

Emirates Integrated Telecommunications Company PJSC (EITC) Announces 18.8% Growth in First Half 2018 Net Profit After Royalty and Proposes Interim Dividend Payment of 13 Fils Per Share

- Strong revenue growth of 4.0% in H1 2018 to AED 6.68 billion; and 2.9% in Q2 2018 to AED 3.35 billion
- EBITDA growth of 11.2% to AED 2.86 billion in H1 2018; and 4.7% to AED 1.41 billion in Q2 2018

Dubai, UAE, 19 July, 2018: Emirates Integrated Telecommunications Company PJSC (“EITC”, DFM: “du”) today published its financial results for the six months ended 30 June 2018 (“the period”), announcing strong growth of 4.0% in revenue to AED 6.68 billion and 18.8% in net profit after royalty to AED 965 million. Thanks to a robust financial performance, the company announced that the Board of Directors is proposing to distribute AED 589 million of interim dividends to its shareholders for the first half of 2018 at 13 fils per share, subject to approval at the General Meeting in September 2018.

In Q1 2018 the company reported a one-off reversal related to regulatory costs, which positively impacted company profitability. Excluding the impact of the cost reversal, normalized net profit after royalty increased by 4.4% in H1 2018, compared to the same time period last year.

Half Year 2018 Analysis

(AED million)	Second Quarter Analysis			First Half Analysis		
	Q2 2017	Q2 2018	% change	H1 2017	H1 2018	% change
Revenue ¹	3,255	3,351	2.9%	6,422	6,682	4.0%
Fixed revenue	533	583	9.4%	1,061	1,144	7.8%
Mobile revenue	1,847	1,818	-1.6%	3,640	3,619	-0.6%
Other	875	950	8.6%	1,721	1,919	11.5%
EBITDA	1,347	1,411	4.7%	2,574	2,862 ²	11.2%
Net Profit after Royalty	447	453	1.3%	812	965 ³	18.8%

¹ In 2018 EITC changed its revenue classification to provide a more accurate view of the segments. Handsets and various others were moved to the “Other” revenue category. Previous period revenue numbers were also adjusted to provide a “like for like” comparison.

² In Q1 2018 EITC recorded a one-off reversal related to regulatory costs, which positively impacted company profitability. Excluding the impact of the cost reversal, EBITDA and net profit after royalty increased by 4.6% and 4.4% respectively, for the same time period.

³ Ibid

Commenting on the results, Mohamed Al Hussaini, Chairman of EITC, said:

“Our Company had a strong second quarter and a solid first half of the year in 2018, with growth across all our key indicators. Despite a maturing telecom market, we are pleased to deliver excellent growth in revenue and net profit. The success of our efficiency programme is now evident in our EBITDA performance for the period, which is growing at a faster pace than revenue.

“Our financial strength enables us to play our role in supporting the leadership’s vision for the UAE as a technology leader and connectivity hub in the region.

“I am pleased to announce that our Board of Directors has proposed an interim dividend payment of 13 fils per share, subject to shareholder approval at our General Meeting.”

Commenting on the results, Osman Sultan, EITC’s Chief Executive Officer, said:

“We report a healthy revenue of AED 3.35 billion for the second quarter of the year, up 2.9% compared to Q2 2017. Top line growth was supported by a solid performance in our fixed line business, which was up 9.4% in Q2 2018 compared to the same quarter last year. Mobile revenues, although impacted by seasonality with Ramadan and Eid being observed in the second quarter of the year, were stable at AED 1.82 billion in Q2 2018, compared to AED 1.85 billion in Q2 2017.

“EBITDA had an excellent growth of 4.7% to AED 1.41 billion for the second quarter of the year. With EBITDA growth outperforming the 2.9% growth in revenues, we are pleased to see the benefits of our efficiency programme positively impacting our profitability.

“In line with the company’s strategic drive to focus on value and data monetization, we expanded our footprint in the wider corporate segment with the new du Business Data SIM plan. The new data-only SIM plan is an innovative offering for the UAE market, designed to provide greater reliability, flexibility and connectivity for our corporate customers.

“Small and medium enterprises are the backbone of the UAE’s economy and we are committed to facilitating this segment’s growth. Our strategy is aligned with UAE’s Vision 2021 which aims to increase the contribution of the SME sector to the local knowledge-based economy. To this end, we launched the Business Complete Plan, a one-stop-shop connectivity solution for UAE enterprises offering higher network speeds, free voice minutes, Office 365 and many more features. Designed to bring simplicity and value, the du Business Complete Plan will enable the growth of the SME sector.

“In support of UAE’s smart city vision for a sustainable future, we partnered with NXN to bring smart energy management solutions to buildings and facilities across the country.”

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About Emirates Integrated Telecommunications Company PJSC (EITC)

The Emirates Integrated Telecommunications Company PJSC (EITC) was founded in 2005 as the UAE's second licensed telecommunications provider. EITC has two telecommunications brands under its umbrella: the du brand was launched in 2007 and serves more than 10 million active subscribers and over 100,000 businesses throughout the UAE; EITC has launched its second brand, Virgin Mobile, the region's first digital service, in September 2017.

EITC is 39.5 percent owned by Emirates Investment Authority, 19.75 percent by Mubadala Investment Company PJSC, 19.5 percent by Emirates International Telecommunications and the remaining by public shareholders and National organisation. Listed on the Dubai Financial Market (DFM), the company trades under the name 'du'.

Investor Relations Contacts:**FTI Consulting**

Jon Earl: Jon.Earl@fticonsulting.com, +971 4 437 2104

Anca Cighi: Anca.Cighi@fticonsulting.com, +971 4 437 2100