

Financial Year 2019 Results

Emirates Integrated Telecommunications Company PJSC



Disclaimer

This document has been prepared by Emirates Integrated Telecommunications Company PJSC (the “**Company**”) solely for presentation purposes. The information contained in this document has not been independently verified and no representation or warranty, expressed or implied, is made as to, and no reliance should be placed on, the fairness, the accuracy, the completeness or the correctness of the information contained herein. None of the Company or any of its respective affiliates, advisors or representatives shall have any liability whatsoever for any direct or indirect loss whatsoever arising from any use of this document, or contents, or otherwise arising in connection with it.

This document does not constitute an offer or invitation to purchase any share or other security in the Company and neither it nor any part of it shall form the basis of, or be relied upon in connection with, any contract or commitment whatsoever. Before making any investment decision, an investor should consider whether such an investment is suitable for his particular purposes and should seek the relevant appropriate professional advice.

Any decision to purchase shares or other securities in the Company is the sole responsibility of the investors.

Certain information contained in this document consists of forward-looking statements reflecting the current view of the Company with respect to future events. They are subject to certain risks, uncertainties and based on certain assumptions. Many factors could make the expected results, performance or achievements be expressed or implied by such forward-looking statements (including, but not limited to, worldwide economic trends, economic and political climate of United Arab Emirates, the Middle East and changes in business strategy and various other factors) to be materially different from the actual historical results, performance achieved by the company. Should one or more of the risks or uncertainties materialize or should the underlying assumptions prove different stock movements or performance achievements may vary materially from those described in such forward-looking statements. Recipients of this document are cautioned not to place any reliance on these forward-looking statements. The Company undertakes no obligation to republish revised forward-looking statements to reflect changed events or circumstances.

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.

2019 : Key Financial Figures

Net Profit
1,731m
+9.3⁽¹⁾%

EBITDA
5,684m/Margin 45.2%
+0.9⁽¹⁾%

Capex
1,508m
12% of Revenues

Dividend
1,541m / 34 fils per Share

Note:- 1) For FY 2019 Like-for-like means that Net Profit after royalty (respectively the EBITDA) for FY 2019 is adjusted by deducting AED 119 million (respectively deducting AED 169 million) corresponding to the impact of the one-off regulatory cost registered in Q1 2018 and deducting AED 51 million (and respectively adding AED 311 million) corresponding to the impact of IFRS-16 on FY 2019

Several commercial initiatives:

- Launched new Postpaid Power Plan with “unlimited” offering
- Completed world’s highest peak 5G standalone throughput exceeding 2Gbps over a single 100MHz carrier using a smartphone
- Enabled Global Village to Become the World’s First 5G-Powered Entertainment Destination
- Launched Seamless Multi-Cloud Workload Protection as a Service to help decrease complexity, simplify security, and accelerate compliance

Acceleration of investments in new technologies and network enablers:

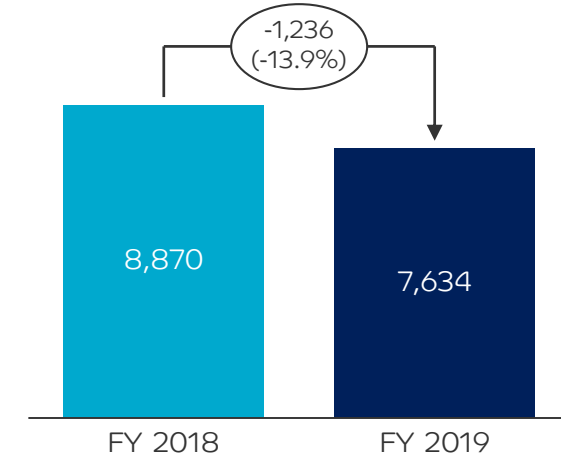
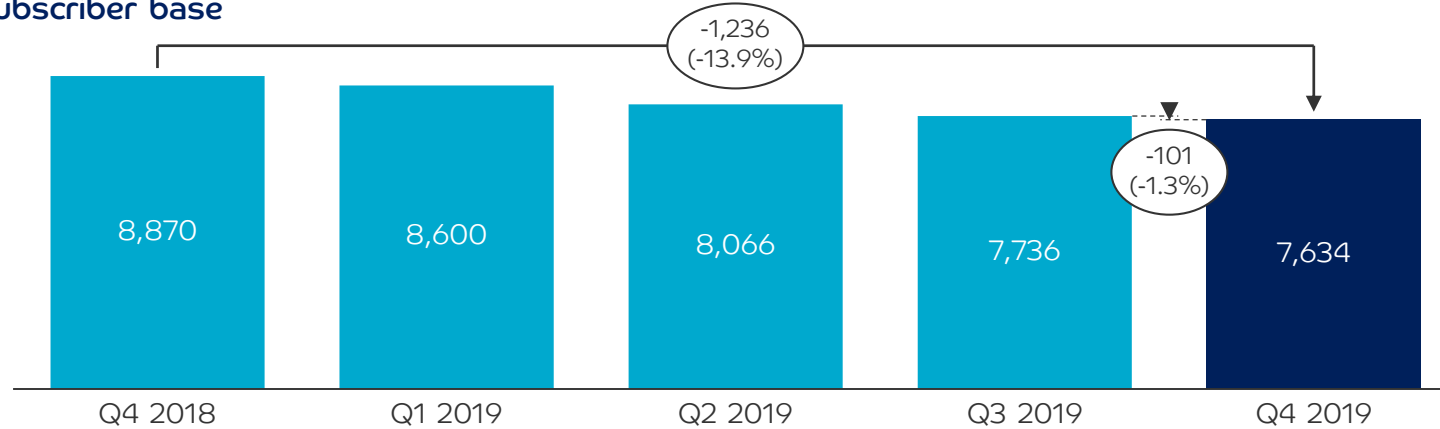
- Increase in geographical coverage as well as combination of investments in 5G rollout
- Fiber network expansion and modernization
- IT transformation

