

# **2010 Second Quarter Results Presentation**

## Emirates Integrated Telecommunications Company PJSC

10 August 2010

# Highlights

**First quarter momentum built upon – another record quarter**

- **Record quarterly revenues of AED 1.7 billion** driven by strong mobile performance
- **Highest ever quarterly net profit before royalty** of AED 275m
- **Sustained double digit growth in fixed line revenues** and healthy outlook with recently announced progress of nationwide infrastructure sharing agreement
- **Strong 52% growth in fixed line subscriber base** with 43,200 lines added during the quarter
- **Successfully closed AED 1bn rights issue** – representing the first step to du's accelerated growth strategy and future funding sources
- **Strategy supported by ongoing proactive planning and investment** in network infrastructure and continued focus on strategic investment vehicles

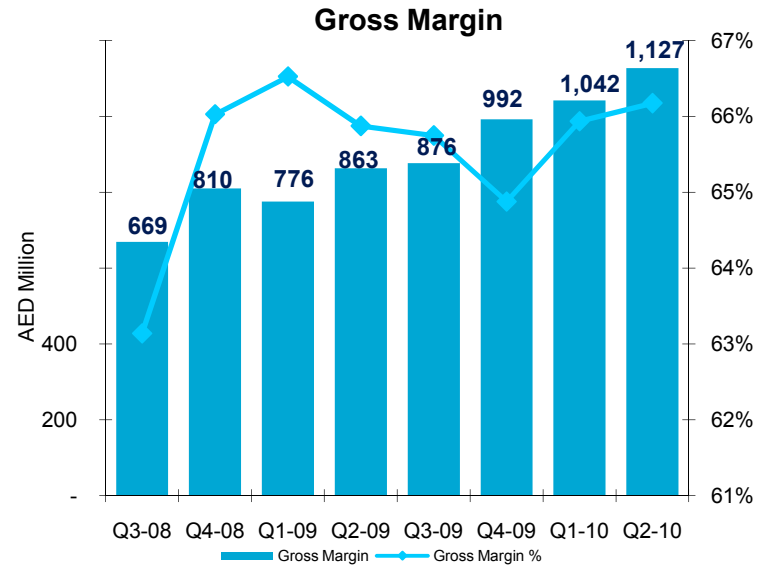
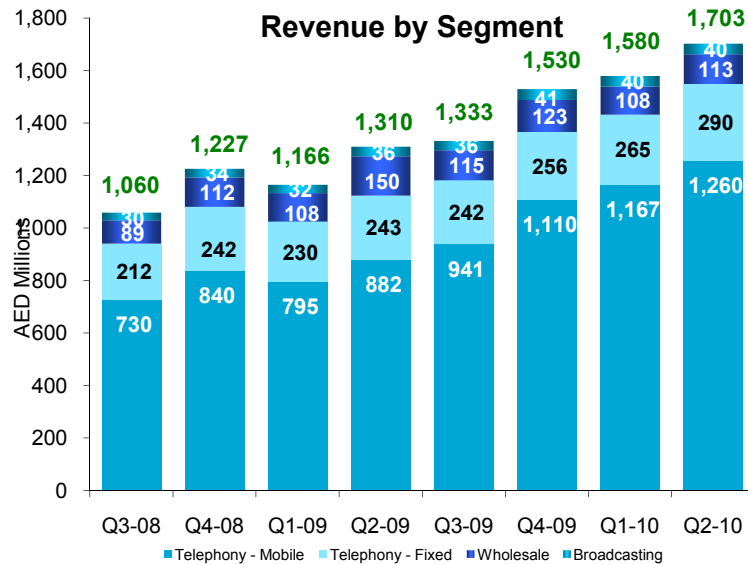
## Financial Summary – Q2 2010

- **Record quarterly revenues** reaching AED 1.7bn up 30% vs. Q2 09
- **Highest mobile revenues in a quarter ever** reaching AED1.26bn up 43% vs Q2 09
- **Sustained momentum in post-paid mobile subscribers, adding 29,700 in Q2 10**, bringing the total to 194,000, equal to 5% of mobile subscriber base
- **52% growth in fixed line subscriber base vs Q2 09**, adding 43,200 lines in the quarter
- **Fixed line revenues of AED 290m, up 20% versus Q2 09**, reflecting 499,900\* lines
- **Gross margin increased 31% versus Q2 09** to AED 1,127m; **EBITDA margin improved to 27%** in Q2 10 up from 23% in Q1 10 and 18% in Q2 09
- **Net profit before royalty more than doubled** to AED 275m vs Q2 09, a 42% increase quarter on quarter
- **Capex spend of AED 341m** during the quarter; AED2.2bn estimate for the year

\*This is the number of lines/contracts, rather than the number of customer accounts. In the case of multiple products on the same contract, a line is counted against each service.

