First Quarter 2011 Results

Emirates Integrated Telecommunications Company PJSC

April 2011

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Disclaimer

- Emirates Integrated Telecommunications Company PJSC (hereafter ”du”) is a telecommunication services provider in the UAE.

- du cautions investors that certain statements contained within this document state management’s intentions, hopes, beliefs, expectations or predictions of the future are forward-looking statements.

- 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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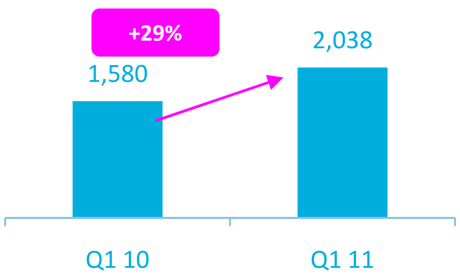
Q1 Financial Highlights

Customer acquisition sustained - 272,000 mobile customers added

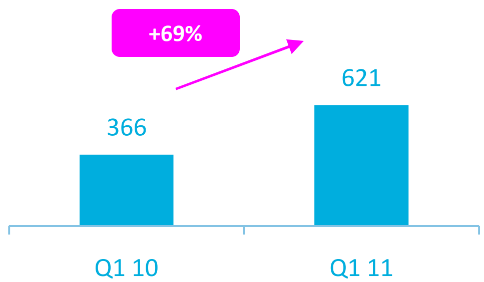
Total Revenue
(AEDm)



Record revenues

- Quarterly revenue shows continued year on year growth and were comparable to Q4, despite seasonality
- Total revenues up 29% driven by further subscriber growth and strong data usage

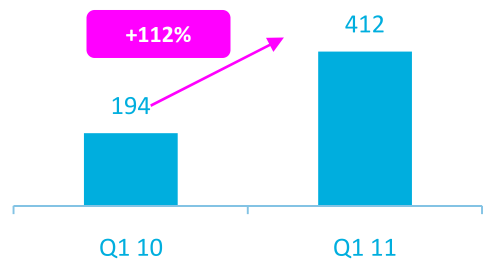
EBITDA
(AEDm)



Margins improved

- EBITDA margins remained strong at 30% up significantly from 23% in Q1 10, however down slightly from 33% in Q4 10 due to certain one off occurrences in Q4 2010 and Q1 2011

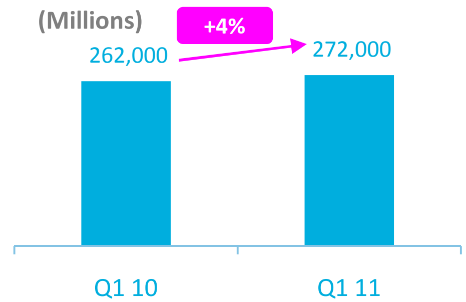
Net Profit before royalty
(AEDm)



Increasing profitability

- 112% increase in net profit before royalty over Q1 10 (AED 412 million compared to AED 194 million)
- Net profit before royalty decreased 4.5% vs Q4 2010 partly due to an increase in overheads as a result of a number of one off occurrences in Q4 2010 and Q1 2011.
- Royalty provisioning to remain at 50% until advised by UAE Federal Government of rate for 2011

Mobile Customer Net Additions
(Millions)



Customer growth

- Highest level of net subscriber additions in Q since 2009
- Sustained momentum in post-paid mobile customers, 46,400 added in Q1 11, taking total to 306,400, equal to 7% of mobile customer base

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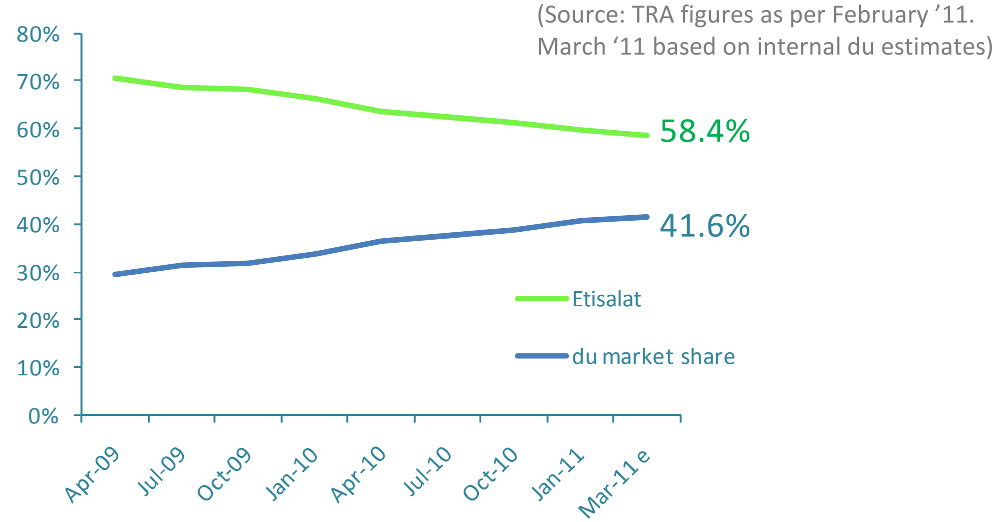
Market overview

Strengthened market position

UAE Mobile Subscribers Market share evolution



- 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:	(Feb 2011 e)	5.60 million
Population growth:	(2010 e)	4%
GDP:	(2010 e)	US$ 239.7 bn
GDP per capita:	(2010 e)	US$ 47,406

(Source: TRA, IMF)