Board of Directors recommended for 2019 the distribution of a dividend of 34 fils/share out of which 13 fils/share have been already distributed as an interim dividend in August 2019.

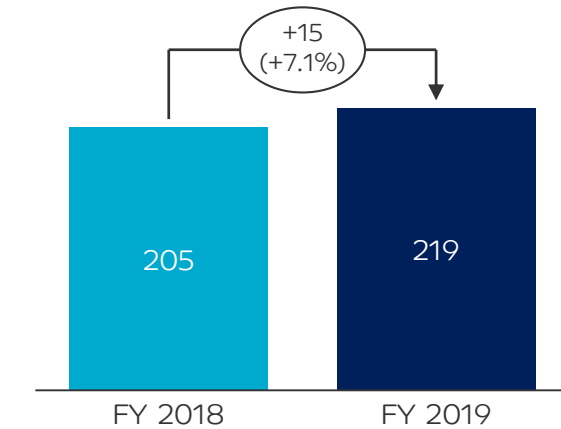
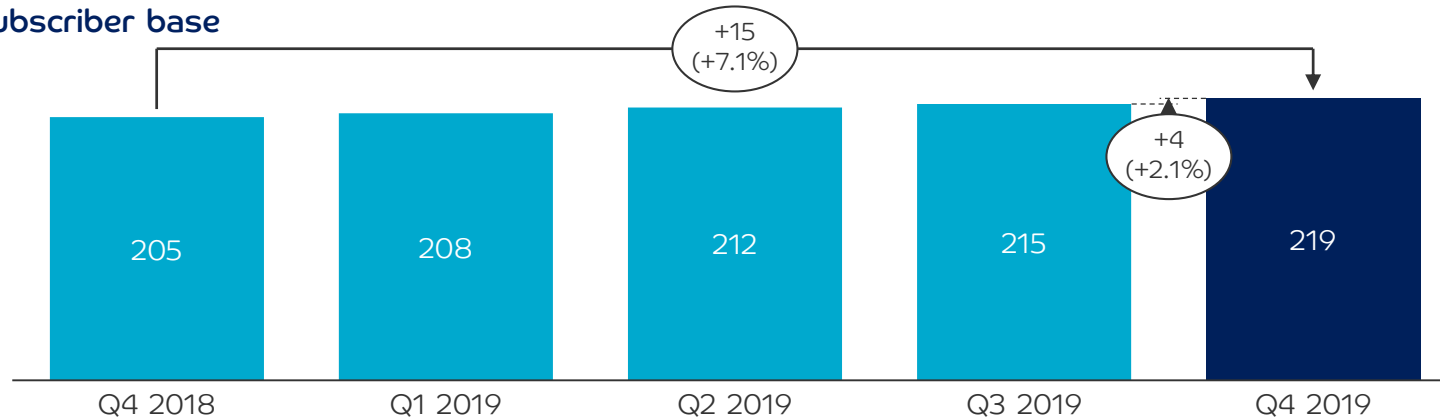
Key Highlights: Subscriber base

