



Q3 2010 Results





Emirates Integrated Telecommunications Company PJSC

November 2010

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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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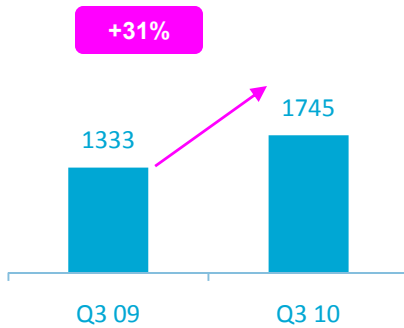
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Q3 2010 Highlights

Sustained strong revenue growth



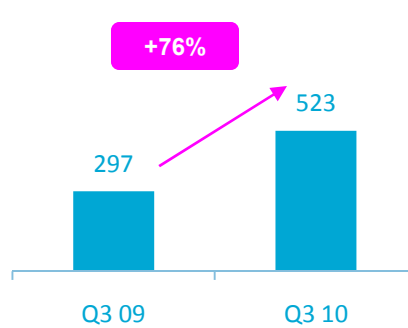
Total Revenue (AEDm)



Record revenues

- Highest quarterly revenue to date
- Total revenues up 31% driven by further subscriber growth

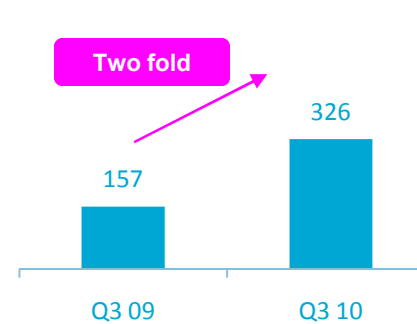
EBITDA (AEDm)



Margins improved

- EBITDA margins improved to 30% up from 27% in Q2 10 and 22% in Q3 09

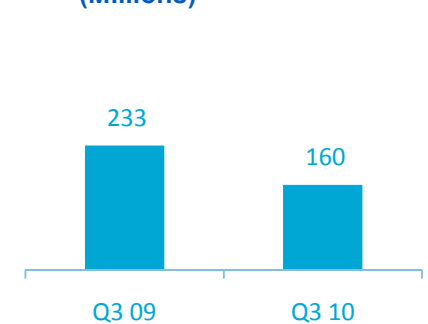
Net Profit before royalty (AEDm)



Increasing profitability

- Net profit before royalty increased 19% vs the previous quarter
- A further two fold net profit increase over Q3 09 (AED 157 million)

Mobile Subscriber Additions (Millions)



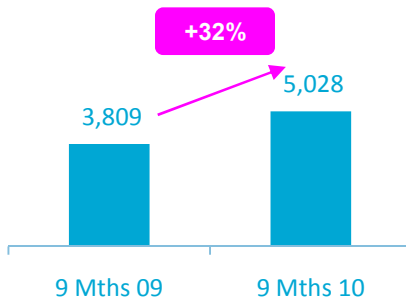
Subscriber growth

- Sustained momentum in post-paid mobile subscribers, 15,300 added, total 209,000, equal to 5% of mobile subscriber base

First 9 months 2010 Highlights

Sustained growth

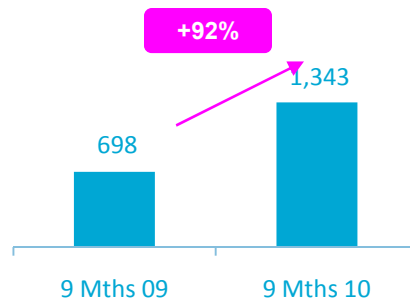
Total Revenue
(AEDm)



Record revenues

- Continued strong growth of 32% for the first nine months of 2010, compared to 2009.

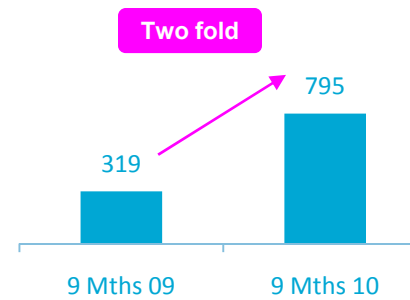
EBITDA
(AEDm)



Margins improved

- EBITDA nearly doubled.
- EBITDA margins for the first nine months of 2010 increasing to 27% up from 18% in 2009.

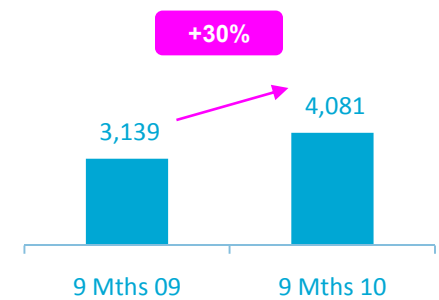
Net Profit before royalty
(AEDm)



Increasing profitability

- Net profit for the first nine months of 2010 has more than doubled, compared to 2009.





Mobile Subscribers
Cumulative
(Millions)



Subscriber growth

- Passed the 4 million subscriber milestone.