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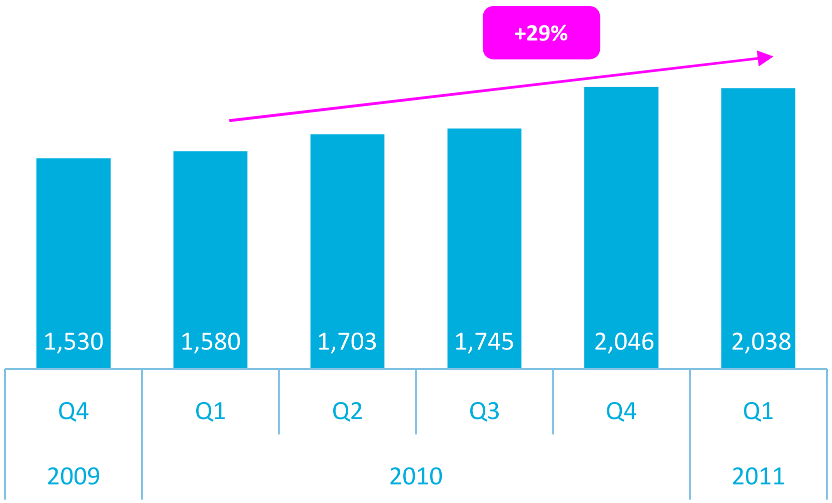
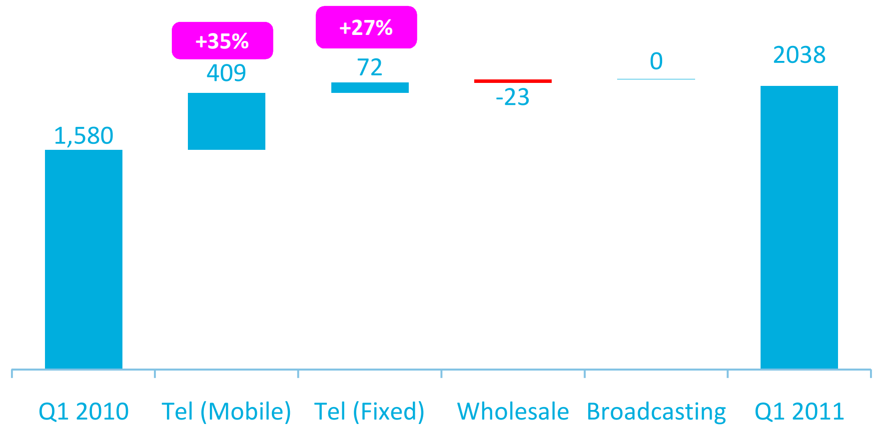
Revenues

Sustained revenues driven by mobile

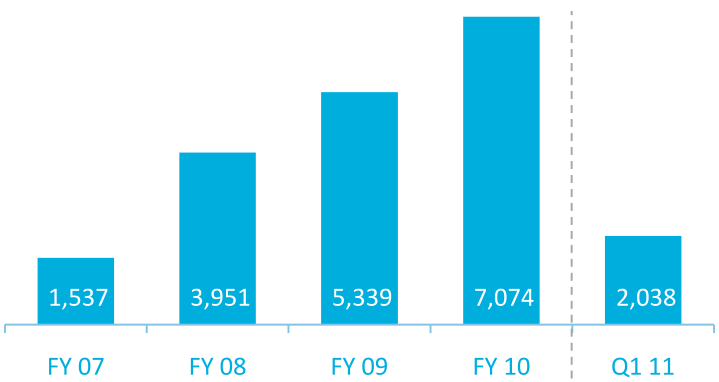
Quarterly Revenue (AEDm)



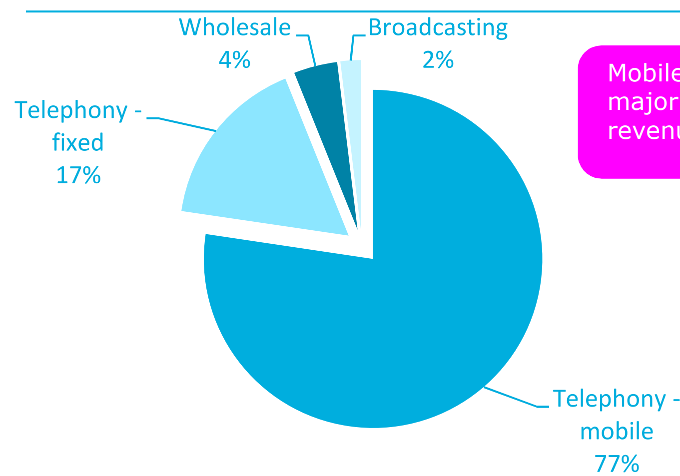
Revenue Year on Year Change (AEDm)



Year to Date Revenue (AEDm)



Q1 2011 Revenue split

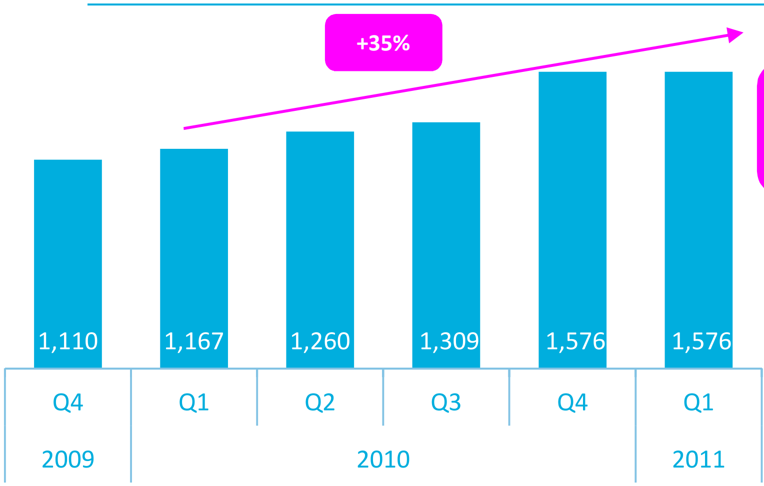


Mobile remains a major driver of revenues

Revenue Drivers - Mobile

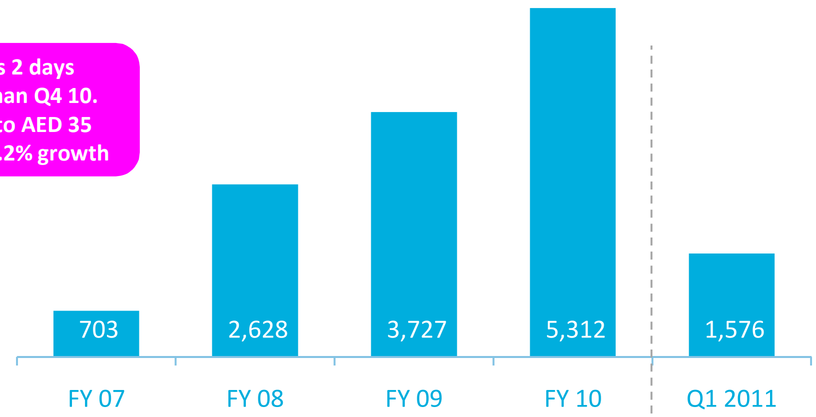
Data revenues sustained

Quarterly Mobile Revenues (AEDm)

