

Second Quarter 2011 Results

Emirates Integrated Telecommunications Company PJSC

August 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
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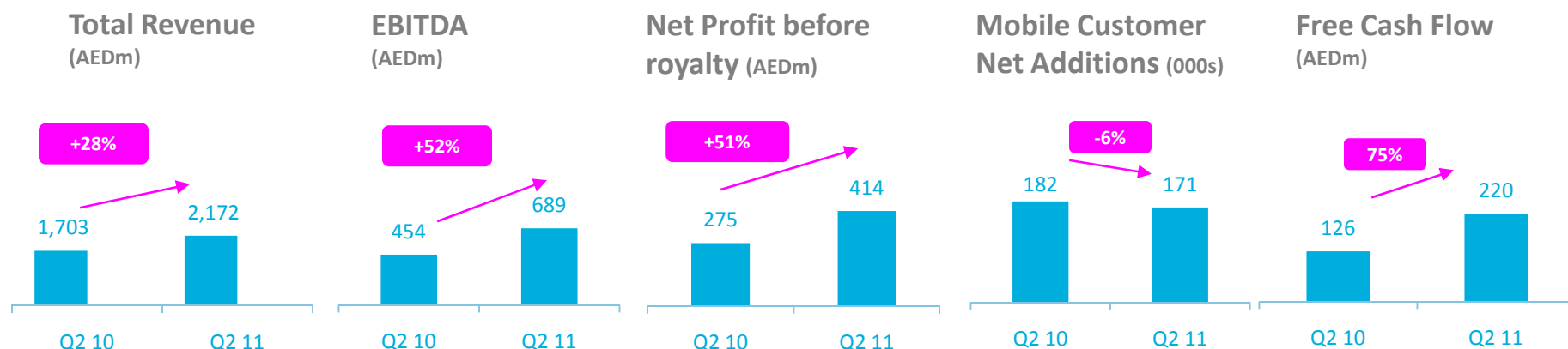
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Q2 Financial Highlights

Revenue up 28% to AED 2.17 billion



Record revenues

- Total revenues up 28% driven by increased ARPU (especially from post-paid), sustained customer growth and growing data usage
- 44% of growth in mobile revenue came from post-paid customers in Q2 2011
- Mobile data revenues increased 74% year on year

Margins improved

- EBITDA margins remained strong at 32%, an increase of 200 basis points compared to the previous quarter

Increasing profitability

- 51% increase in net profit before royalty compared to Q2 10 (AED 414 million compared to AED 275 million)

Customer growth

- Net customer additions in Q2 11 remained strong at 171,100

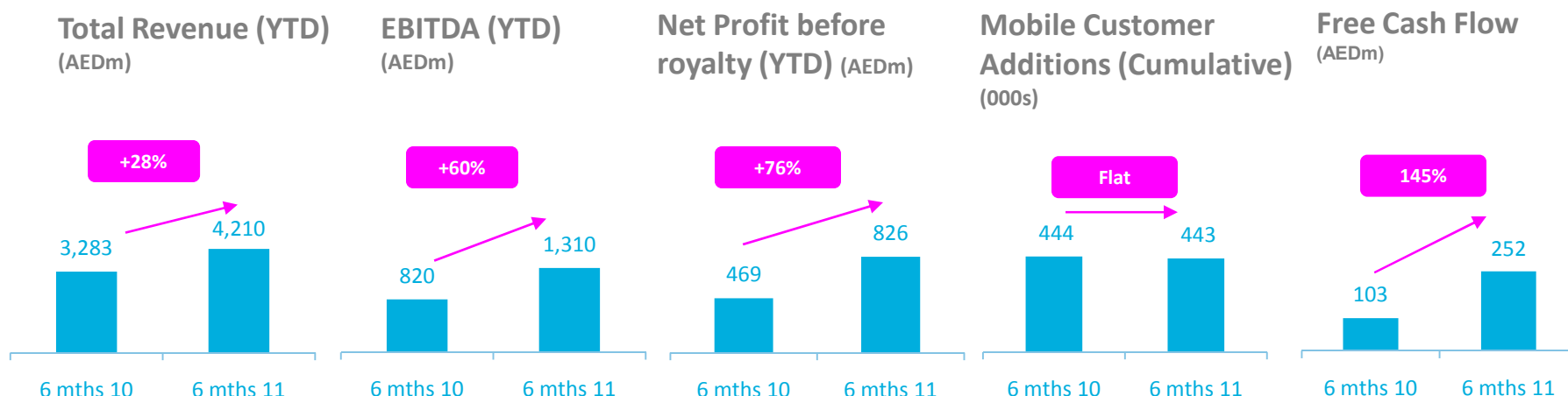
Continued capital optimisation

- Repaid AED 3 billion syndicated loan
- New facility put in place for US\$220 million



6 Months Financial Highlights

Net profit up 76% YTD



Record revenues

- First half revenue shows continued year on year growth
- Total revenues up 28% from first half 2010

Margins improved

- EBITDA for the first half of the year stood at AED 1,310 million, growing at 60% year on year

Increasing profitability

- 76% increase in net profit before royalty compared to the same period in 2010

Customer growth

- Sustained mobile customer additions

Increasing free cash flow

- FCF grew 145% during the first half of 2011



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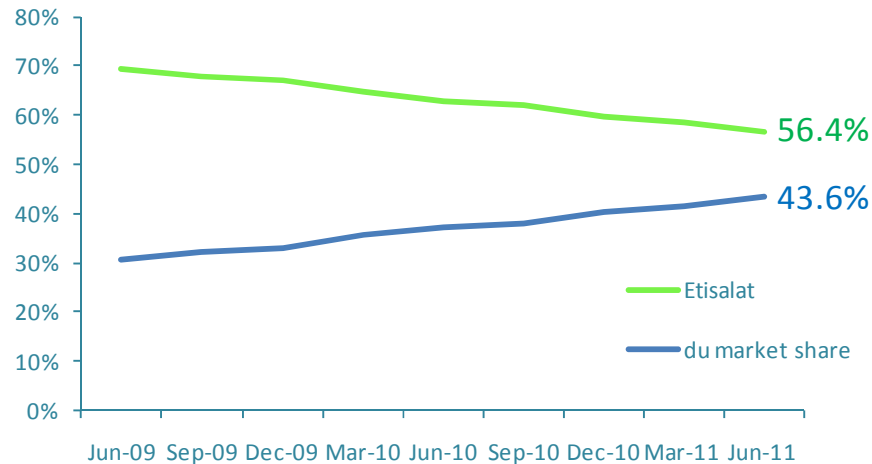


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UAE Market overview

Strengthened market position

UAE Mobile Subscribers - Market share evolution



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

- Fair competition in a two-player market
- Characterised by high penetration rate and attractive ARPU levels
- **Regulatory development**
 - Mobile number portability
 - Infrastructure sharing agreement