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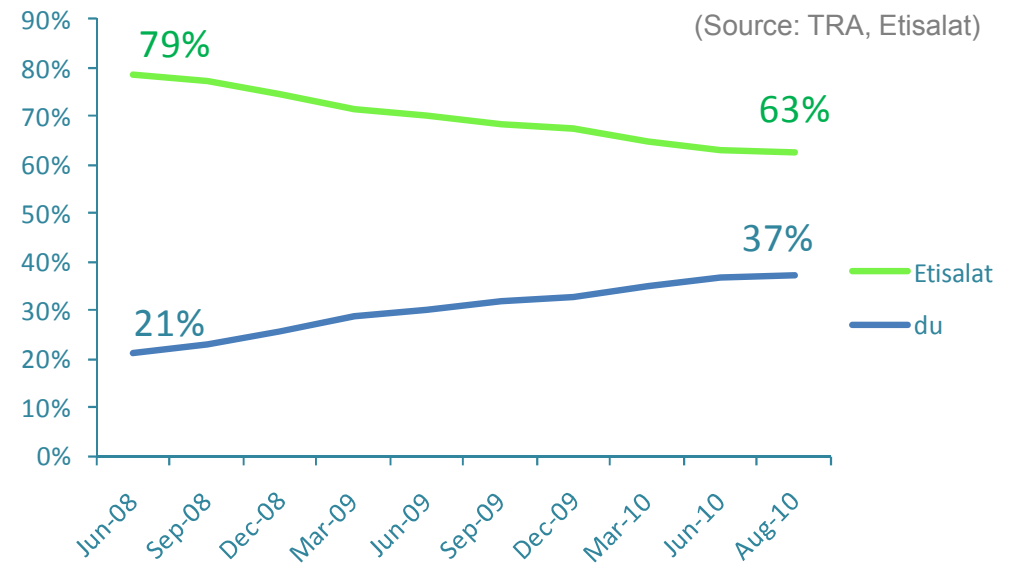
Market overview

Continued change in subscriber make-up



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

UAE Mobile Subscribers Market share evolution







(Source: TRA)

UAE

- Population: (August 2010) 5.43 million
- Population growth: (August 2010) 4%
- GDP: (2009 ^e) US\$ 223.9 bn
- GDP per capita: (2009 ^e) US\$ 45,615

(Source: TRA, IMF)

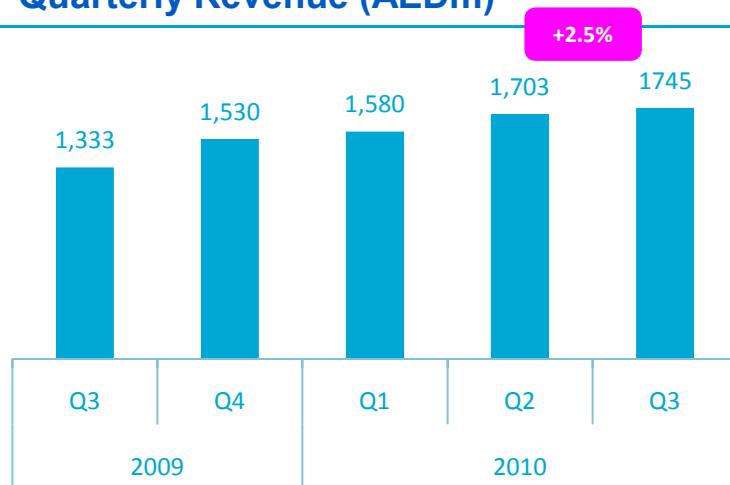
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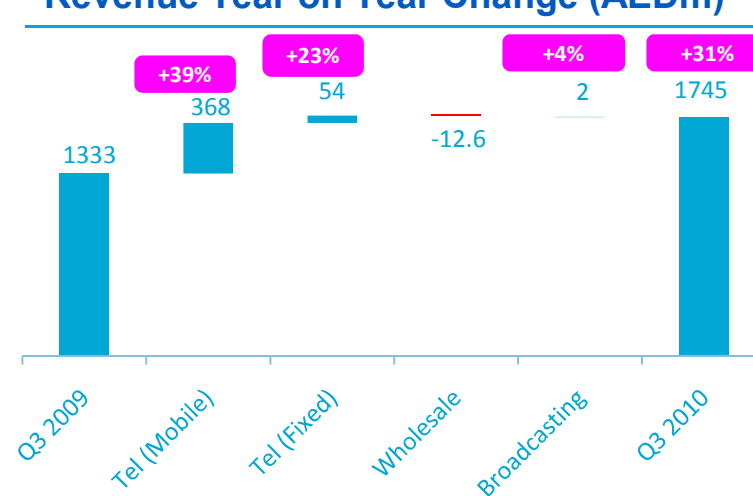
Revenues

Revenues driven by strong mobile subscriber acquisitions

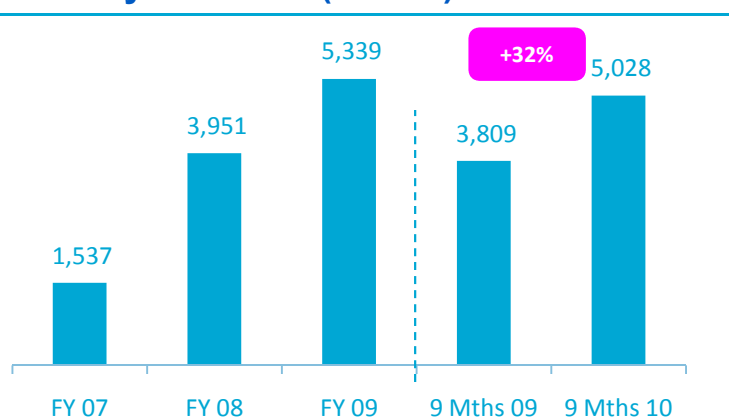
Quarterly Revenue (AEDm)