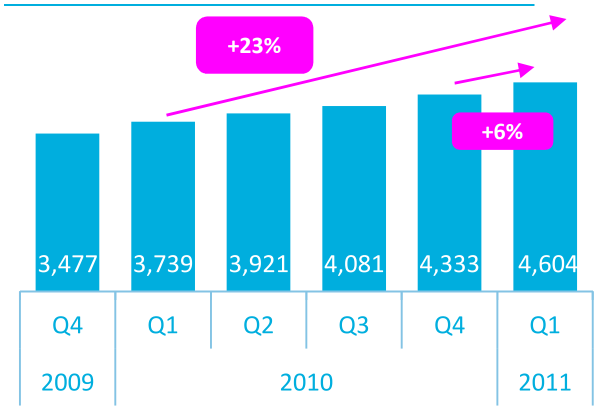


Q1 11 is 2 days shorter than Q4 10. Equates to AED 35 million = 2.2% growth

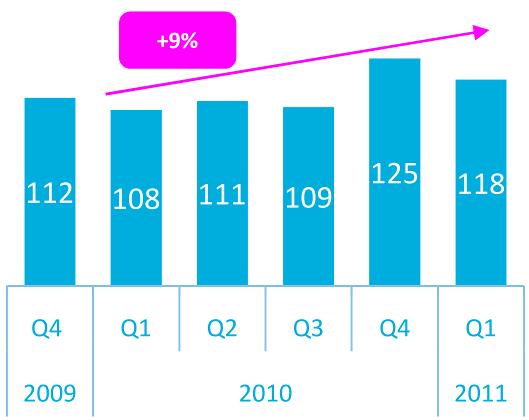
Yearly Mobile Revenues (AEDm)



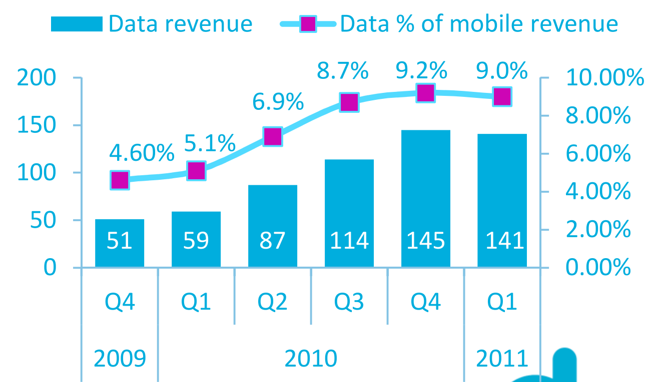
Mobile Subscribers
Active 90 days ('000)



Mobile ARPU (AED)



Mobile Data (AEDm)



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

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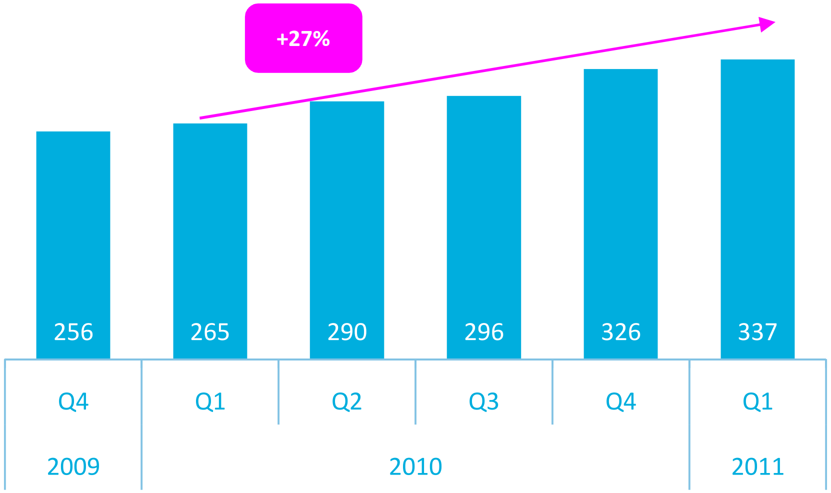
Revenue Drivers – Fixed

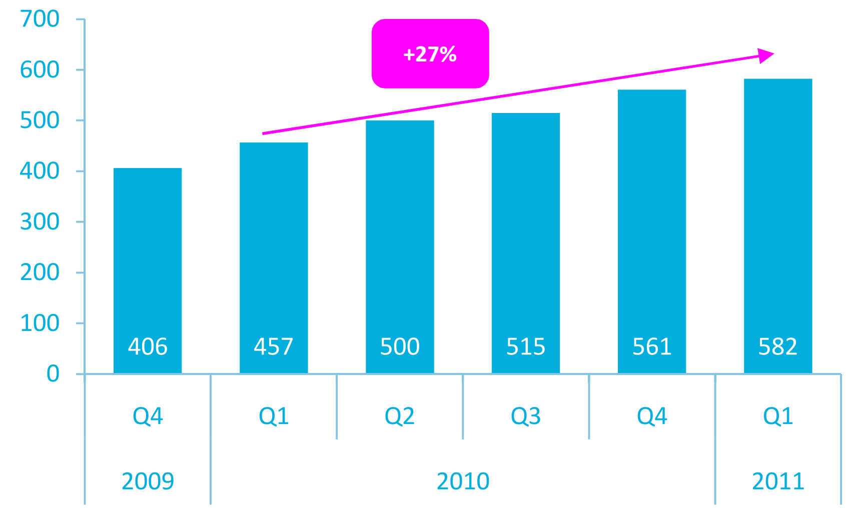
27% growth in fixed line subscriber base

Total fixed lines increased 27% year on year closing with 581,500 lines; 20,700 lines added during the quarter

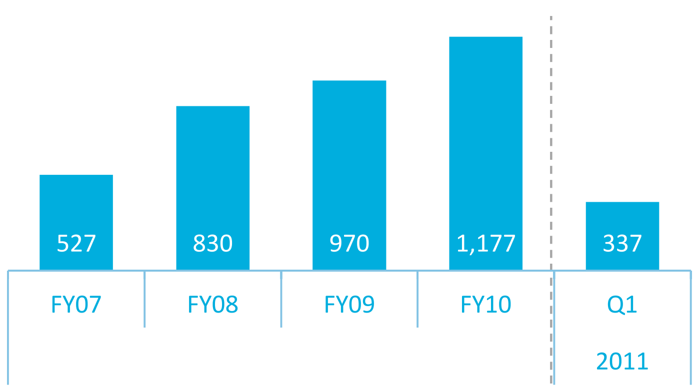
Quarterly Fixed Revenue (AEDm)



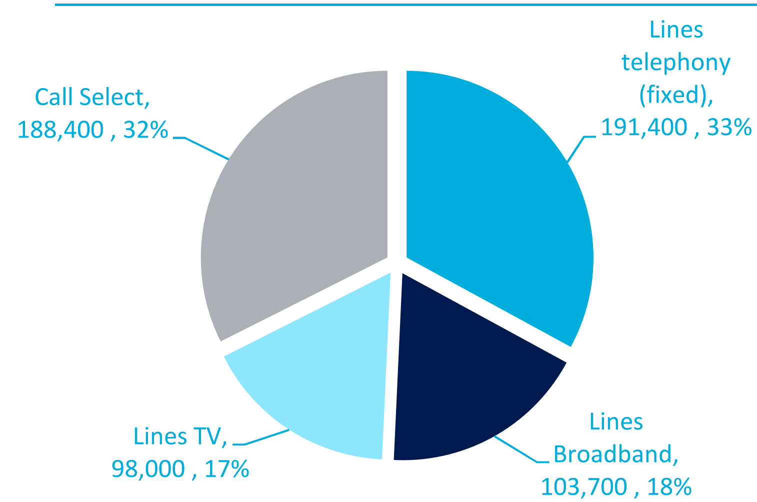
Fixed Line Subscribers ('000)



