



# Q2 2019 Results

Emirates Integrated Telecommunications Company PJSC

23<sup>rd</sup> Jul 2019



# Q2 2019 : Key Highlights

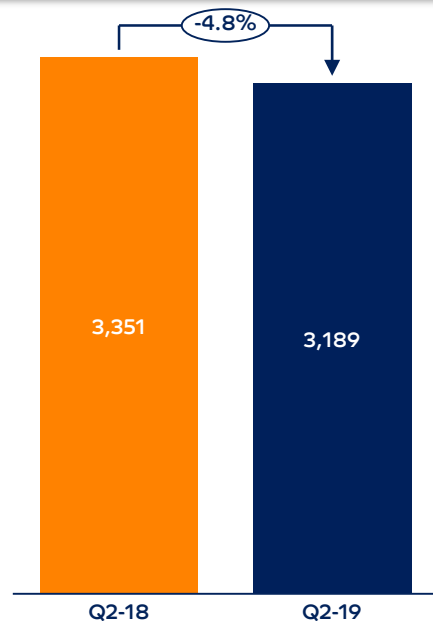


- In line with previous quarters, Fixed revenue increased by 5.8% to AED 617 million, while Mobile revenue decreased 6.8% to AED 1.69 billion in Q2 2019, due to continued pressure from declining voice revenues compared to Q2 2018
- Continuous growth of Fixed-line base to reach 773 thousands active customers, an increase of 2.4% compared to the same period last year.
- Benefits of efficiency program positively impacting the company profitability, with IFRS16 adjusted EBITDA growth higher than revenue growth in Q2 2018, compared to the same period last year.
- Board of Directors approved distribution of AED 589 million of interim dividends to its shareholders for the first half of 2019 resulting in a dividend of 13 fils per share.
- Implementation of new accounting standard (IFRS16) has impacted Net profit after Royalty adversely by 13m when compared to old standard. Net profit adjusted for IFRS16 and one off benefit would have been 5.5% higher than the one during the same period last year.

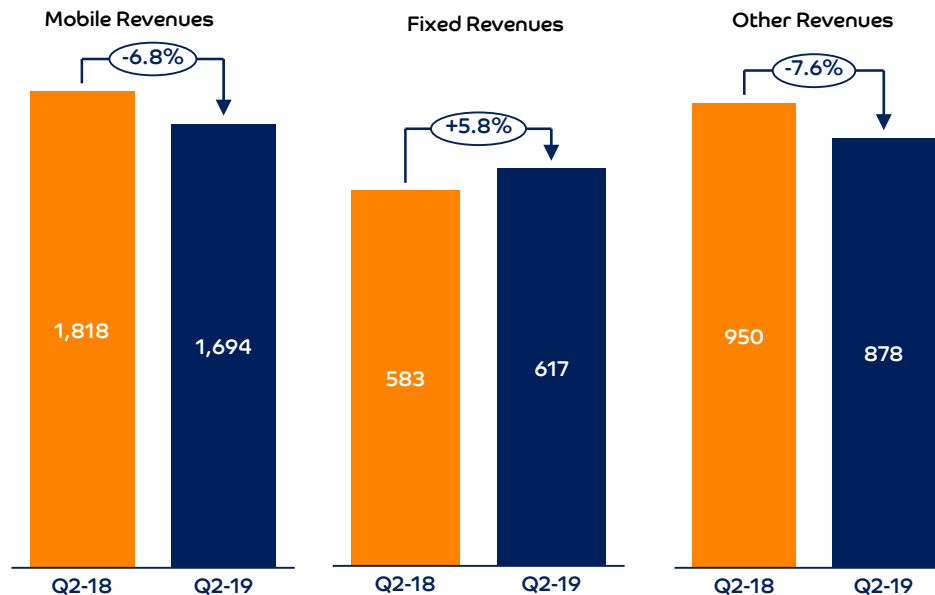
# Q2 2019 : Revenue Performance

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## Total Revenue (AED Mn.)