UAE

- Population: (Mar 2011 ^e) 5.68 million
- Population growth: (2010 ^e) 4%
- GDP: (2010 ^e) US\$ 301.9 bn
- GDP per capita: (2010 ^e) US\$ 59,717

(Source: TRA, IMF – April 2011)



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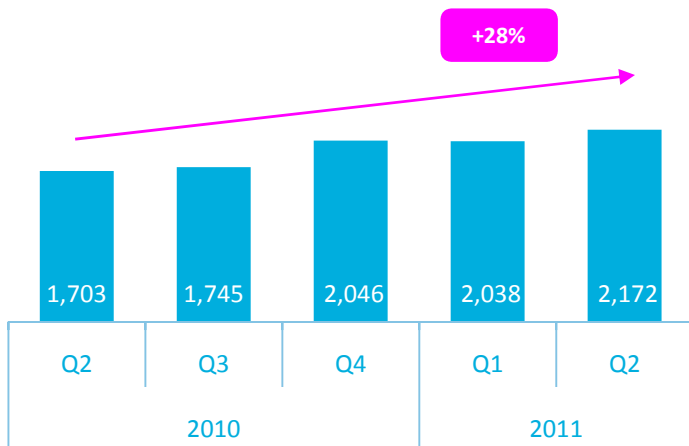


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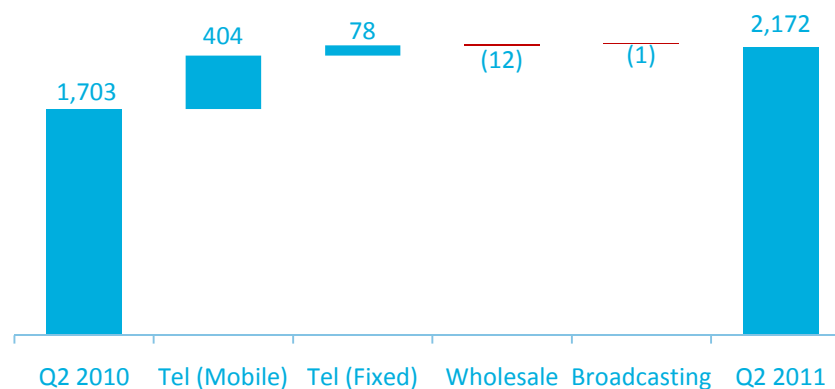
Revenues

Sustained revenues driven by mobile

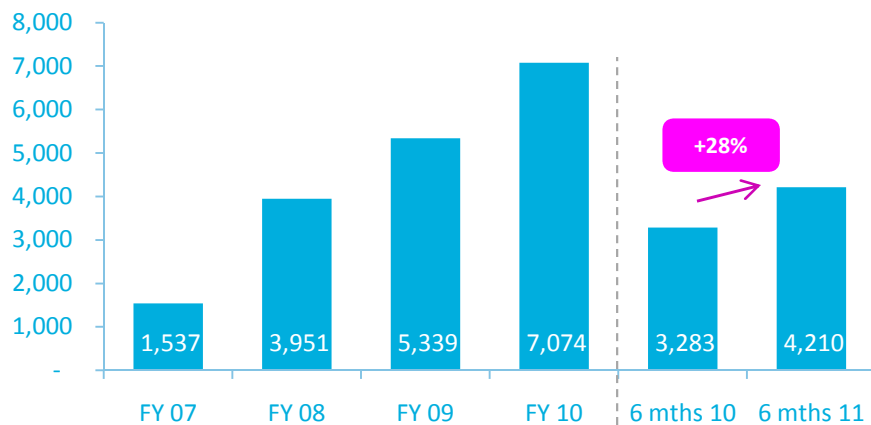
Quarterly Revenue (AEDm)



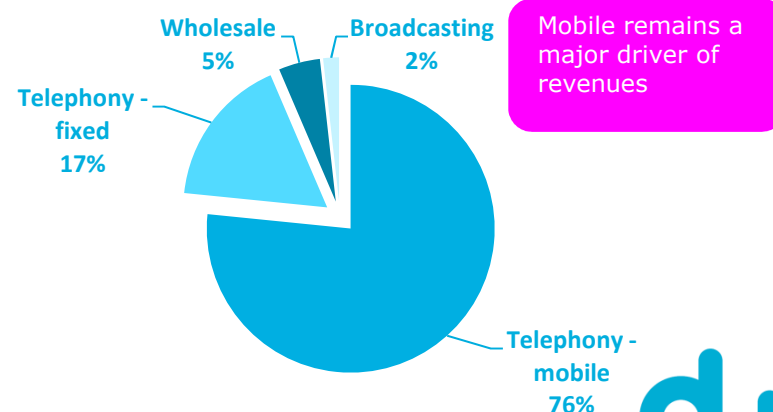
Revenue Year on Year Change (AEDm)



Year to Date Revenue (AEDm)



Q2 2011 Revenue split

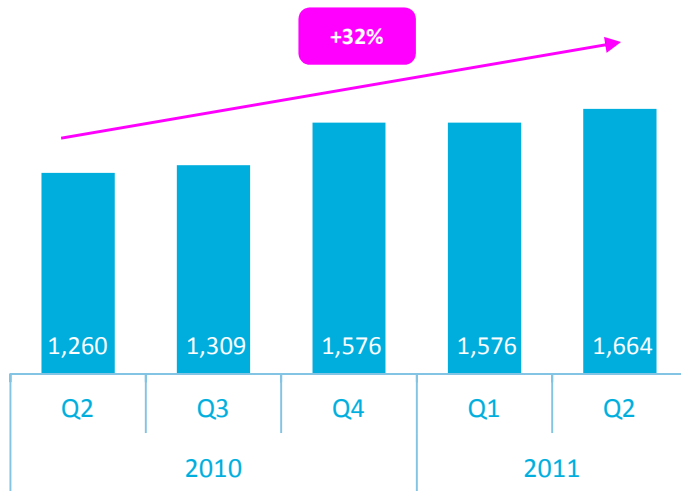


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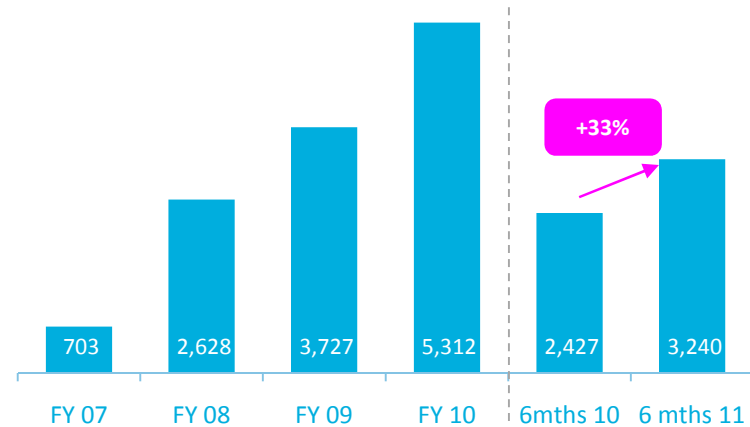
Revenue Drivers - Mobile