Year to date Fixed Revenue (AEDm)



Fixed line breakdown (Q1 2011)



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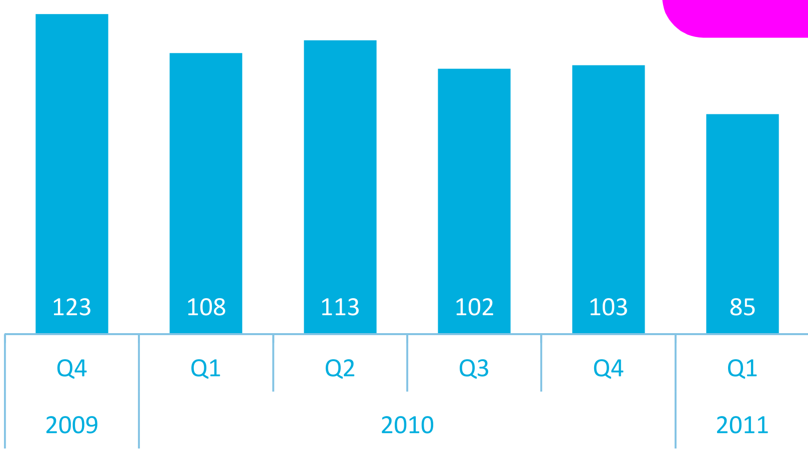
Revenue Drivers

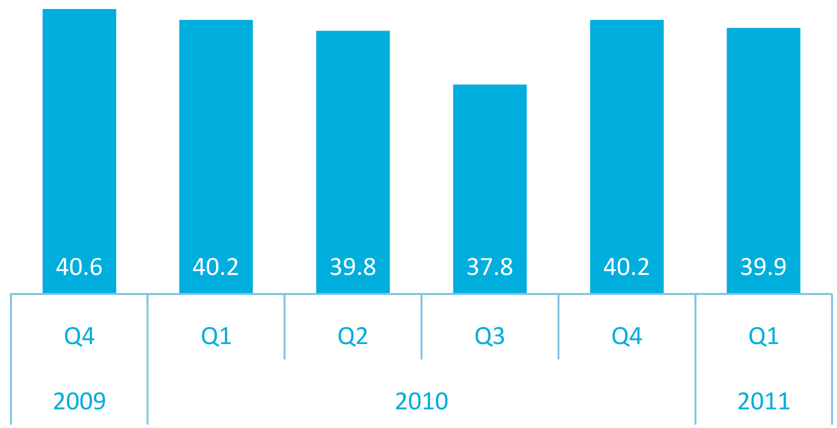
Wholesale & Broadcasting

Decrease partially due to reduced market share in the quarter; benefit/effect of new agreements expected Q2 to address this

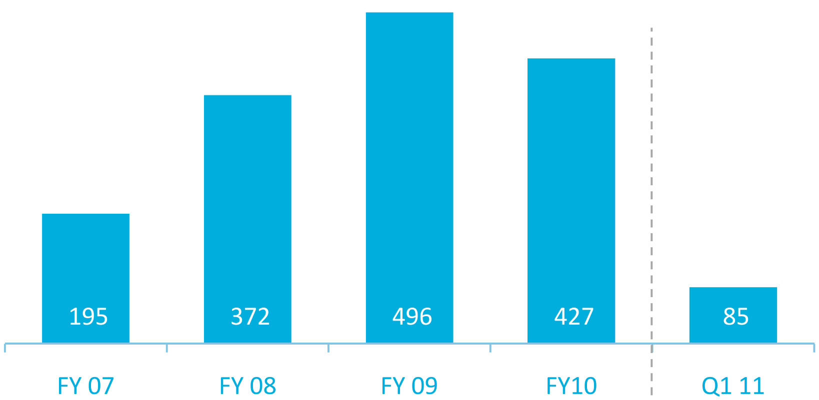
Quarterly Wholesale Revenues (AEDm)



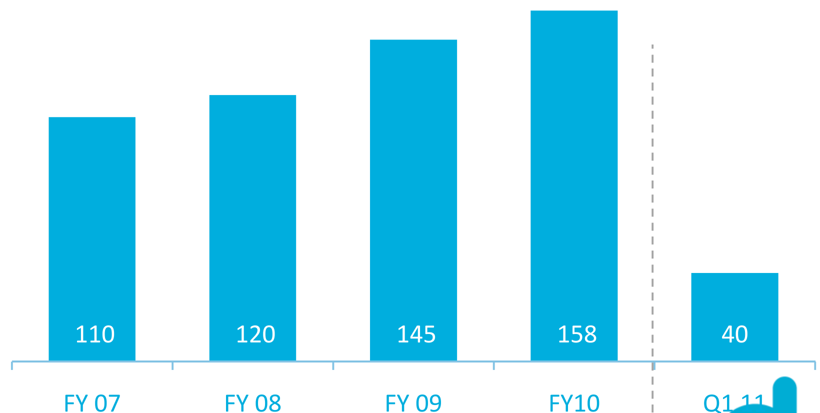
Quarterly Broadcast Revenues (AEDm)



Year to Date Wholesale Revenues (AEDm)



Year to Date Broadcast Revenues (AEDm)