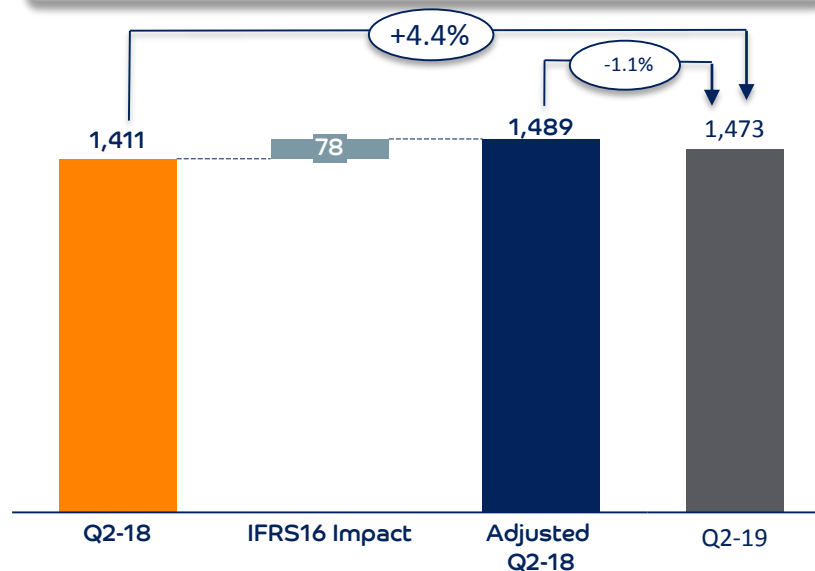
## Segment Contributions (AED Mn.)



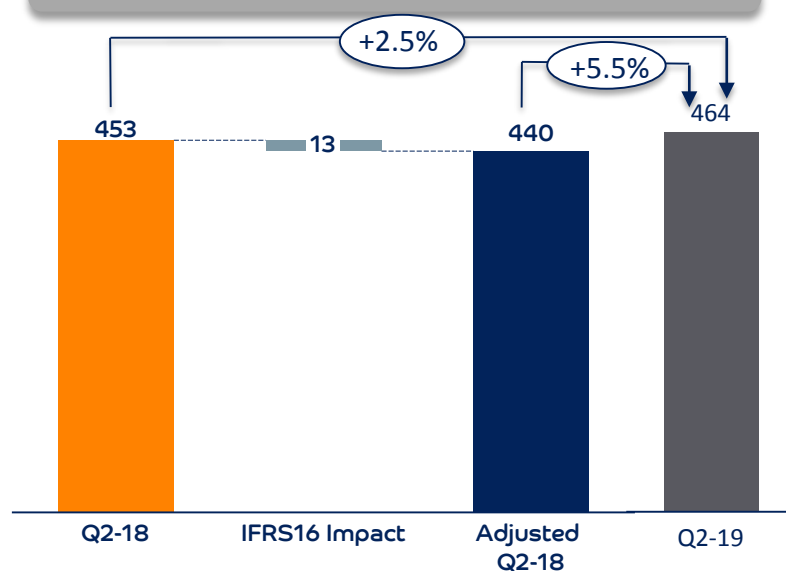
- Total revenue decline was mainly due to the decrease in mobile revenues resulting from the continuous pressure on voice revenue, as well as increased competition.
- Fixed revenue allowing to absorb partially mobile revenue erosion, is growing steadily in line with growth from previous quarters.
- Other Revenues mainly impacted by decline in Handset related revenues.

# Q2 2019 : Profitability

## EBITDA (AED Mn.)



## Net Profit after Royalty (AED Mn.)

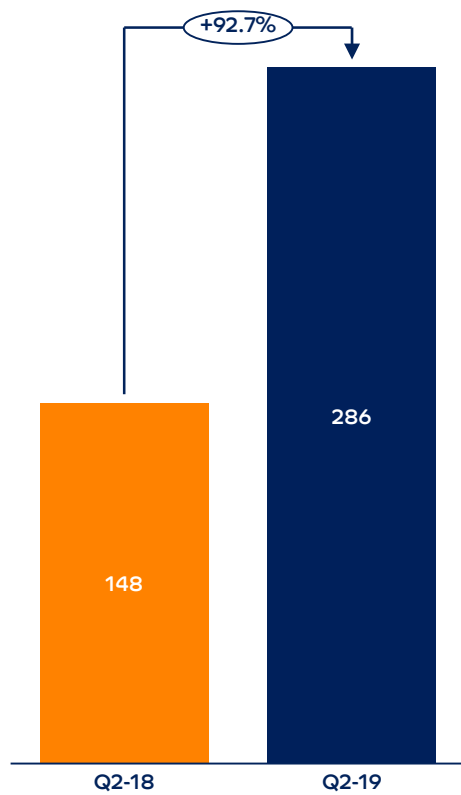


- Implementation of IFRS16 positively impacted EBITDA which improved by 4.4% when compared to the same period last year, *like for like* EBITDA reflects a decline by 1.1% compared to same period last year.
- Net Profit increased 2.5% compared to the same period last year.
- Implementation of new accounting standard (IFRS16) has impacted Net profit after royalty adversely by 13m when compared to old standard, *like for like* Net profit would have been 5.5% higher than same period last year.