Data revenues sustained

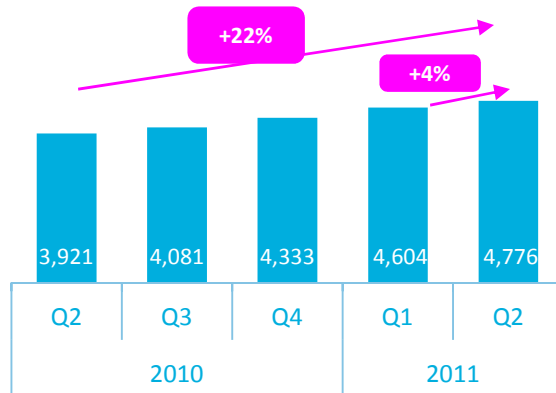
Quarterly Mobile Revenues (AEDm)



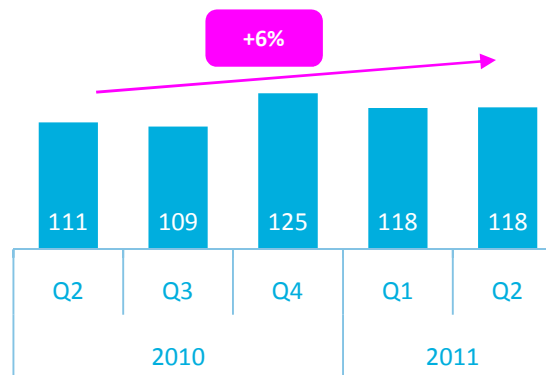
Year To Date Mobile Revenues (AEDm)



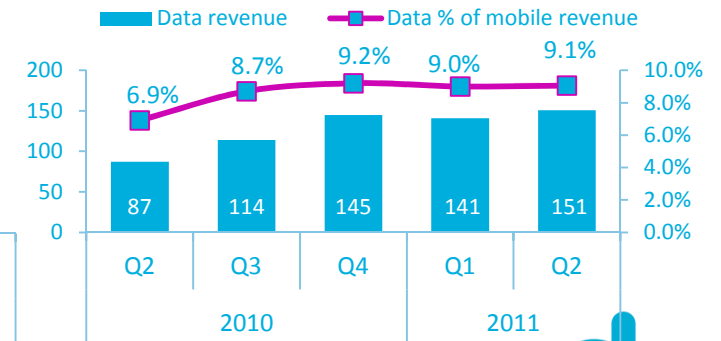
Mobile Subscribers Active 90 days ('000)



Mobile ARPU (AED)



Mobile Data (AEDm)



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

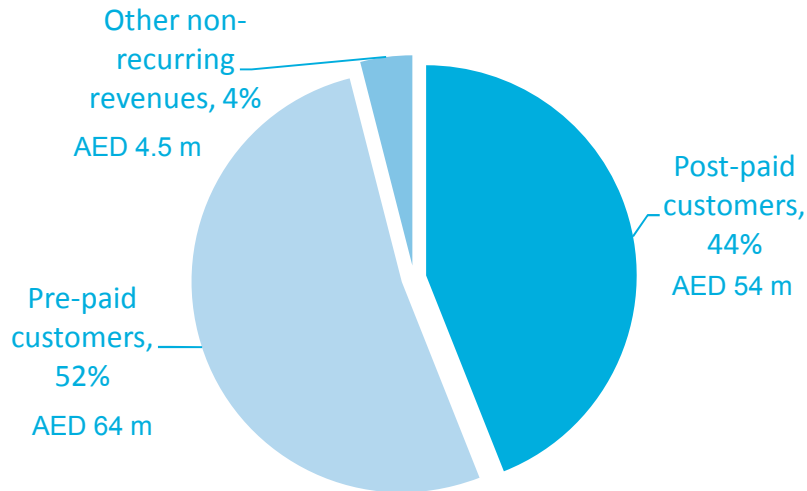
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Revenue Drivers – Mobile

Growing contribution from post-paid customers

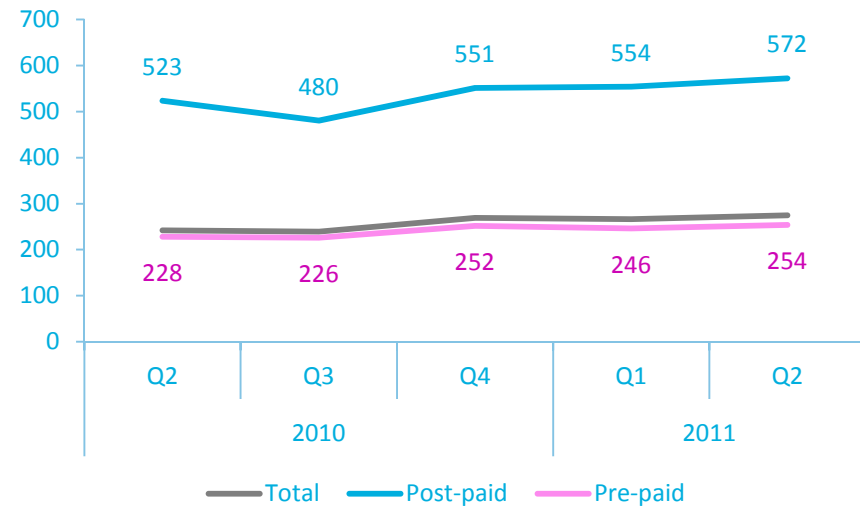
Contribution to growth in mobile revenues

(excluding inbound roaming and handset revenue)



- 44% of growth in the quarter in mobile revenues can be attributed to post-paid customers
- 31% of this post-paid contribution can be attributed to growth in ARPU

Minutes of use by customer segment



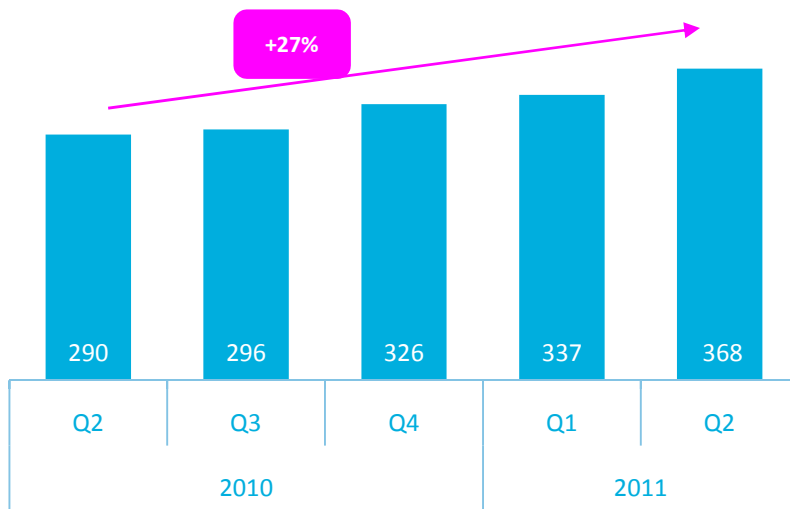
- Post-paid customers consume more than double the number of minutes used by pre-paid customers