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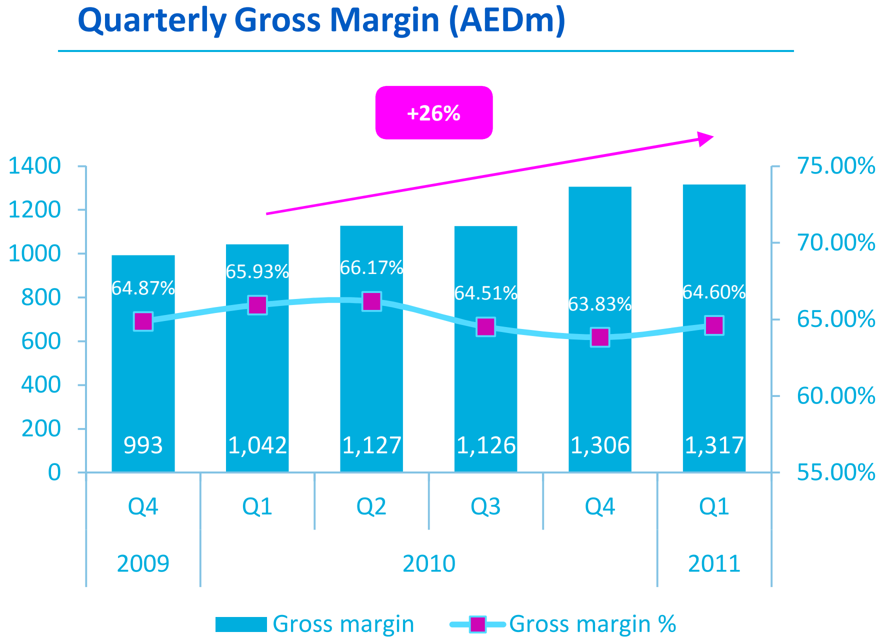
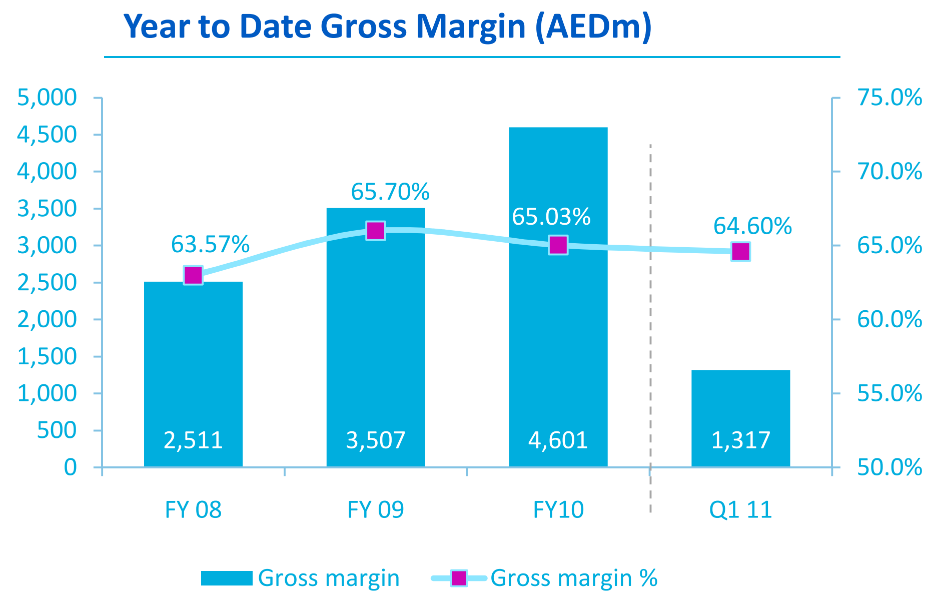
Gross Margin

Solid year-on-year margin growth





- Gross margin for Q1 11 increased 26% year on year to AED 1.3 billion
- Gross margin as a percentage of revenue was 64.60% during the first quarter
- Gross margin percentage effected by level of handset sales quarter on quarter

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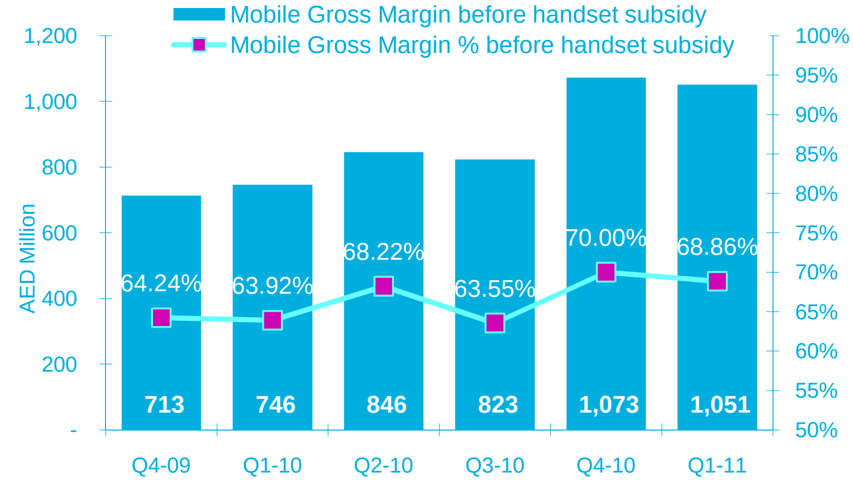
Gross Margin

By Segment

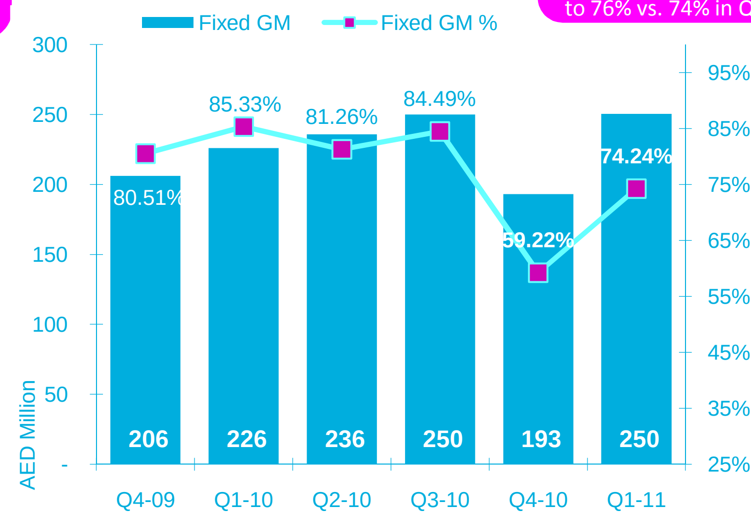
Q4 10: adjustment of AED 68m between Fixed and Mobile interconnect cost increasing the YTD mobile GM% to 64.4%. Excluding handset sales, gross margin increased from 66.7% YTD to 68.8% in Q1 11.

Mobile Gross Margin (AEDm) before handset subsidy

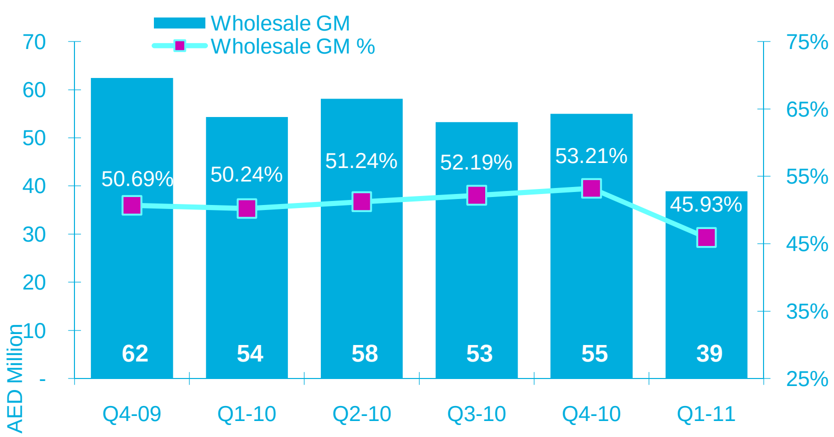


Fixed Gross Margin (AEDm)

Q4 10: adjustment of AED 68m between Fixed and Mobile interconnect cost lowering the YTD fixed GM% to 76% vs. 74% in Q1 11.