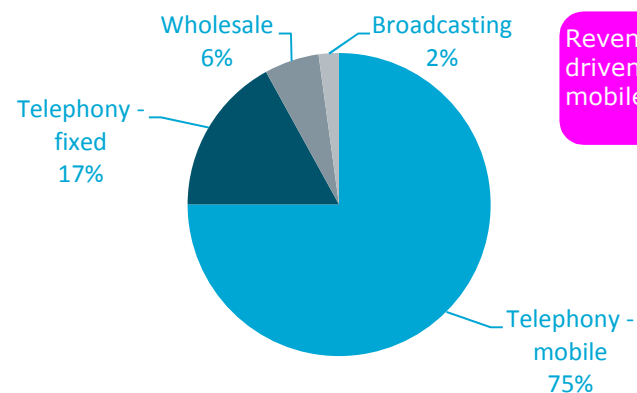
Revenue Year on Year Change (AEDm)



Yearly Revenue (AEDm)



Q2 2010 Revenue split

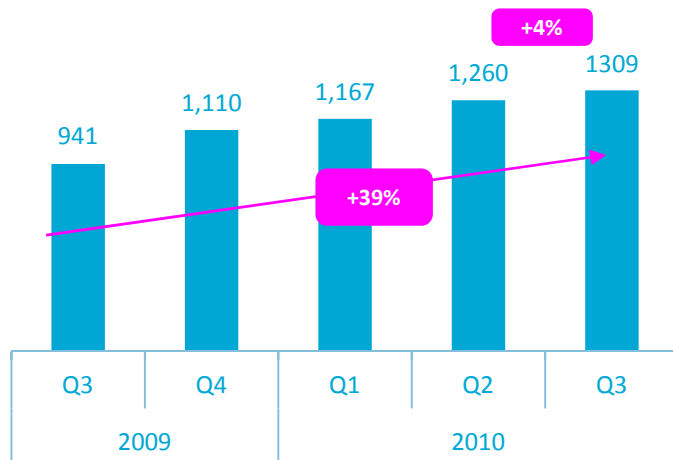


Revenue growth driven primarily by mobile

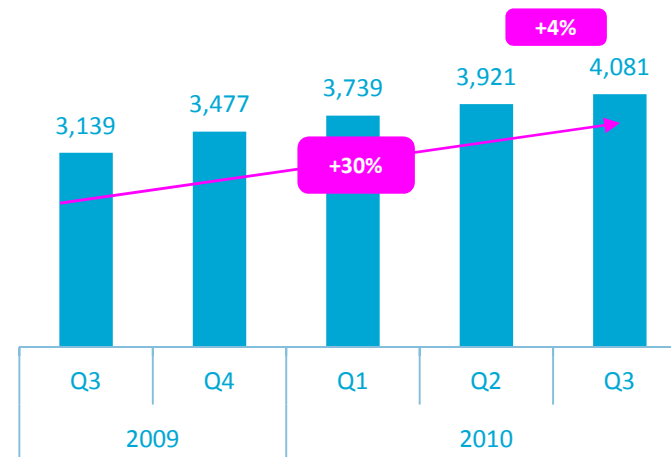
Revenue Drivers - Mobile

Strong subscriber additions and record mobile revenues in Q3 2010

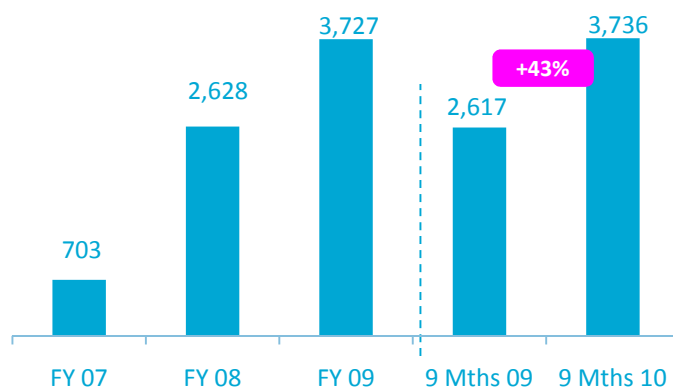
Quarterly Mobile Revenues (AEDm)



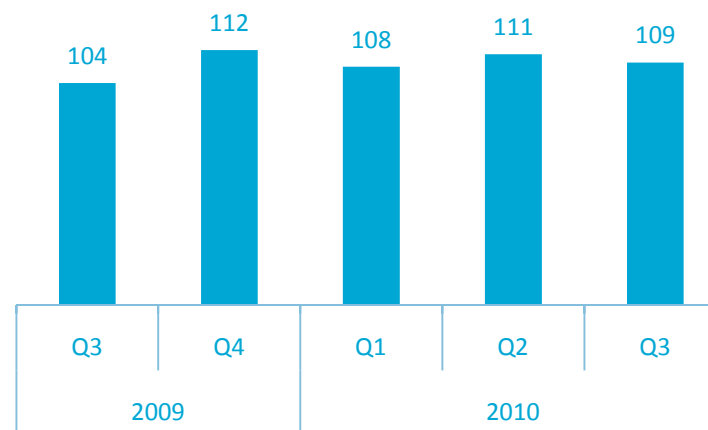
Mobile Subscribers - active 90 days ('000)



Yearly Mobile Revenues (AEDm)



Mobile ARPU (AEDm)