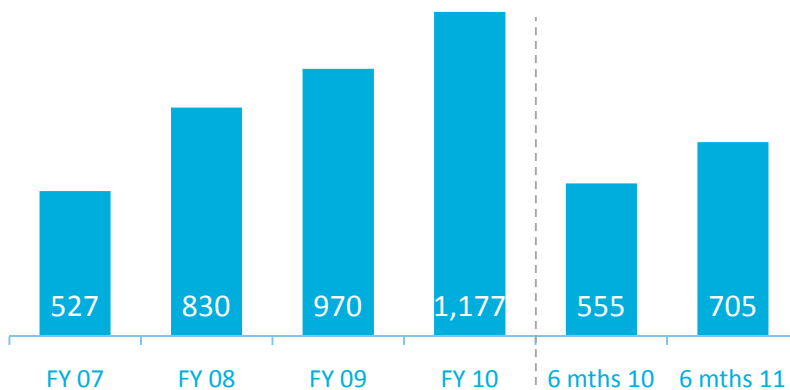
Revenue Drivers – Fixed

25% growth in fixed line subscriber base

Quarterly Fixed Revenue (AEDm)

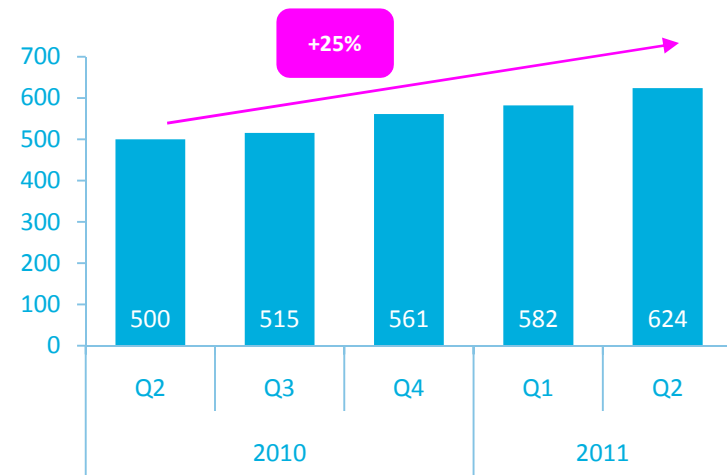


Year to date Fixed Revenue (AEDm)

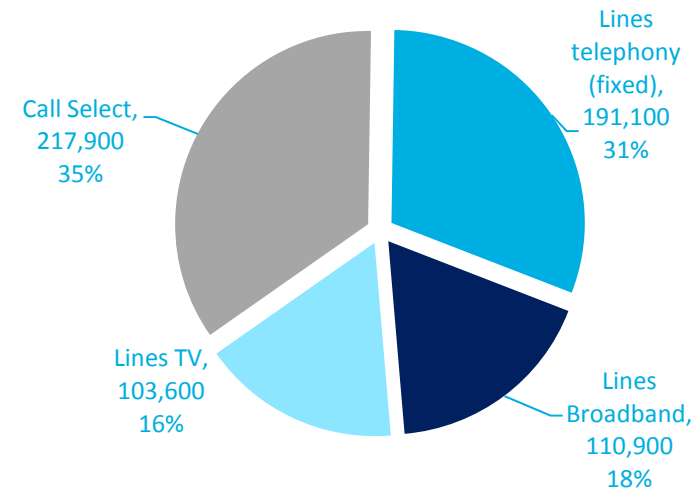


Total fixed lines increased 25% year on year closing with 623,600 lines; 42,100 lines added during the quarter

Fixed Line Subscribers ('000)



Fixed line breakdown (Q2 2011)



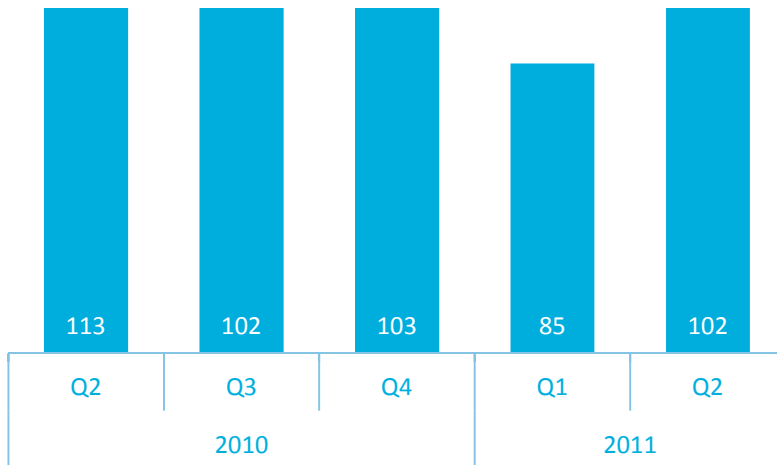
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Revenue Drivers

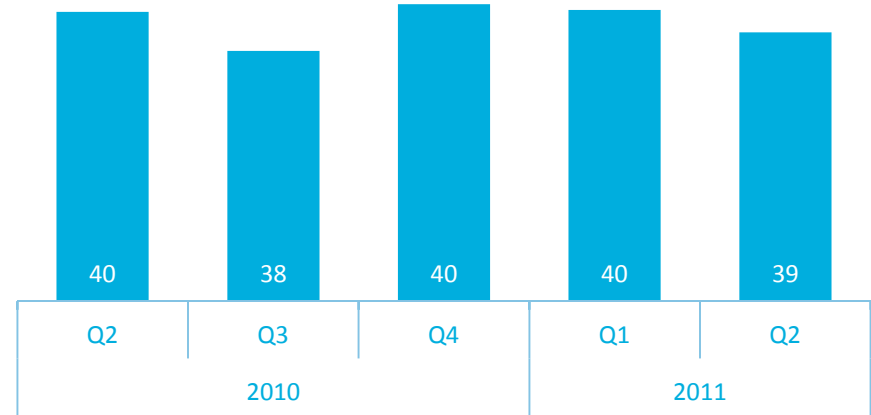
Wholesale & Broadcasting

New agreements signed, countering Q1 anomaly

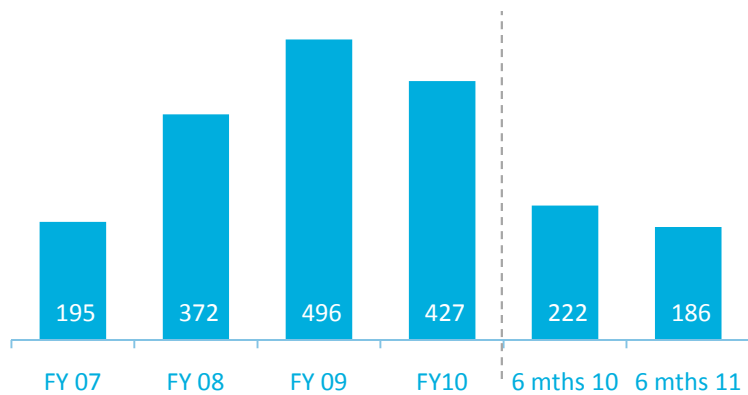
Quarterly Wholesale Revenues (AEDm)