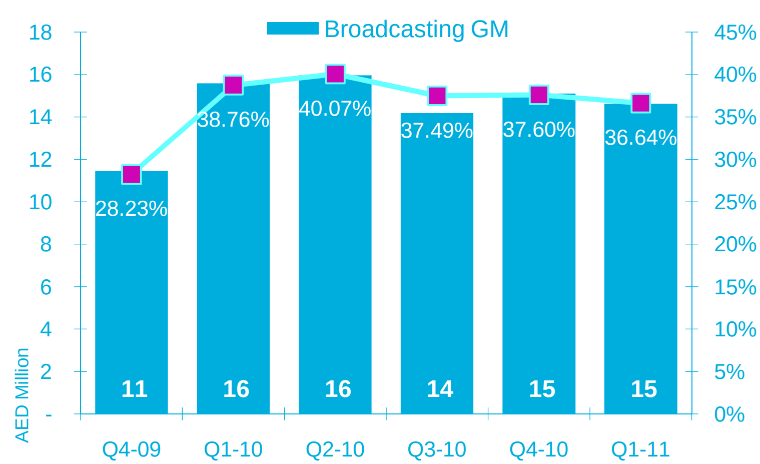


Wholesale Gross Margin (AEDm)



Effect of market share reduction and new agreements; expect rebuilding from Q2

Broadcasting Gross Margin (AEDm)



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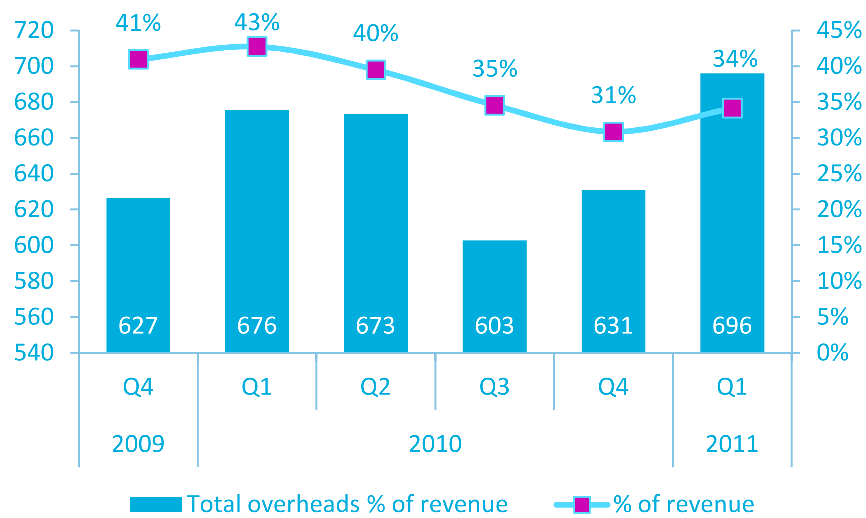
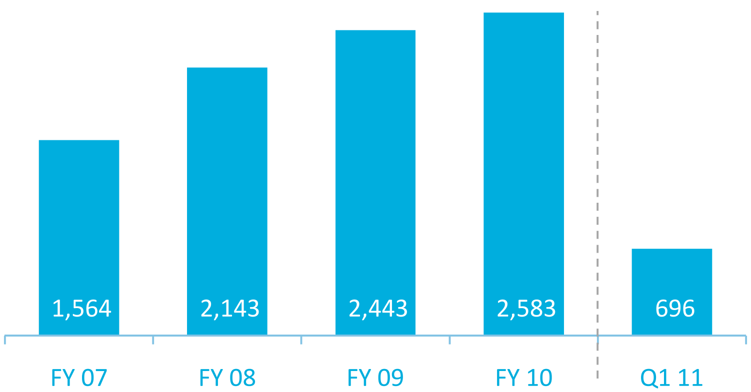
Overheads

900 basis point decrease in overheads as a percentage of revenue

Overheads (AEDm)





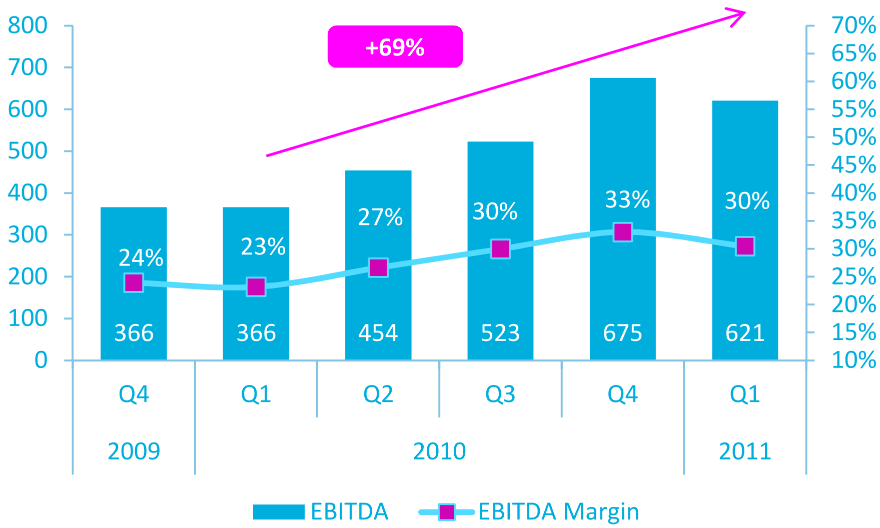
Overheads as a percentage of revenue	Q1 10	Q1 11
Manpower	19.5%	16.0%
Telecommunications licence & related fees	2.8%	2.6%
Sales & Marketing expenses	4.6%	2.7%
Bad debts	1.2%	1.3%
Network operation & maintenance	11.3%	8.6%
Rent & utilities	2.3%	1.9%
Impairment of property, plant & equipment	1.0%	1.0%
Total Overheads as % of revenue	**42.8%**	**34.2%**