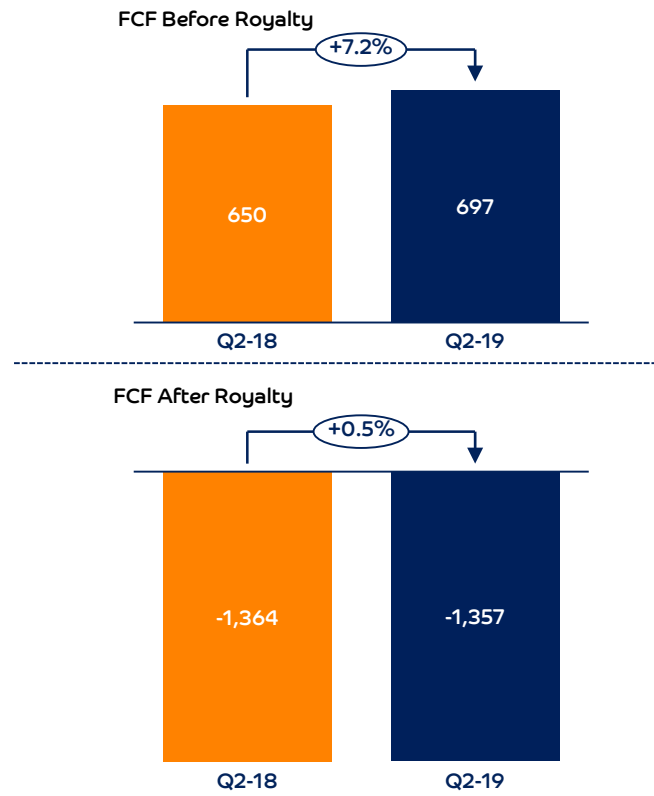
# Q2 2019 : Capex and Free Cash Flow



Capital Expenditure (AED Mn.)



Free Cash Flow (AED Mn.)



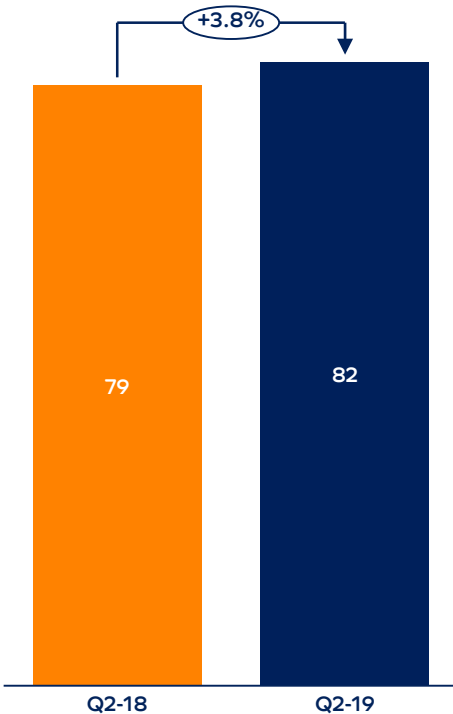
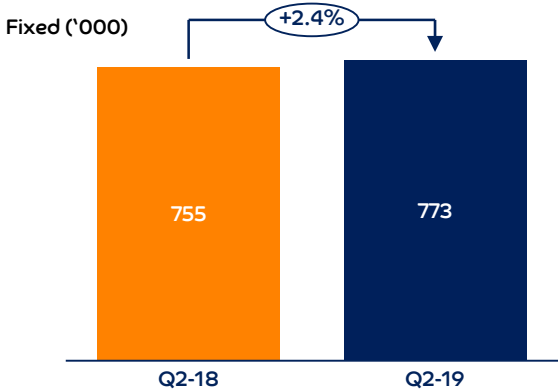
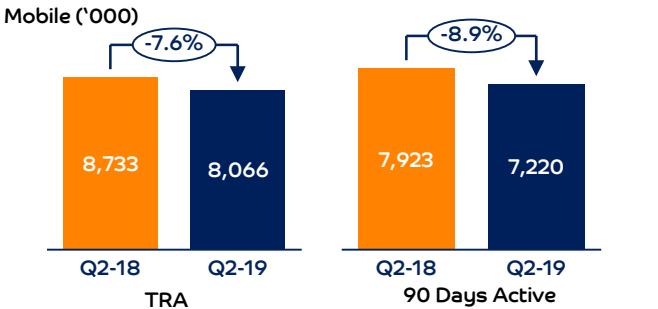
- Q2 2019 capital expenditure has increased due to acceleration of investment in upcoming technologies.