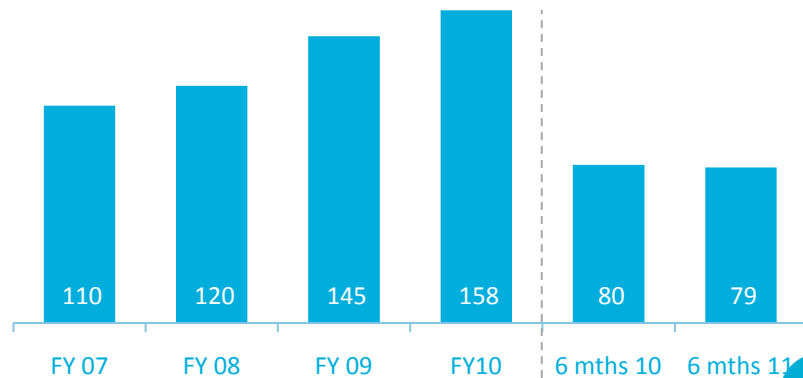
Quarterly Broadcast Revenues (AEDm)



Year to Date Wholesale Revenues (AEDm)



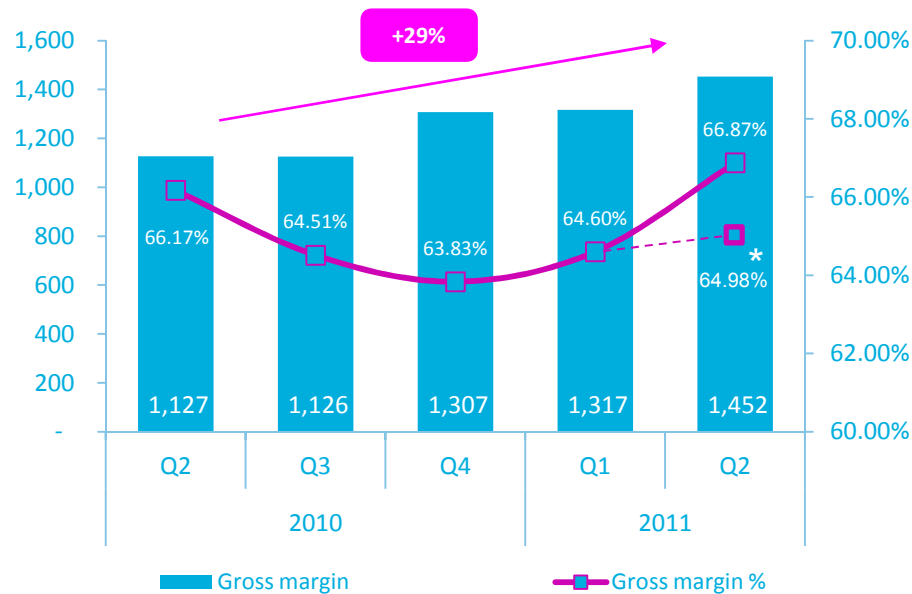
Year to Date Broadcast Revenues (AEDm)



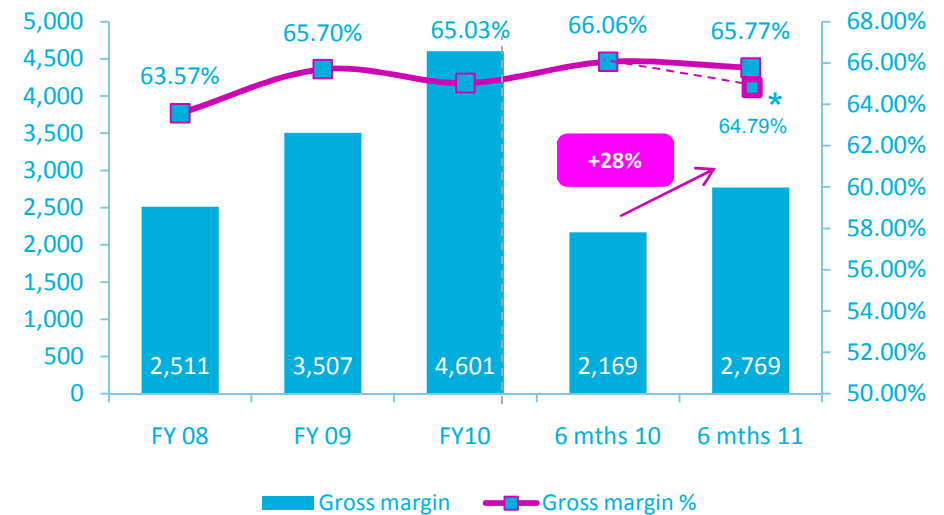
Gross Margin

Solid year-on-year margin growth

Quarterly Gross Margin (AEDm)



Year to Date Gross Margin (AEDm)



- Gross margin for Q2 11 increased 29% year on year to AED 1.45 billion
- Gross margin as a percentage of revenue was 66.87% during the second quarter

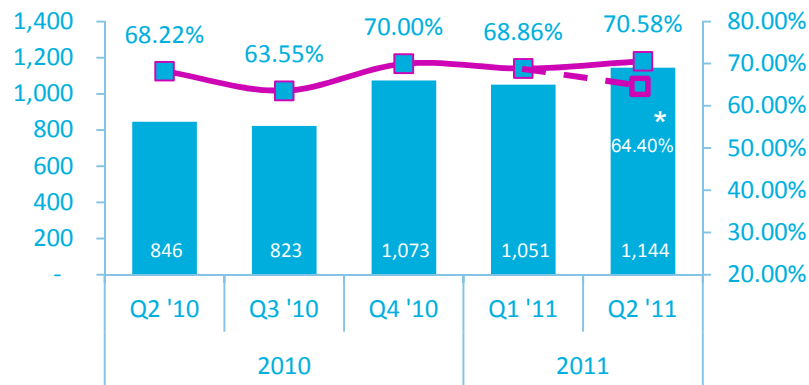
*Underlying gross margin, excluding one off benefit of AED 41 million relating to a dispute settlement