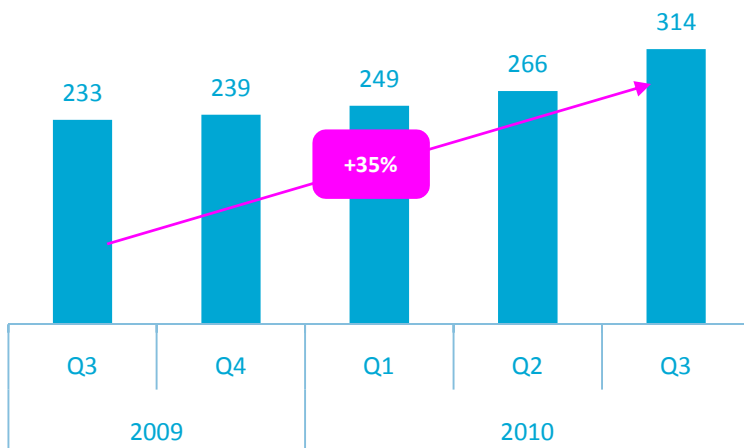


Revenue Drivers – Fixed

Positive growth trend continues in fixed business

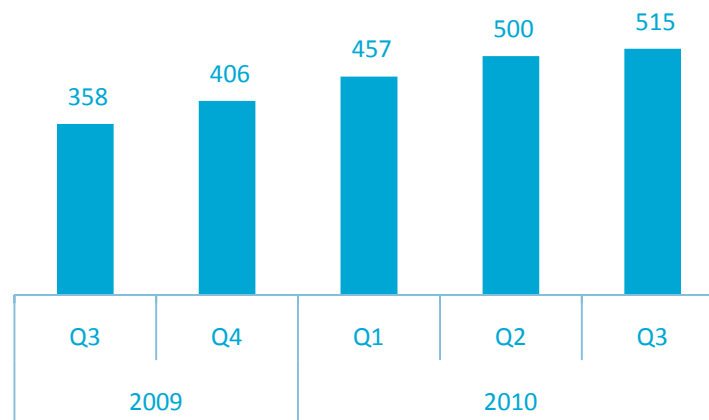


Quarterly Net Fixed Revenue (AEDm)

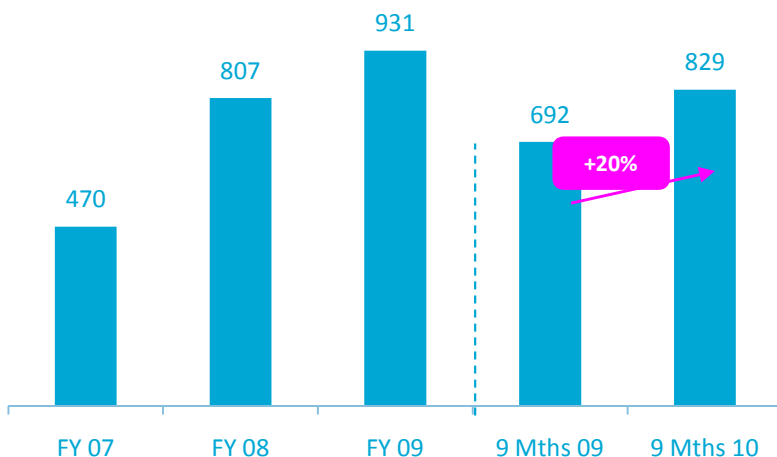


Fixed Line Subscribers

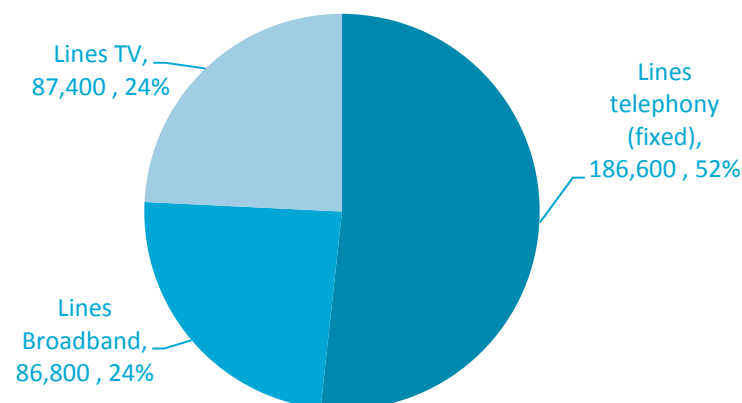
Total fixed lines increased 44% year on year closing with 515,400 lines; 15,500 lines added during the quarter



Yearly Net Fixed Revenue (AEDm)



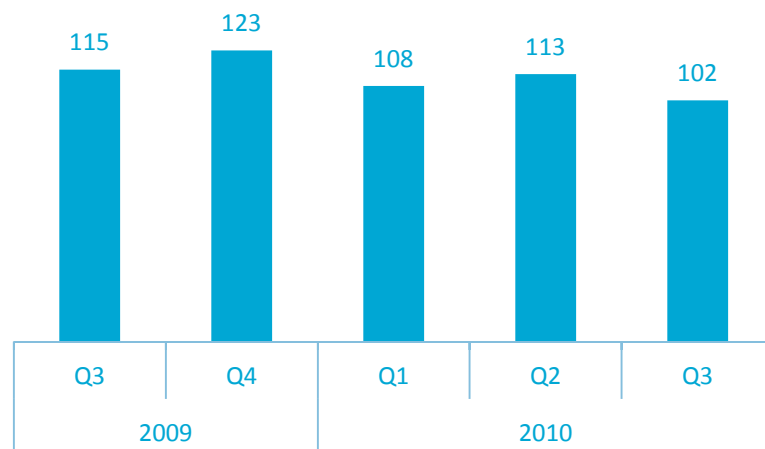
Fixed line breakdown (Q3)



