions (AEDm)



YTD capex breakdown

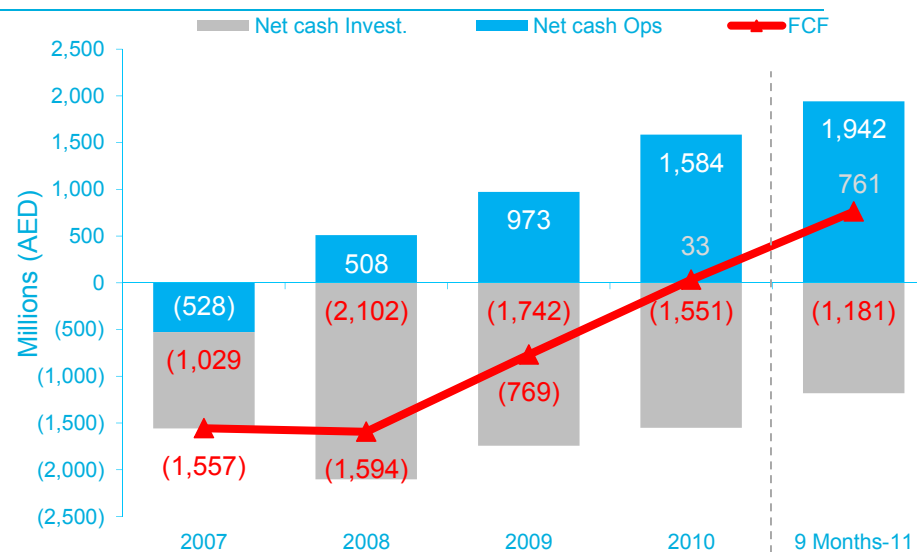
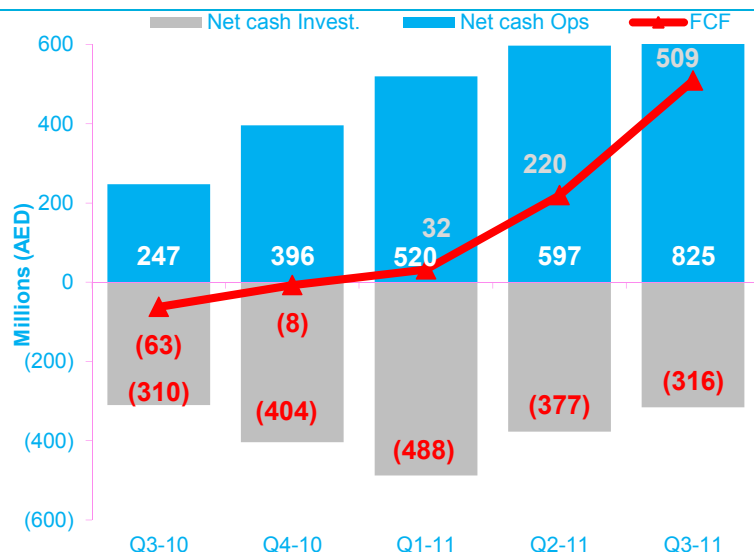


- AED 270 million invested in third quarter
- Investments have primarily been focused on building out the Company's mobile network
- Maintain guidance of AED 1.35bn-AED 1.45bn full year capex spend

Cash & Debt overview

Continue to maintain free cash flow positive status

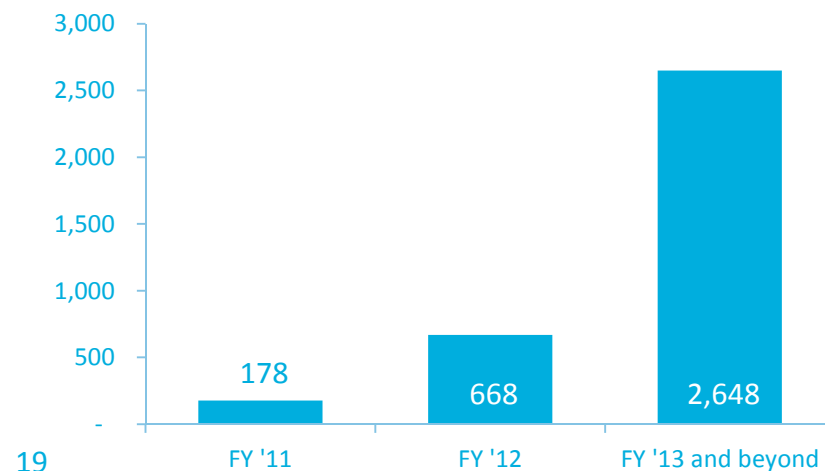
Free cash flow (AEDm)



Bank facilities

<i>Loan Sources (AED Millions)</i>	<i>Available</i>	<i>Drawn</i>
Syndicated Loan (Repaid in full in Q2 2011)	-	-
NSN Nordea	988	809
NSN KFW	761	73
Huawei Bridge	625	459
Huawei EXIM (Net of Bridge Loan)	312	-
Emirates NBD – Long Term Loan	809	809
TOTAL DEBT FACILITIES	3,494	2,150
TOTAL CASH IN HAND	1,637	-

Debt maturity profile



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Strategy & Outlook

Growth through efficiency

- Focus on profitable growth and increase of value share
- Introducing nation-wide competition in fixed-line telecommunications services
- Excel in customer experience and increase brand engagement
- Revenue diversification through mobile data and broadband
- Continued emphasis on operational efficiencies and increase in profit margin
- Maximize returns of existing network investments and cash flow generation



Q&A