# Q2 2019 : Subscribers and ARPU

## Subscribers (In '000)

## Mobile ARPU (In AED)



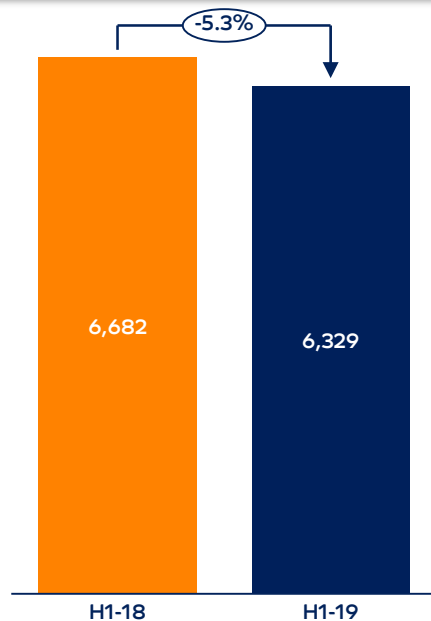
- Active 90 days Mobile subscriber base declined by 8.9% in Q2 2019 compared to the same period last year as we continued our focus on value rather than volume.
- Fixed line subscriber growth was driven by the consumer segment.

Notes: Mobile subscriber numbers disclosed for the period are in line with the definition set by the UAE Telecommunications Regulatory Authority (TRA). As per the TRA definition, an active subscriber is a subscriber that had any transaction, including a non-billable transaction, in the last 90 days. EITC's definition of an active subscriber account for only those subscribers that had billable transaction during the last 90 days.

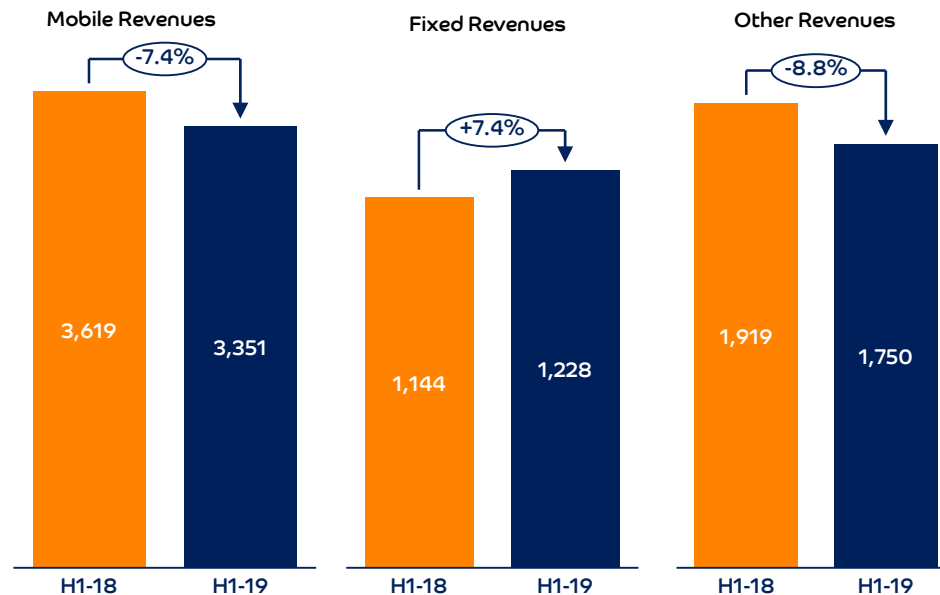
# H1 2019 : Revenue Performance

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## Total Revenue (AED Mn.)