# Revenues & Margins

Revenues driven by strong mobile subscriber acquisitions

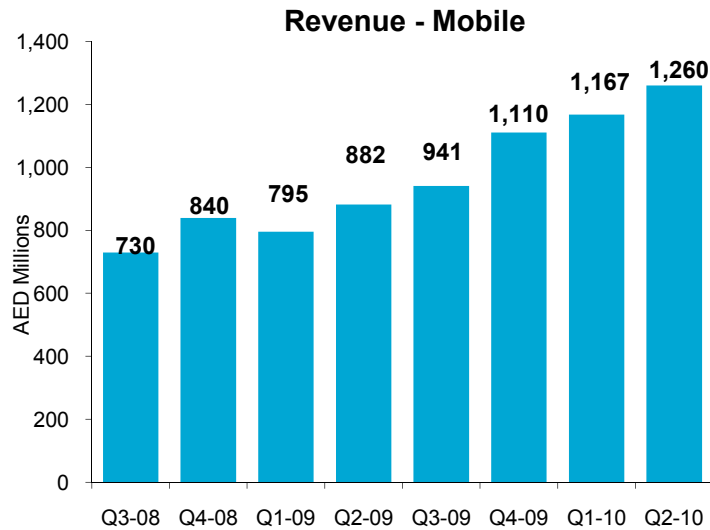


- Combined Q2 10 revenues reached AED 1,703m, a solid 30% increase year on year and 8% quarter on quarter
- Revenue growth driven primarily by mobile, up 43% to AED 1,260m vs. Q2 09, through strong subscriber acquisitions attracted by new launches and enriched existing products
- 20% increase in fixed line revenues to AED 290m vs Q2 09 and 9% vs Q1 10, reflecting a total of 499,900 lines at quarter end

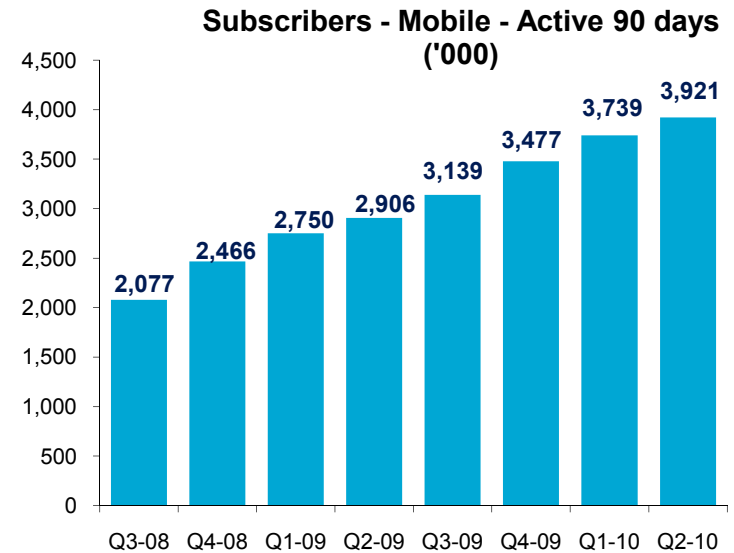
- Growth in gross margin related to high customer base and continued focus on cost optimisation