Gross Margin

By Segment

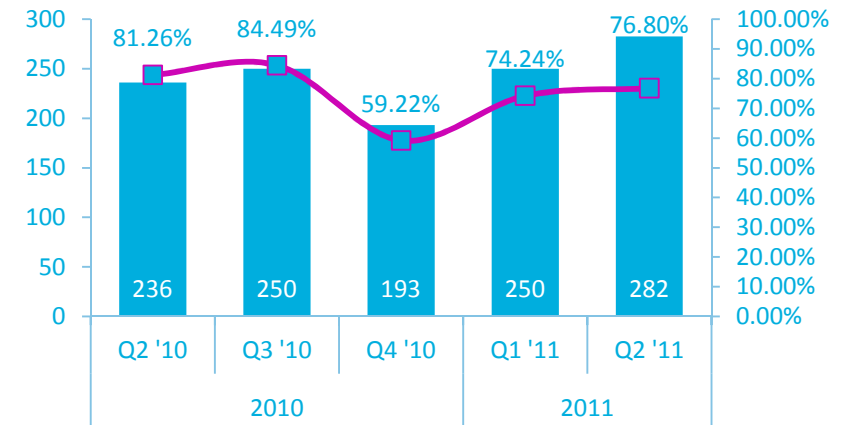
Mobile Gross Margin (AEDm) before handset subsidy



■ Mobile gross margin before handset subsidy
 ■ Mobile gross margin % before handset subsidy

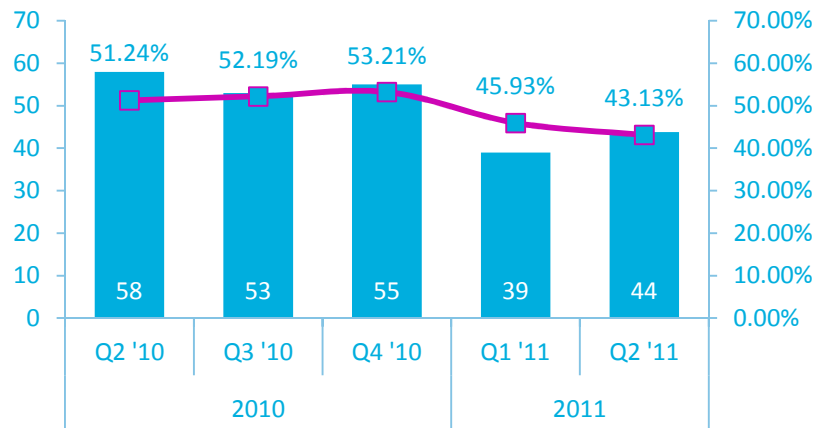
*Underlying gross margin, excluding one off benefit of AED 41 million relating to a dispute settlement

Fixed Gross Margin (AEDm)



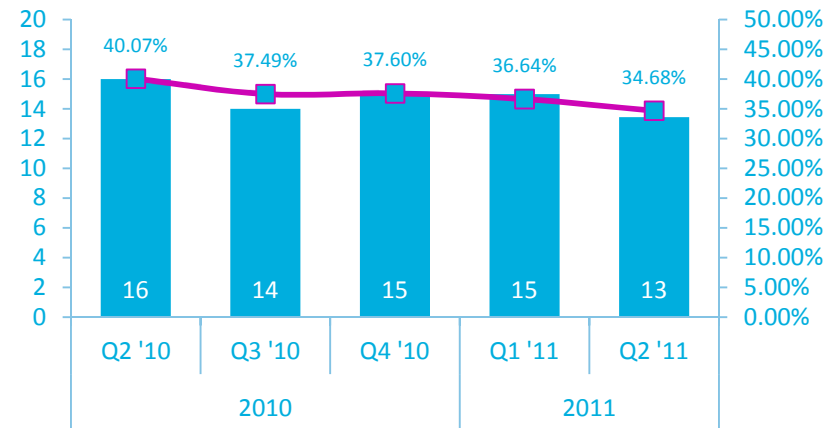
■ Fixed gross margin ■ Fixed gross margin %

Wholesale Gross Margin (AEDm)



■ Wholesale gross margin ■ Wholesale gross margin %

Broadcasting Gross Margin (AEDm)

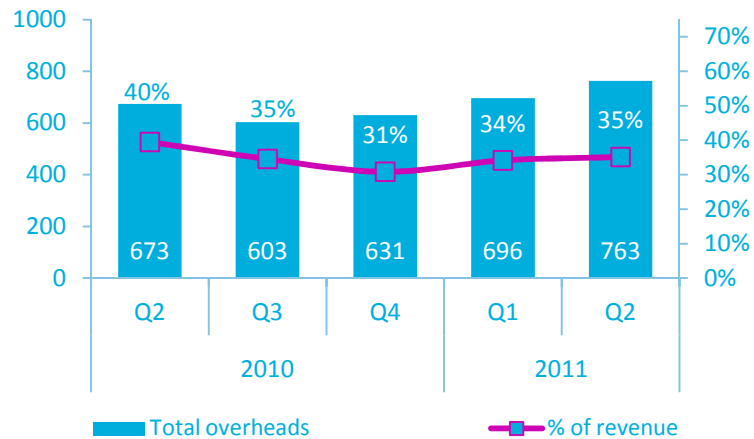


■ Broadcasting gross margin ■ Broadcasting gross margin %

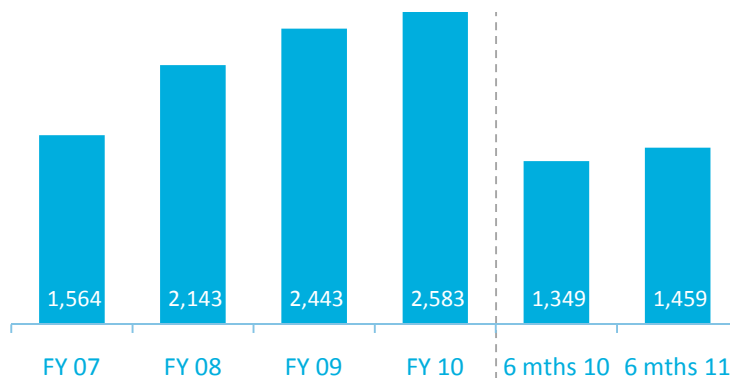
Overheads

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

Overheads (AEDm)



Overheads as a percentage of revenue		
	Q2 10	Q2 11
Manpower	16.9%	15.4%
Telecommunications license & related fees	2.7%	2.5%
Sales & Marketing expenses	5.6%	4.4%
Bad debts	1.0%	1.3%
Network operation & maintenance	10.2%	9.1%
Rent & utilities	2.0%	1.5%
Impairment of property, plant & equipment	1.1%	1.0%
Total Overheads as % of revenue	39.5%	35.2%