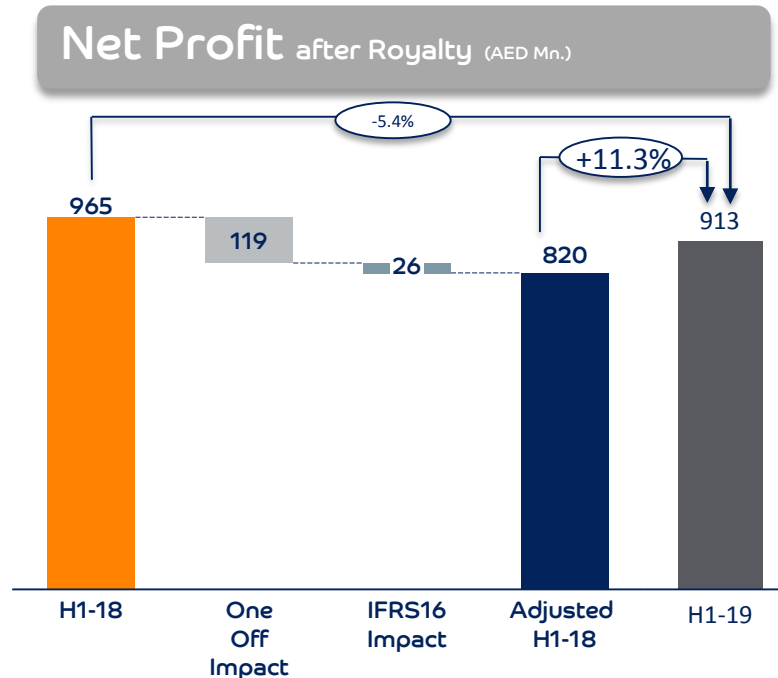
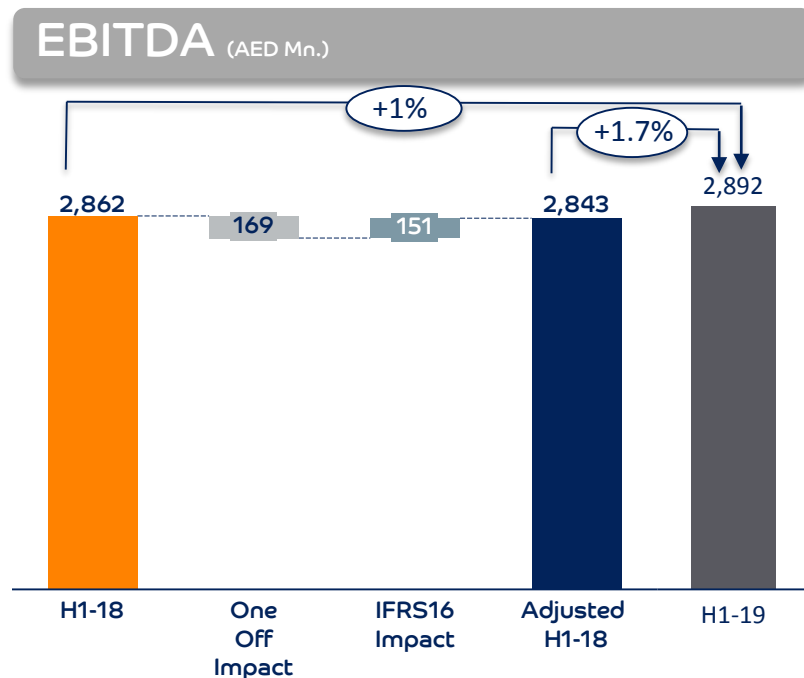
## Segment Contributions (AED Mn.)



- Total revenue decline was mainly due to the decrease in mobile revenues resulting from the continuous pressure on voice revenue, as well as increased competition.
- Fixed revenue allowing to absorb partially mobile revenue erosion, are growing steadily in line with growth from previous quarters.
- Other Revenues mainly impacted by decline in Handset related revenues.