# Revenue Drivers - Mobile

Strong subscriber additions and record mobile revenues in Q2 2010



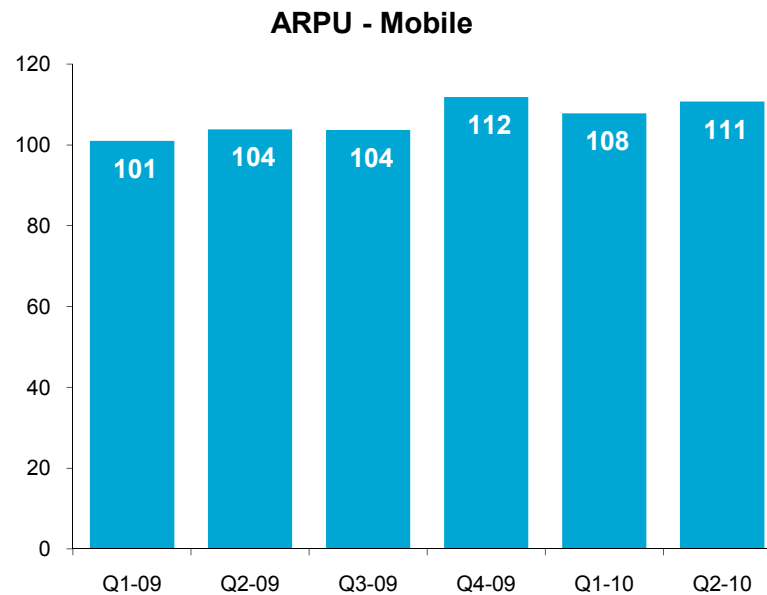
- Record mobile revenues for the quarter at AED 1,260m, up 8% vs. Q1 10 and 43% vs. Q2 09
- Mobile subscriber growth being driven by newly introduced product and service initiatives including micro data SIMs to give iPad users Internet connection on the move, a new "One World Plan" to drive international calling and a new "One World One Rate" service for mobile Internet while roaming, to encourage use of data services.



- Total mobile active subscribers increased to 3,921,100 up 5% vs Q1 10 and 35% vs Q2 09
- 182,100 net active mobile subscribers added during the quarter
- 29,700 post paid active mobile subscribers added during the quarter bringing the total to 194,000, 5% of the mobile subscriber base, more than double that of Q2 09 (84,000). This growth is driven by Elite for consumers and Premier Plan for enterprise customers

# Mobile ARPU

## Strong ARPU maintained

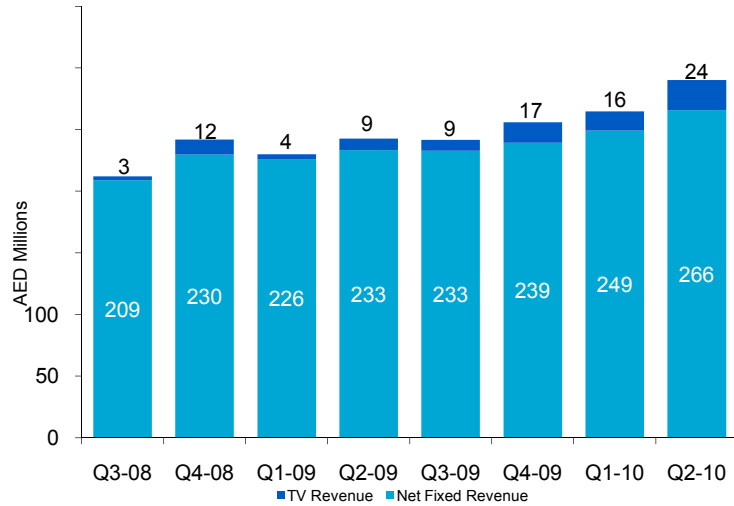


- Mobile ARPU remains steady, standing at AED 111 for the quarter, up from AED 108 in the first quarter and AED 104 during the second quarter of 2009.
- Initiatives are being introduced to encourage up-selling and Skywards incentives to drive usage to maintain and further increase ARPU.

# Revenue Drivers – Fixed

Fixed line take up rises by 52% year on year

Revenue - Fixed

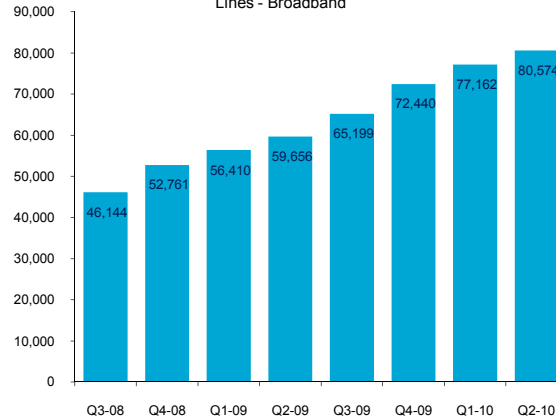


- Fixed revenues grew by 20% year on year to AED 290m
- Total fixed lines increased 10% quarter on quarter and 52% year on year closing with 499,900 lines
  - 43,200 lines added during the quarter
- Fixed telephony lines rose 15% year on year to 175,700
- TV lines increased 31% year on year to 83,200 at quarter end
- Broadband lines rose 35% year on year to 80,600