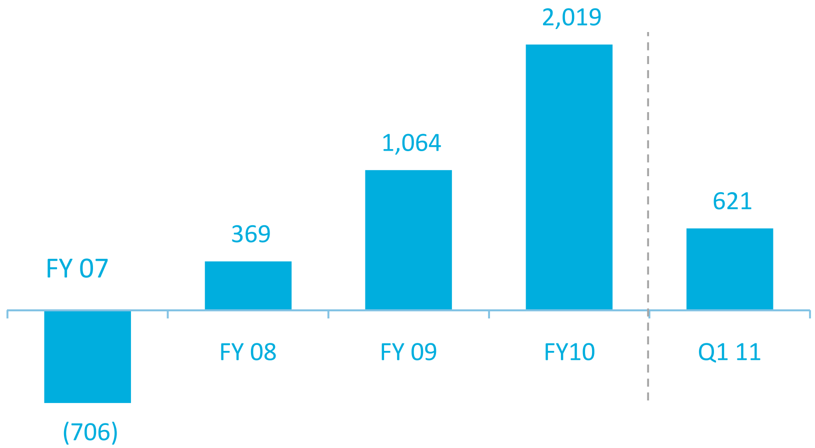
- Overheads as a percentage of revenue have, year on year, decreased by 900 basis points, however they have increased slightly quarter on quarter as a result of certain one off credits in Q4 2010 and an IFRS treatment adjustment of end of service gratuities coupled with additional one off charges being incurred in Q1 2011.

Profitability

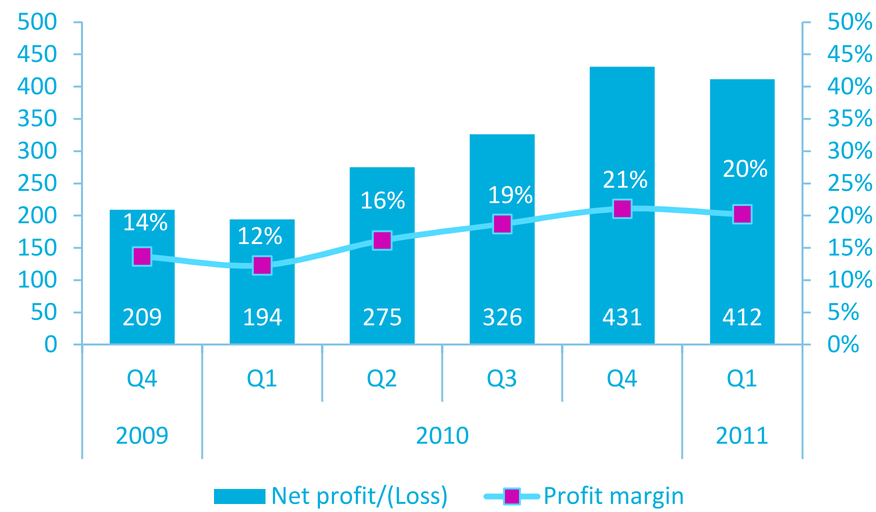
Robust financial health - 112% increase in net profit before royalty

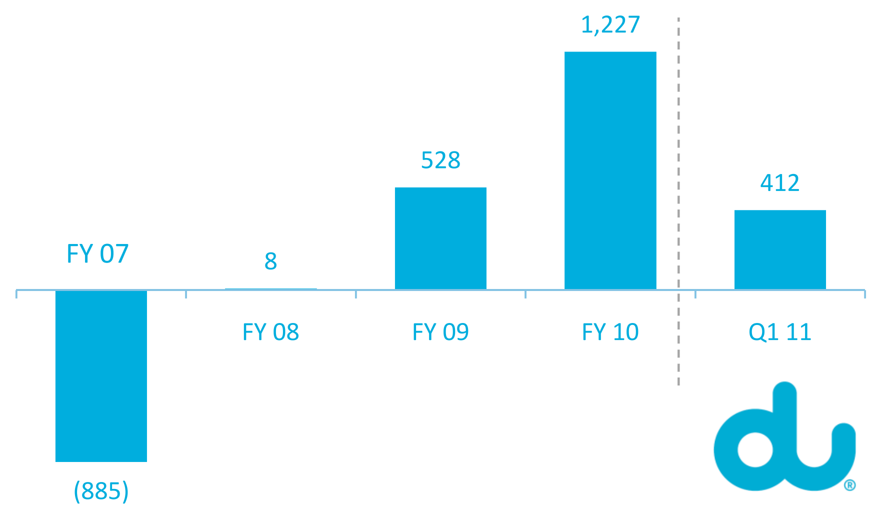
EBITDA (AEDm)





Net Profit before royalty (AEDm)