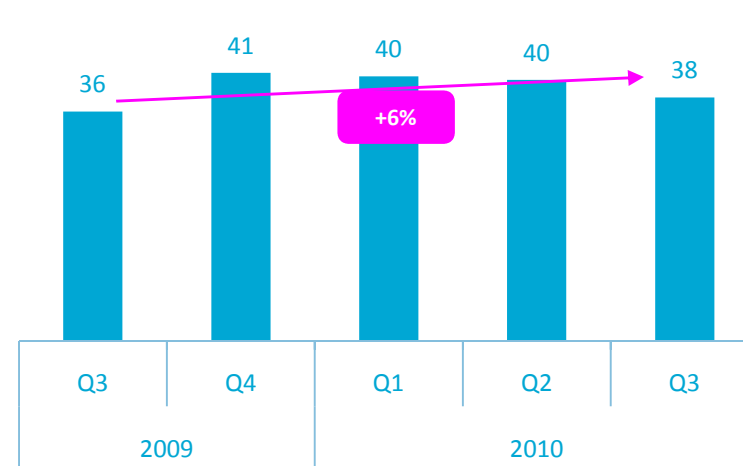
Revenue Drivers

Wholesale & Broadcasting

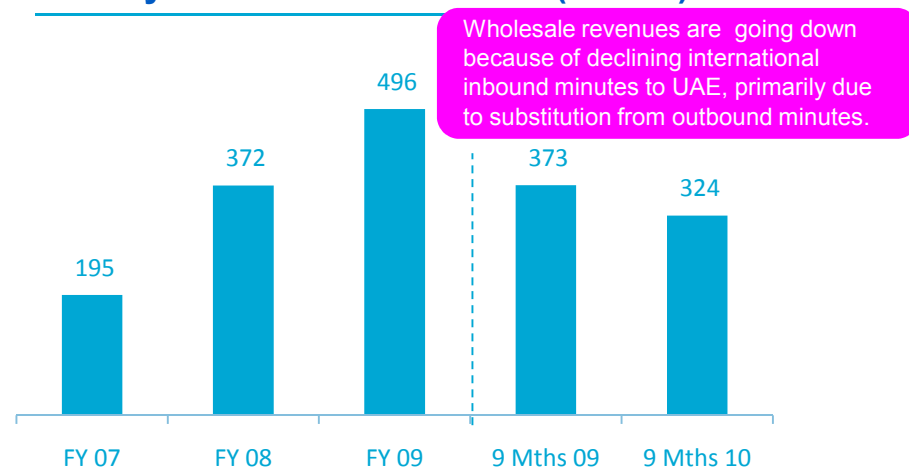
Quarterly Wholesale Revenues (AEDm)



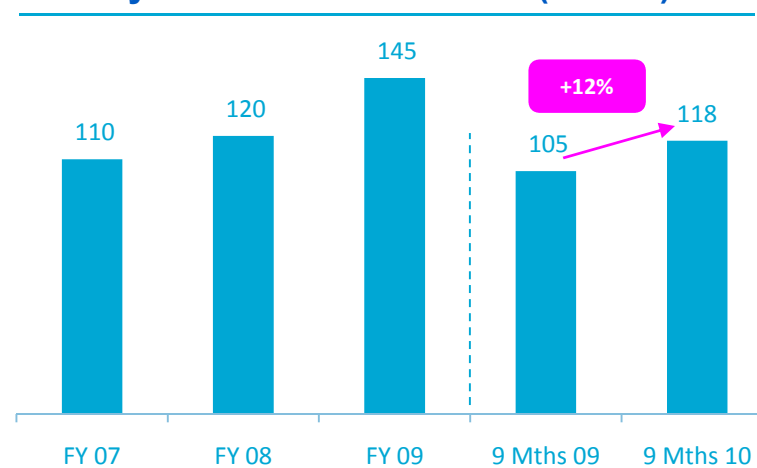
Quarterly Broadcast Revenues (AEDm)



Yearly Wholesale Revenues (AEDm)



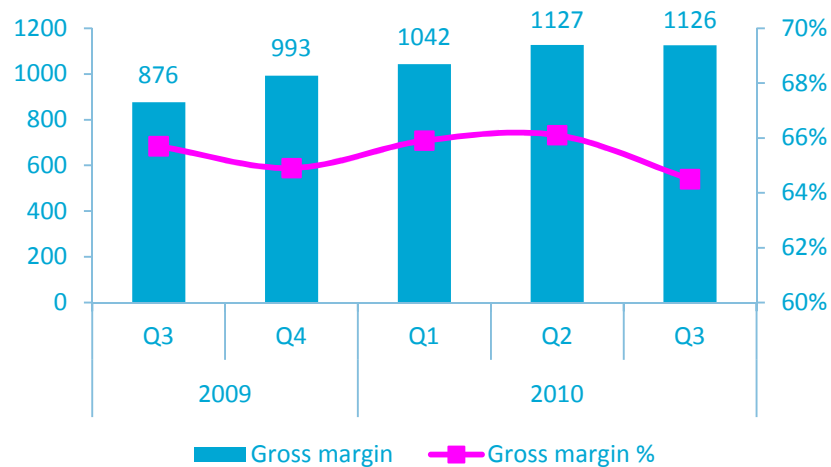
Yearly Broadcast Revenues (AEDm)