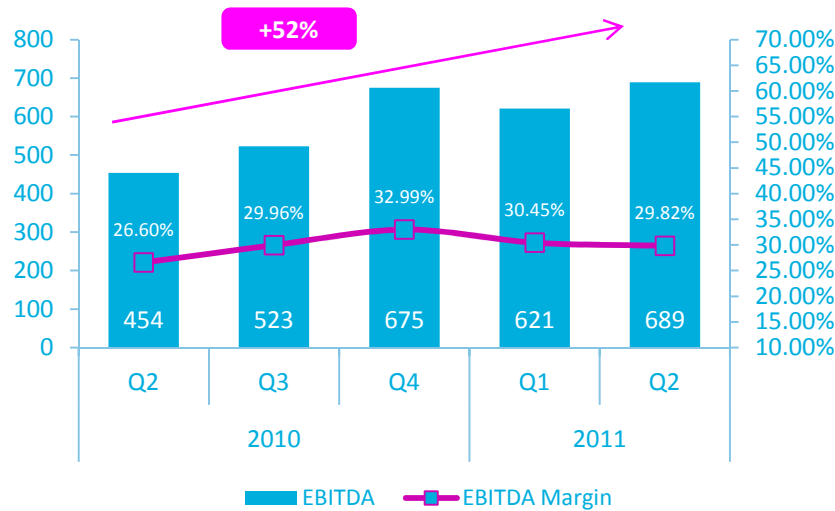
- Overheads as a percentage of revenue have, year on year, decreased by 430 basis points, however they have increased slightly quarter on quarter partially as a result of investments into our customer excellence programme.
- Overheads for the quarter included AED 23 million of one-off charges.



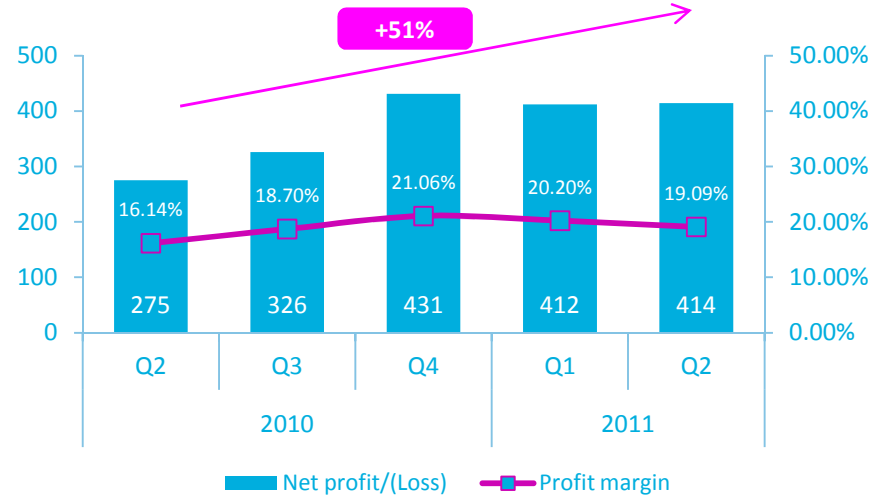
Profitability

Robust financial health - 51% increase in net profit before royalty

EBITDA (AEDm)

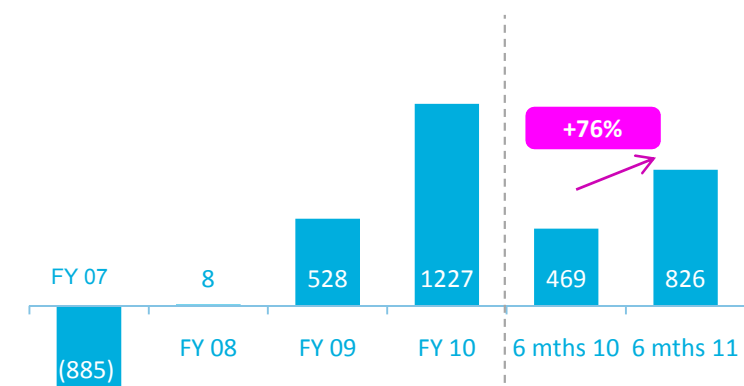
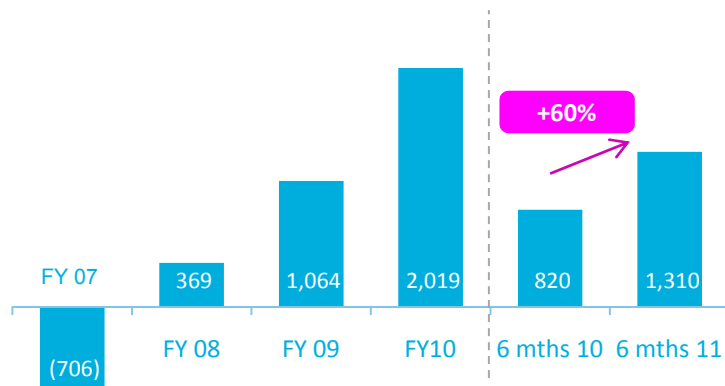


Net Profit before royalty (AEDm)



*"Clean" EBITDA

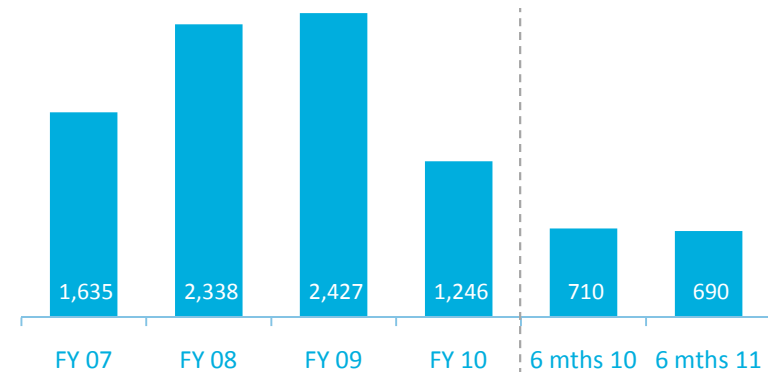
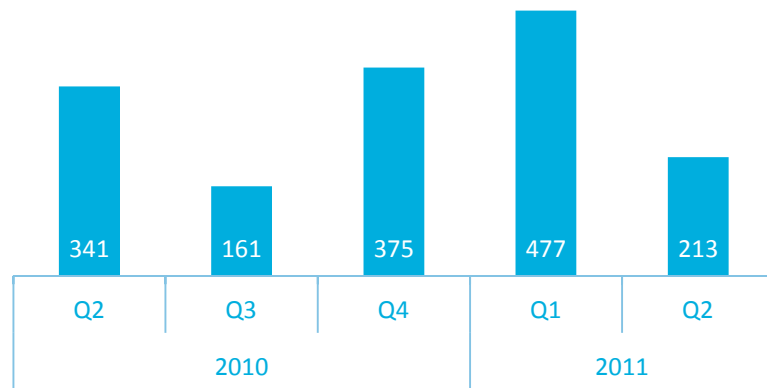
- Second quarter net profit affected by depreciation adjustments