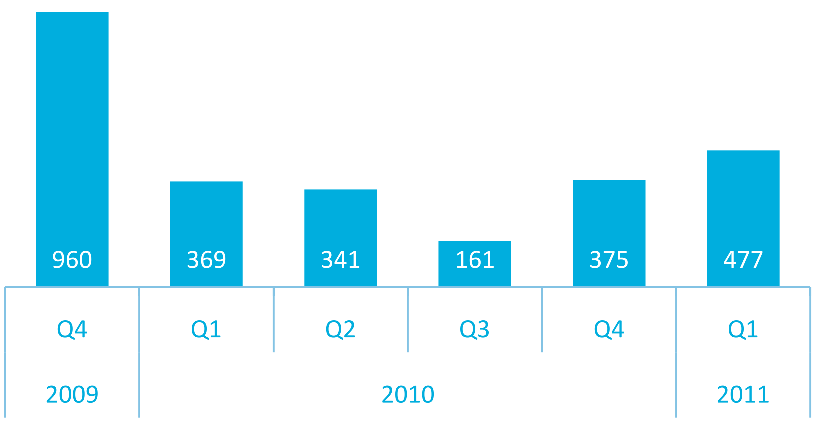


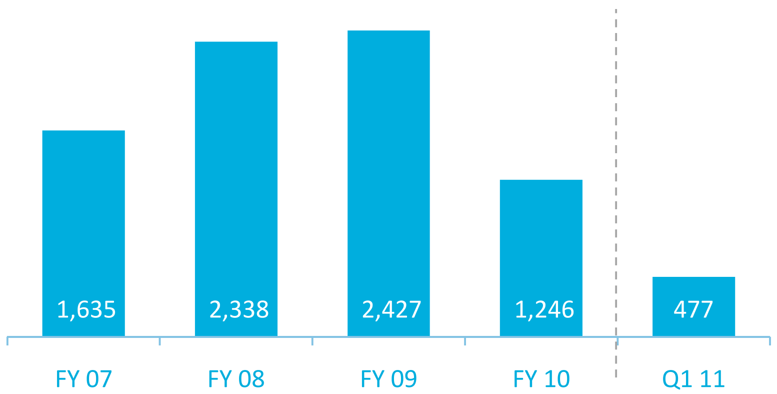


Capital Investments & Cash Flow

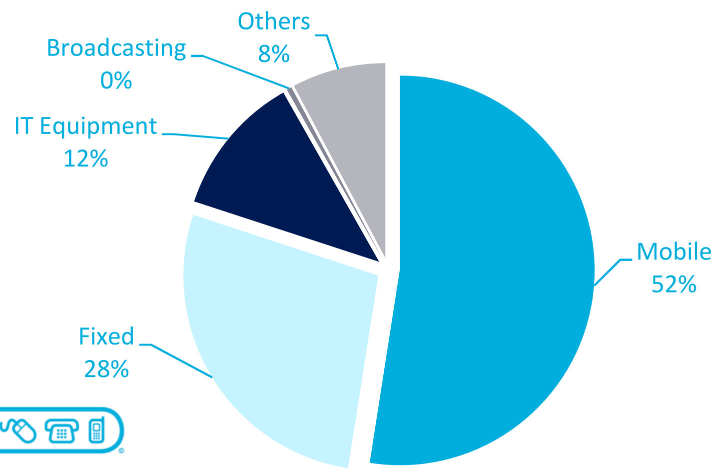
Capex remains focused on network build-out of fixed line and mobile

Capex additions (AEDm)





FY capex breakdown

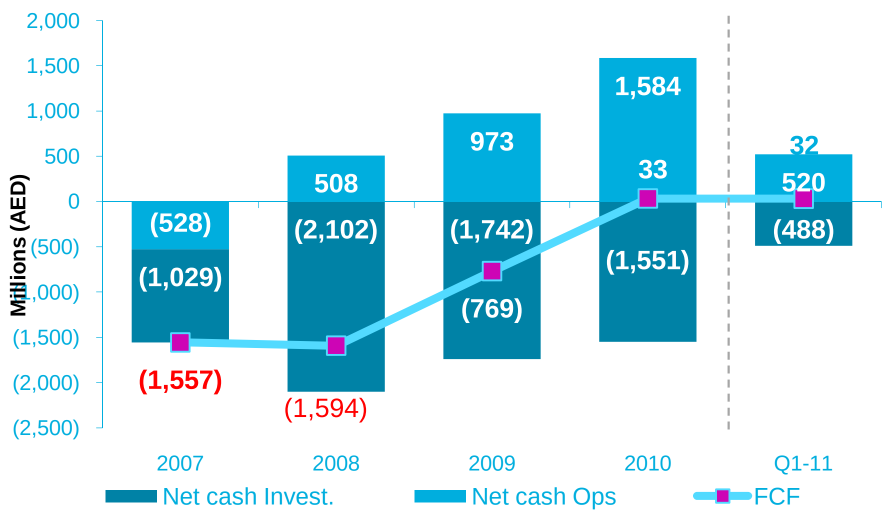


- AED 477 million invested in first quarter
- Investments continue to be primarily focused on building out the Company's mobile network, accounting for over 52% of the Q1 spend.
- We maintain guidance of AED 1.5bn-AED 1.7bn full year spend on CapEx

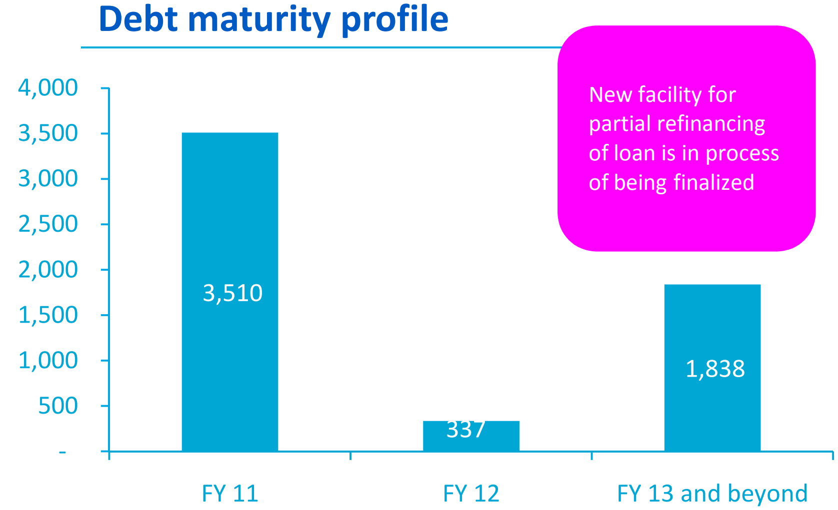
Cash & Debt overview

Maintained free cash flow positive status

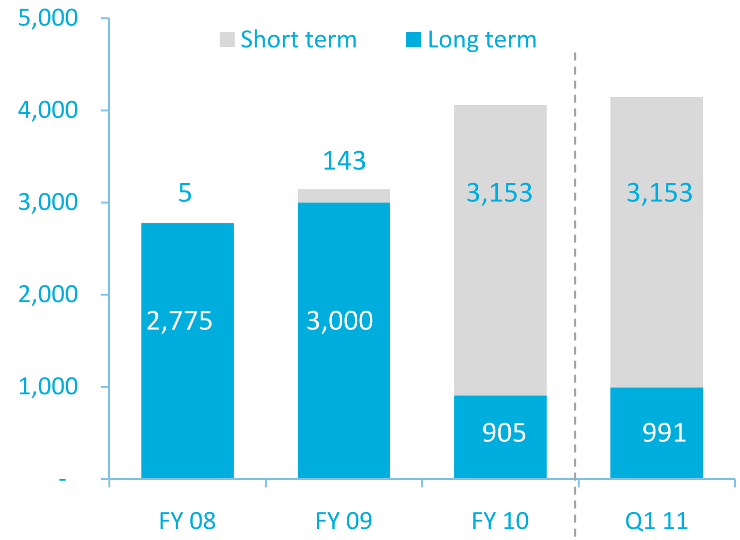
Free cash flow (AEDm)



Debt maturity profile



Long term / short term debt



Bank facilities

Loan Sources (AED Millions)	*Available*	Drawn
Syndicated Loan	3,000	3,000
NSN Nordea	988	768
NSN KFW	761	25
Huawei Bridge	625	352
Huawei EXIM (Net of Bridge Loan)	312	0
TOTAL DEBT FACILITIES	**5,686**	**4,145**
TOTAL CASH IN HAND	**2,904**	**-**

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Strategy & Outlook

Growth through efficiency

- Increase penetration of high-value consumer and enterprise accounts
- Focus on profitable growth and increase of value share
- Excel in customer experience and increase brand engagement
- Revenue diversification through mobile data and broadband
- Continued emphasis on operational efficiencies and profit margin increase
- Maximize returns of existing network investments and cash flow generation

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Q&A