Gross Margin

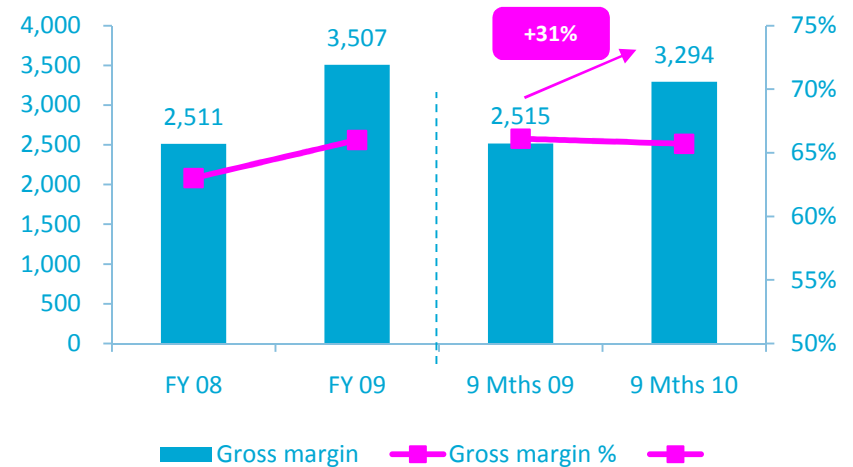
31% increase over first nine months compared to 2009

Quarterly Gross Margin (AEDm)



- Gross margin remained flat quarter on quarter, representing a 29% increase year-on-year continued focus on cost optimisation
- The majority of the reduction in gross margin percentage relates to mobile where Q3 is seasonally lower than Q2 in respect of inbound roaming

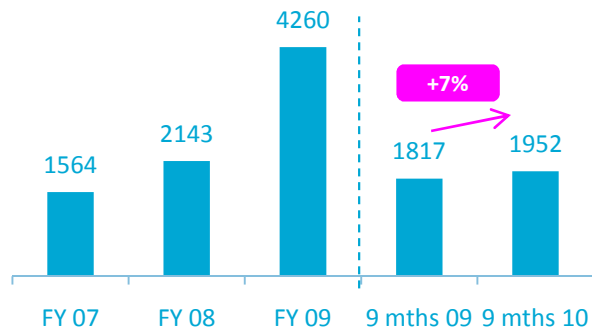
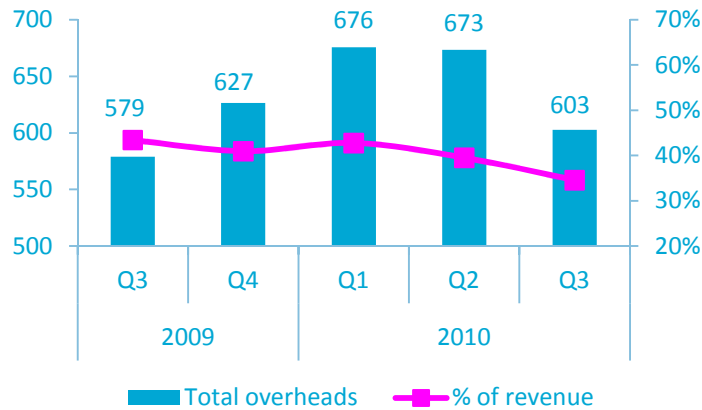
Yearly Gross Margin (AEDm)



- Gross margin for the first nine months increased 31% year on year to 3.3 billion
- Gross margin as a percentage was 65.7%

Overheads

Overheads (AEDm)



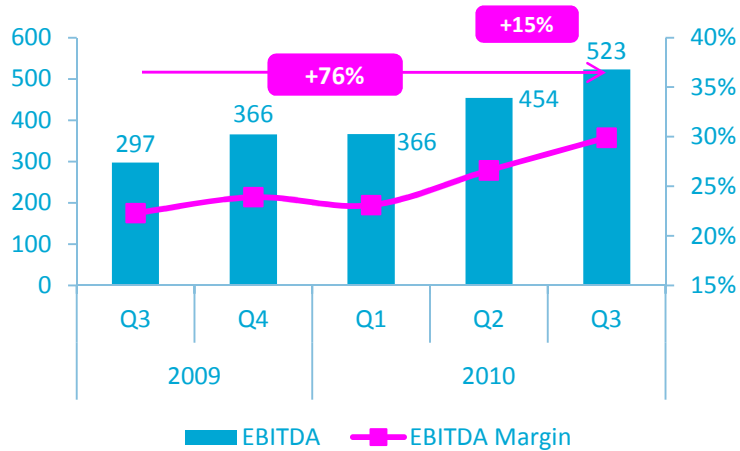
Overheads as a percentage of revenue		
	Q3 09	Q310
Payroll & Employee related expenses	12%	11%
Consulting, contracting & outsourcing costs	5%	7%
Telecommunications licence & related fees	3%	3%
Sales & Marketing expenses	5%	5%
Bad debts	1%	2%
Network operation & maintenance	12%	9%
Rent & utilities	6%	-2%
Impairment of property, plant & equipment	1%	1%
TOTAL	43%	35%

- Overhead increases for the first nine months have been kept at just 7%
- Q3 overheads include one time favourable adjustment of AED 104 million as a result of a regulatory decision in favour of du, of which AED 69 million relates to 2009.