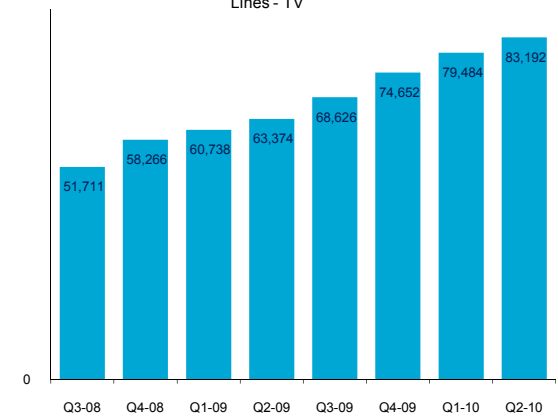
Lines - Telephony Fixed



Lines - Broadband

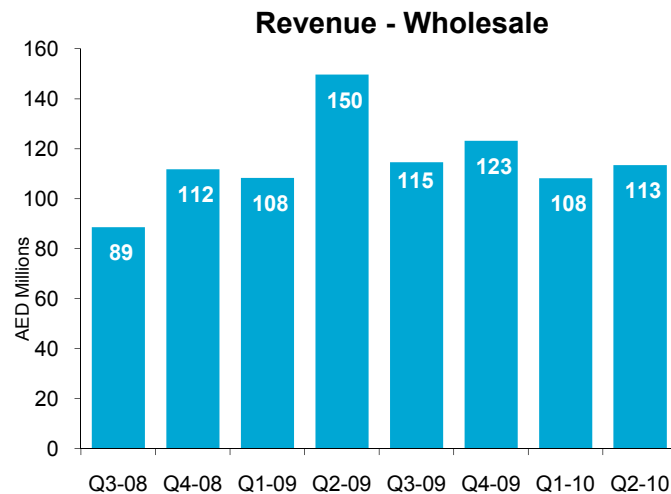


Lines - TV

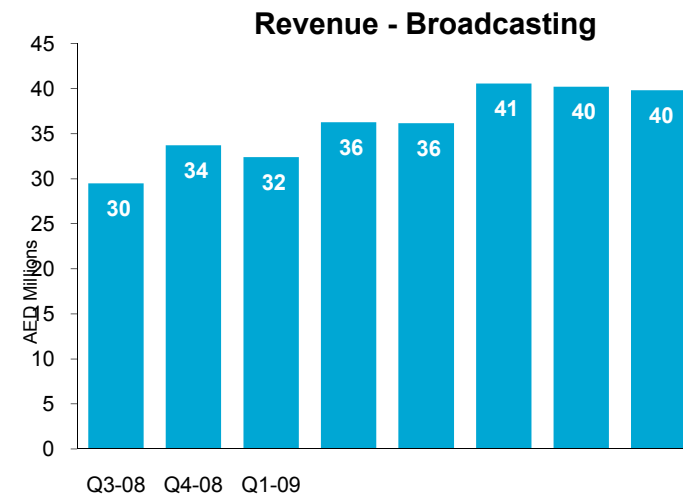


# Revenue Drivers

## Wholesale & Broadcasting



- Wholesale revenue increased 5% versus Q1 10 but decreased 24% year on year to AED 113m for the quarter, primarily due to a one-off increase in revenues in Q2 2009 related to bilateral agreements that provided traffic opportunities for du which were not sustainable due to competition