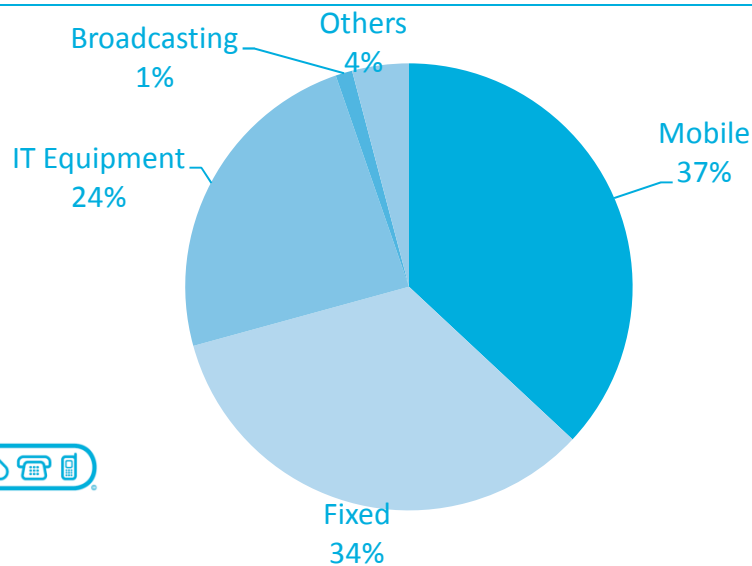
Capital Investments

Capex remains focused on network build-out of fixed line and mobile

Capex additions (AEDm)



FY capex breakdown



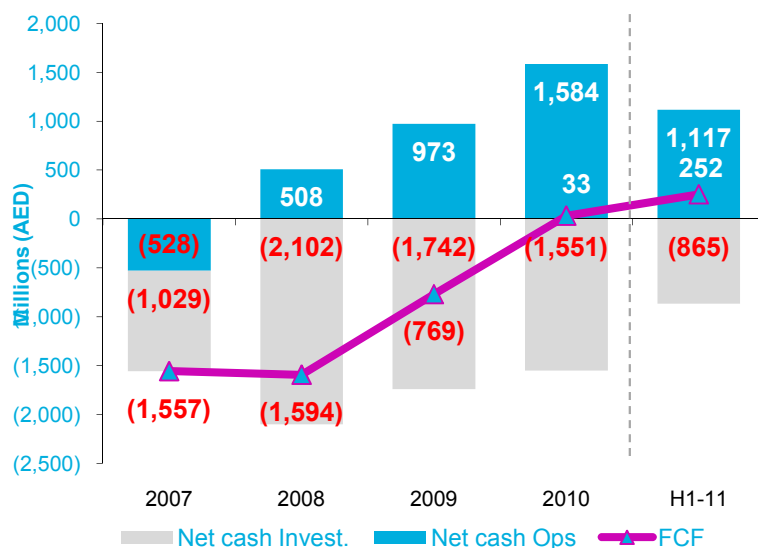
- AED 213 million invested in second quarter
- Investments continue to be primarily focused on building out the Company's mobile network, accounting for over 37% of the Q2 spend.
- Maintain guidance of AED 1.5bn-AED 1.7bn full year capex spend



Cash & Debt overview

Maintained free cash flow positive status

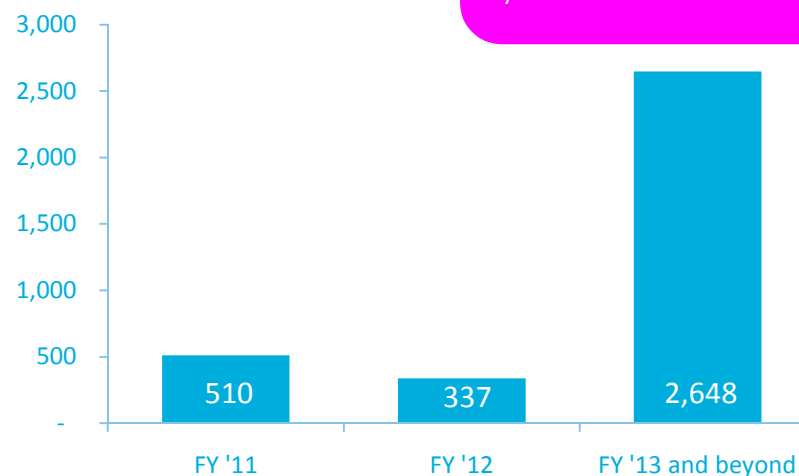
Free cash flow (AEDm)



Bank facilities

Loan Sources (AED Millions)	Available	Drawn
Syndicated Loan (Repaid in full in Q2 2011)	-	-
NSN Nordea	988	986
NSN KFW	761	25
Huawei Bridge	625	420
Huawei EXIM (Net of Bridge Loan)	312	0
Long term club loan	809	809
TOTAL DEBT FACILITIES	3,494	2,240
TOTAL CASH IN HAND	1,041	-

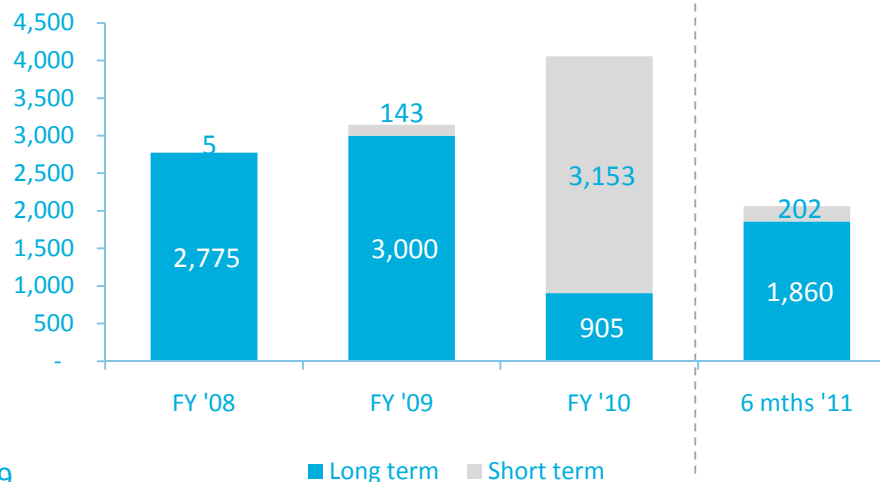
Debt maturity profile



AED 3 billion syndicated loan repaid in full during the second quarter

New club loan facility put in place part of which used in repayment of syndicated loan

Long term / short term debt



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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