# H1 2019 : Profitability

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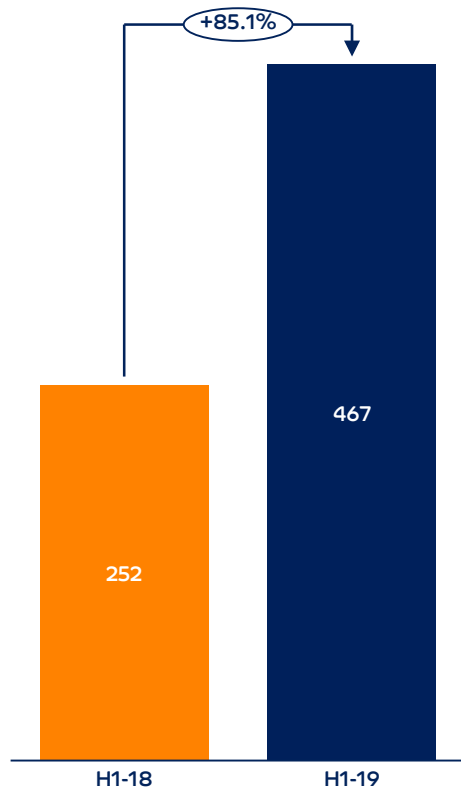


- In Q1 2018 eitc received one-off benefit of 169m on regulatory charges.
- H1 2019 EBITDA and Net Profit increased by 7.4% and 7.8% respectively excluding exceptional one off item reversal benefit last year, compared to the same period last year. Including the impact of the cost reversal, EBITDA and Net profit after royalty decline by 4.0% and 5.4% respectively.
- Implementation of new accounting standard (IFRS16) has impacted EBITDA (2018) positively by 151m and Net profit after royalty (2019) adversely by 26m when compared to old standard, *like for like* EBITDA and Net profit adjusted for IFRS16 and one off benefit would have been 1.7% and 11.3% higher than same period last year.



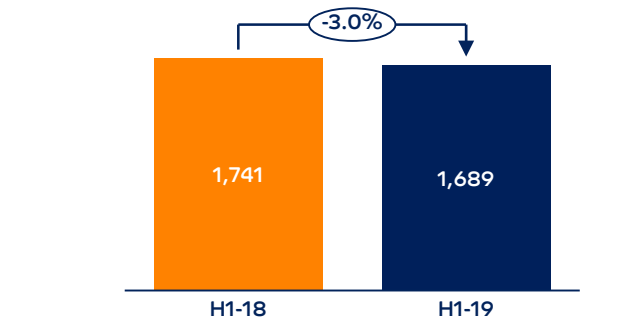
# H1 2019 : Capex and Free Cash Flow

## Capital Expenditure (AED Mn.)

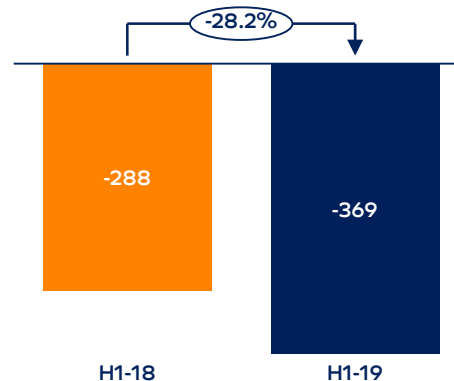


## Free Cash Flow (AED Mn.)

### FCF Before Royalty



### FCF After Royalty



- H1 2019 capital expenditure has increased due to the acceleration of investment in upcoming technologies.
- H1 2019 Free Cash flow decline slightly by 3.0% as compared to same period mainly due to increased capital expenditure.