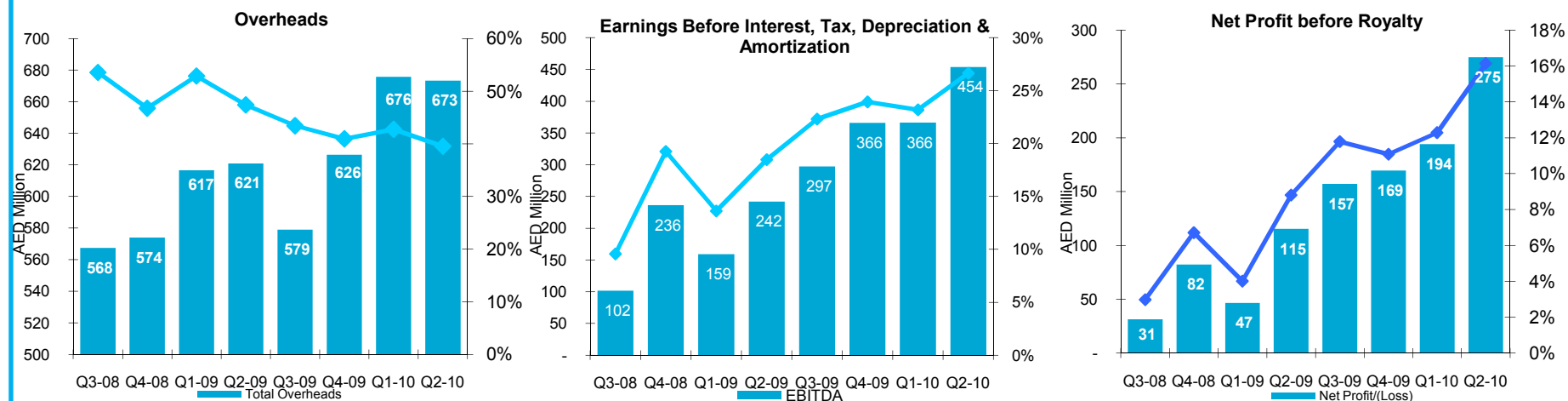


- Broadcast revenues at AED 40m up 10% vs Q2 09 and stable versus Q1 10



# Profit & Loss

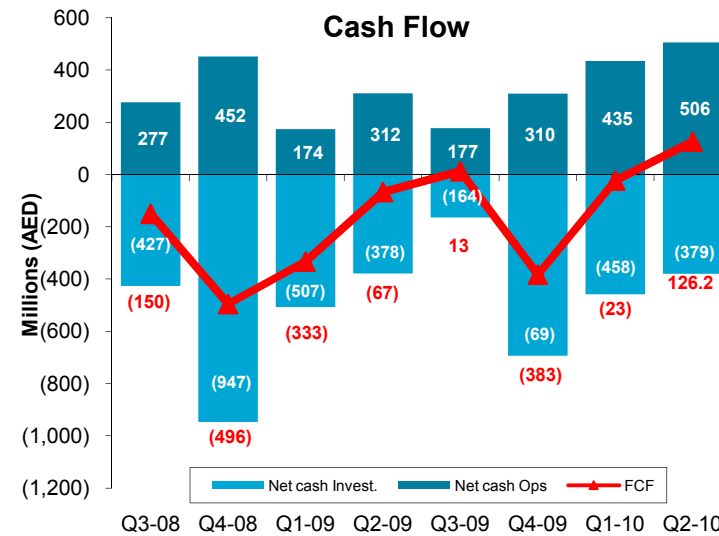
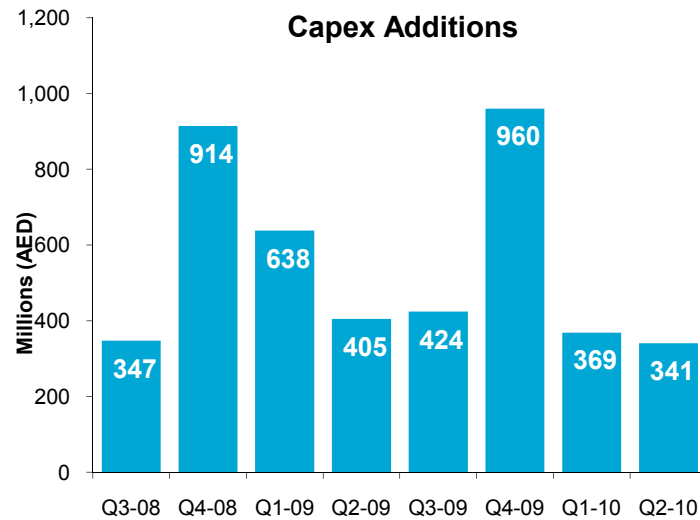
Net profit before royalty up 138% vs Q2 09 to reach AED 275m



- Q1 10 overheads decreased to AED 673m from AED 676m in Q1 10
- As a percentage of revenue, overheads in Q2 10 decreased to 40% from 43% in Q1 10 and 47% in Q2 09 due to management's continued focus on efficient growth
- EBITDA for the quarter remained strong, increasing 24% quarter on quarter and 87% year on year to AED 454m, from AED 242m in Q2 09
- Q2 10 net profit before royalty up 138% compared to Q2 09 to reach AED 275m
  - Increase of 42% over Q1 10
- Provision for potential royalty maintained at 50% of net profit (AED 137m)

# Capital Investments and Cash Flow

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



- Investment in du's network and infrastructure continued in the second quarter, with AED 341m accounted for in Q2 10
- Total of AED 2.2bn planned capex spend for the full year 2010
- Investment to continue to enhance coverage and quality to provide a solid base for future growth
- Strong cash flow generation for the quarter of AED506m, up from AED 312m in Q2 09, corresponding to strong year on year EBITDA growth

# Q&A

Mr Osman Sultan  
Chief Executive Officer

Mr Mark Shuttleworth  
Chief Financial Officer