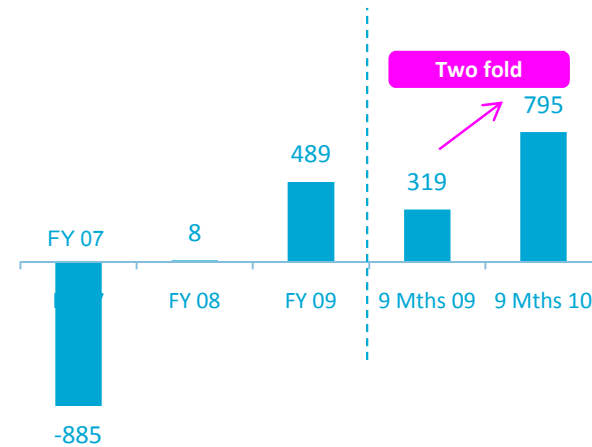
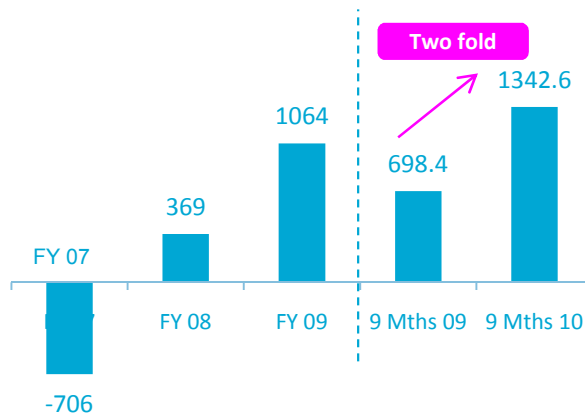
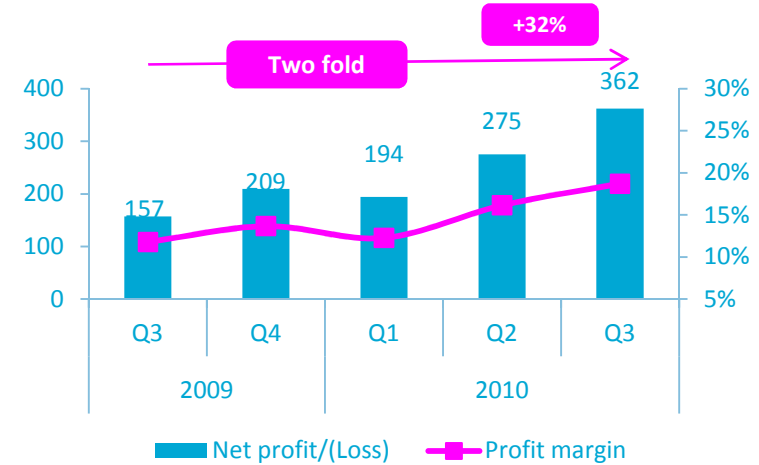
Profitability

Two fold increase in net profit before royalty

EBITDA (AEDm)



Net Profit before royalty (AEDm)

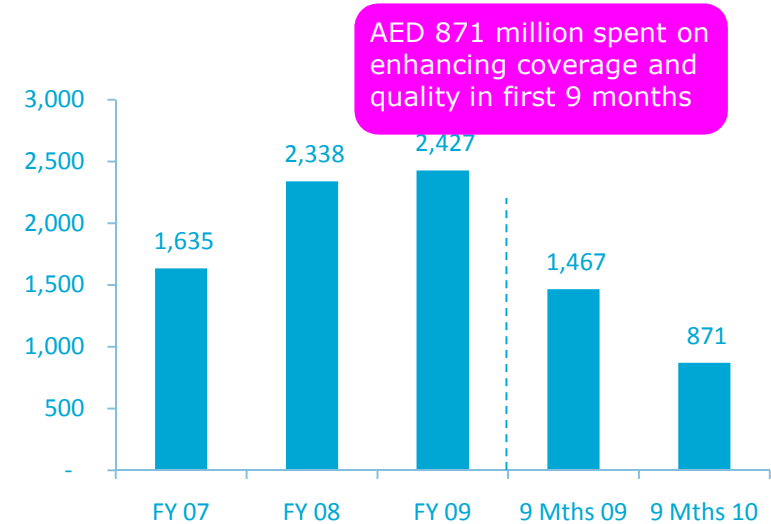
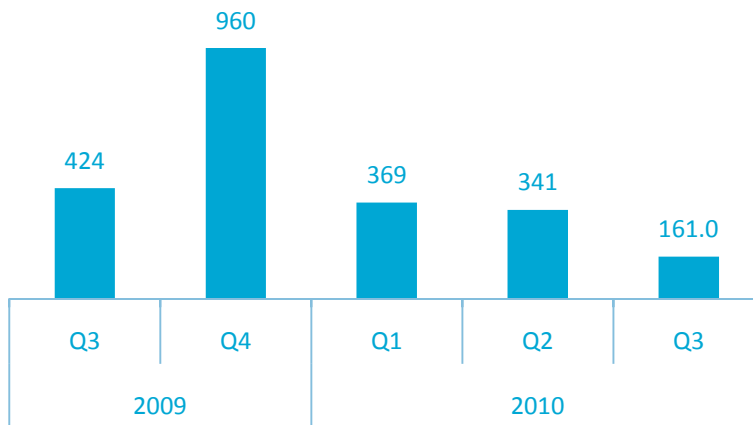