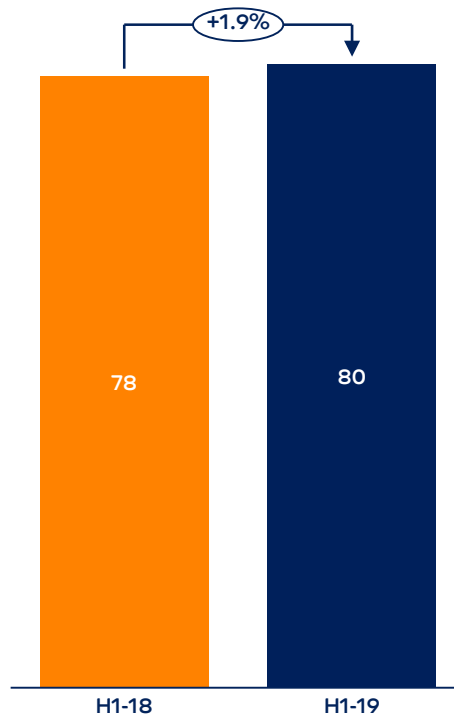
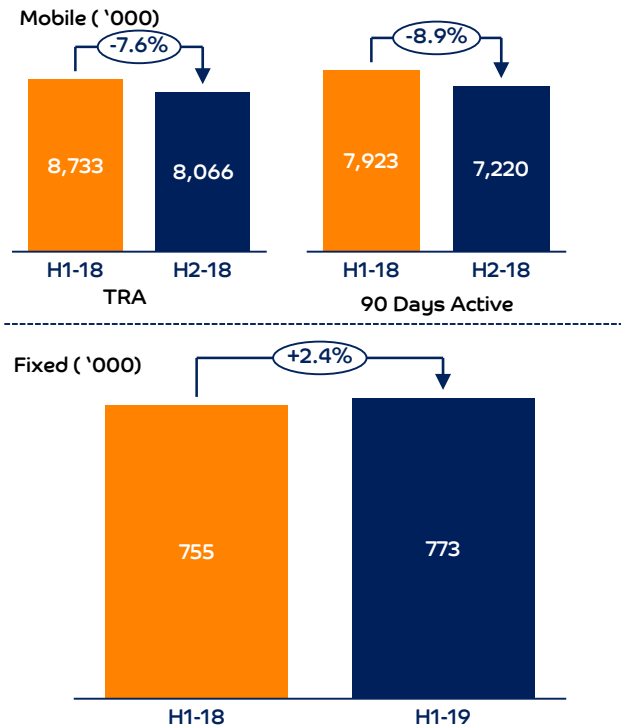
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# H1 2019 : Subscribers and ARPU

## Subscribers (In '000)

## Mobile ARPU (In AED)

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- Active 90 day Mobile subscriber base declined by 8.9% in H1 2019 compared to the same period last year as we continued our focus on value rather than volume.
- Fixed line subscriber growth was driven by the consumer segment.

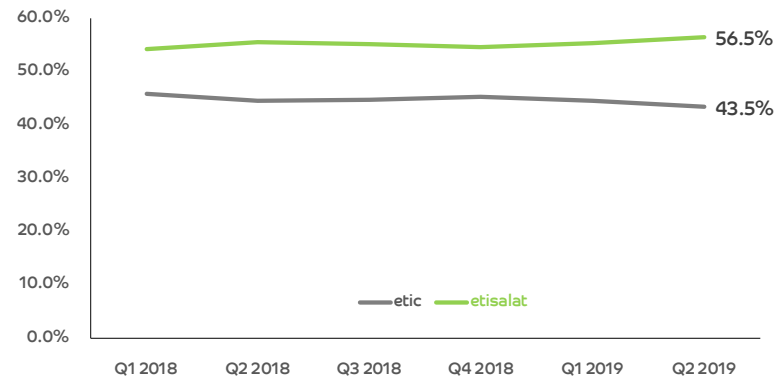
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# Market overview

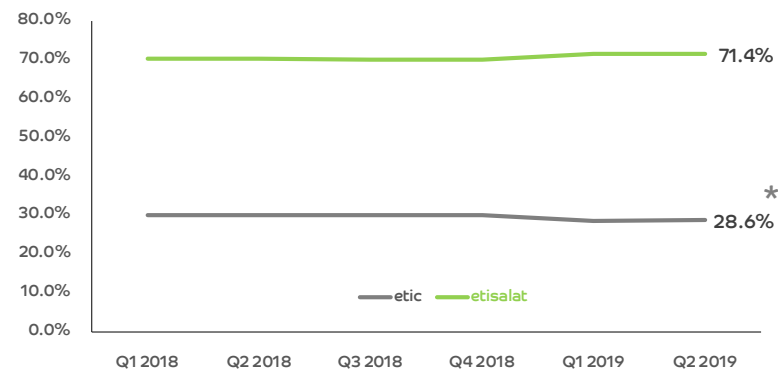
Market share consolidation – sustain competitiveness in the market



## UAE Mobile Subscribers - Market share quarterly evolution



## UAE Telecom Market – Revenue share quarterly evolution



\* etic revenue share for the last 12 months is 29.3%

Source: TRA Market Statistics March 2019, etisalat quarterly analyst presentations/ earning release & internal estimates



Thank You

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