Capital Investments & Cash Flow

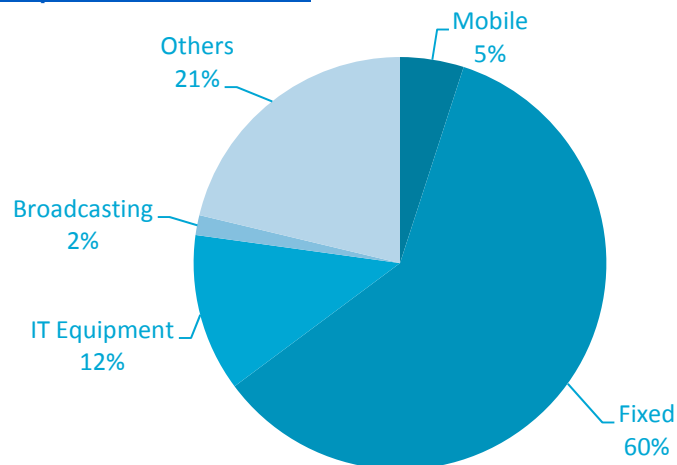
Continued investment in du's network and infrastructure to support growth



Capex additions (AEDm)



Capex breakdown

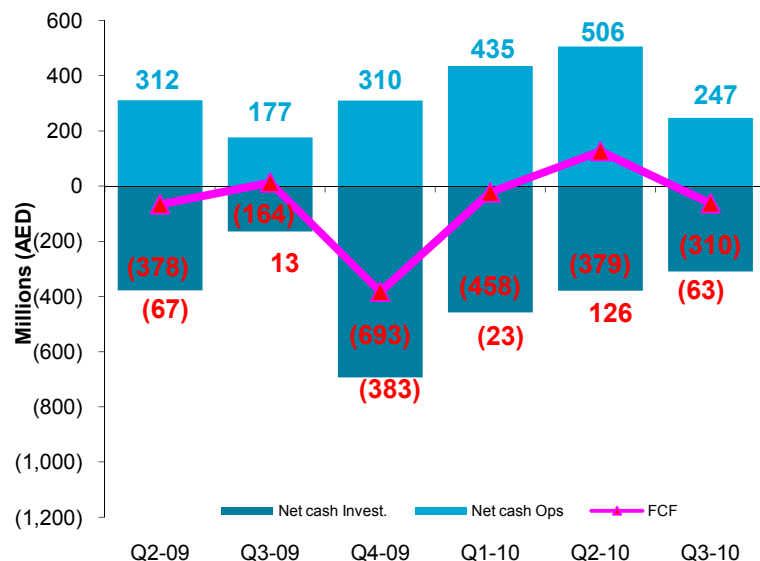


- Investment in du's network and infrastructure continued in the third quarter, with AED 161 m accounted for during the quarter
- Total of AED 1.8 bn planned capex spend for the full year 2010
- Investment to continue to enhance coverage and quality to provide a solid base for future growth

Cash & Debt overview

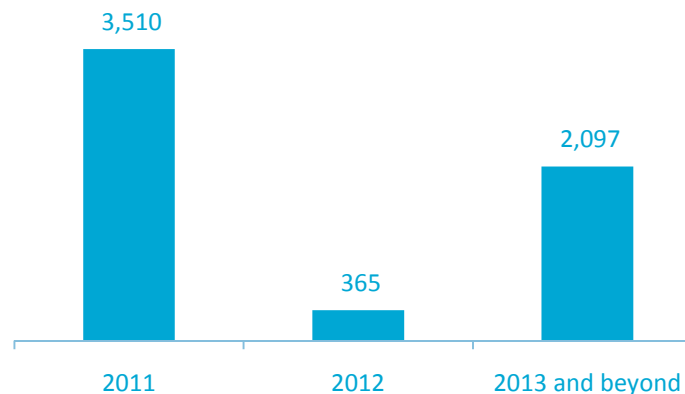
Healthy debt to equity ratio maintained

Cash flow (AEDm)

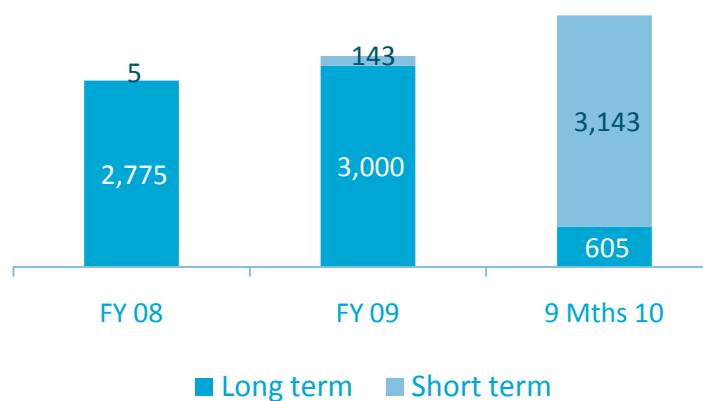


- Strong cash flow generation for the quarter corresponding to strong year on year EBITDA growth





Debt maturity profile



Long term / short term debt



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Strategy & Outlook

Remains focused on infrastructure build-out and product innovation



- Continue investing in the mobile infrastructure, whilst rationalizing investments in fixed
- Continue to acquire subscribers through strong marketing initiatives
- Value-based competition through service and quality innovation
- Revenue diversification focusing on mobile data and broadband
- Continued emphasis on operational efficiencies and profit margin increase
- Maintain strong debt to capital ratio

Q&A

Mr Osman Sultan
Chief Executive Officer

Mr Mark Shuttleworth
Chief Financial Officer