In '000

Mobile Subscriber base

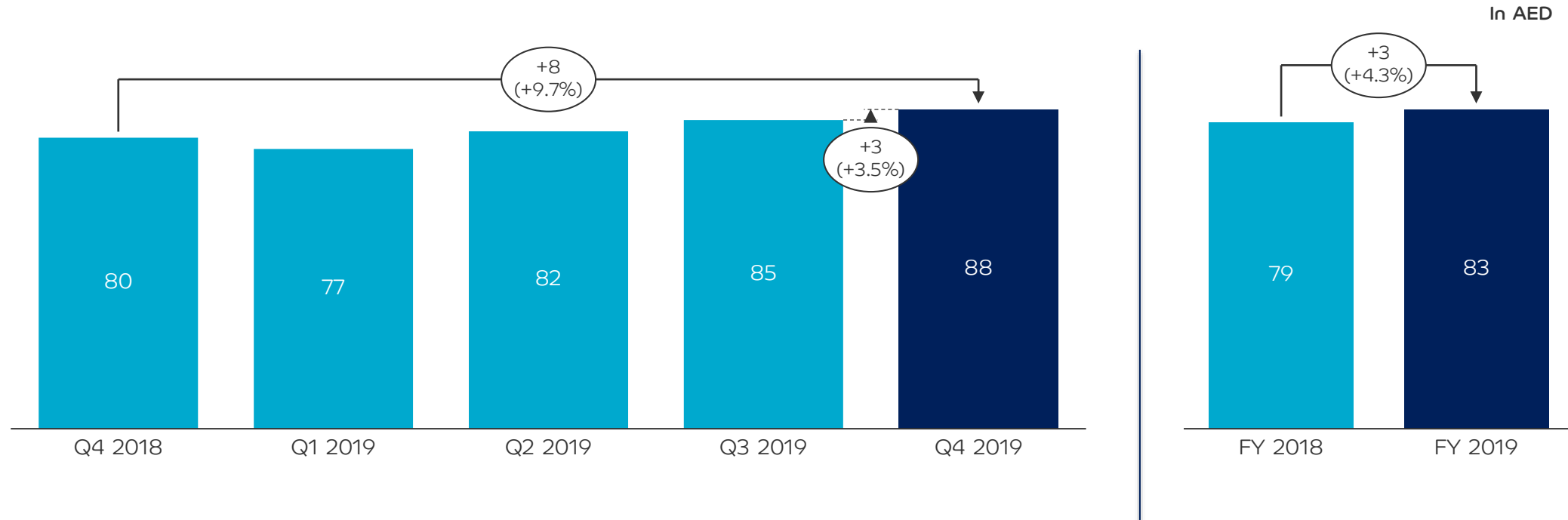


Fixed Subscriber base



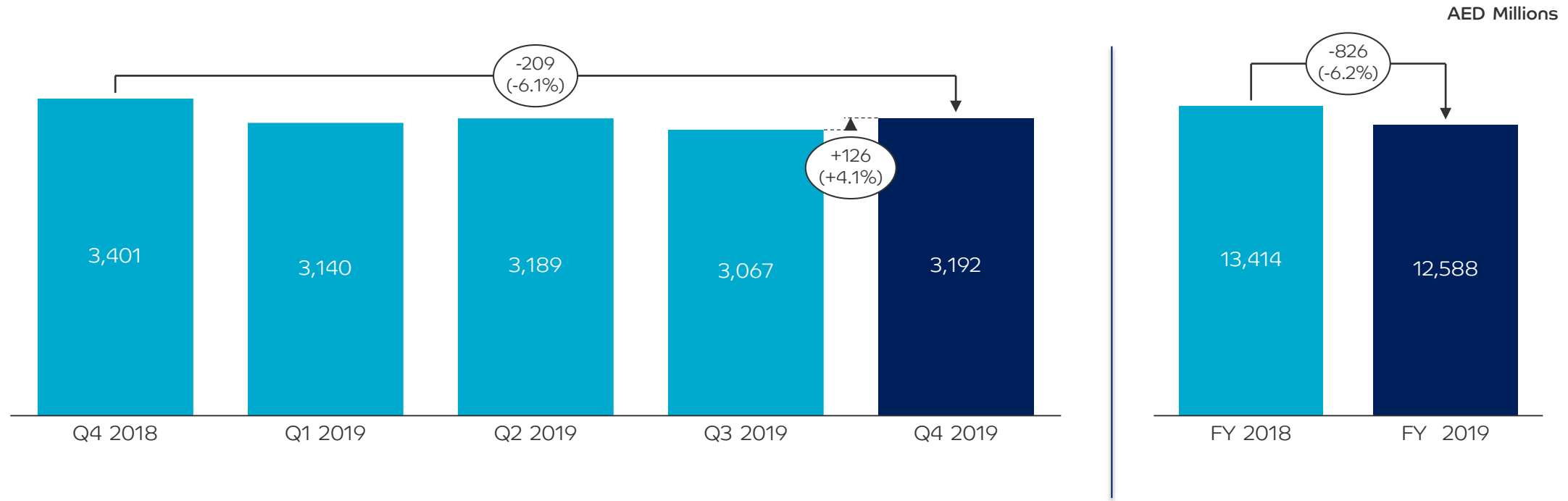
- Stabilization of mobile subscriber base as negative impact of MNMI related disconnections is fading away
- Consumer fixed base is growing steadily

Key Highlights: Mobile ARPU



- Improvement in ARPU is driven by improvement in the customer mix between Postpaid and Prepaid reflecting the company's focus on postpaid as well as the mechanical impact of evolution of the base.

Key Financial Highlights: Revenues



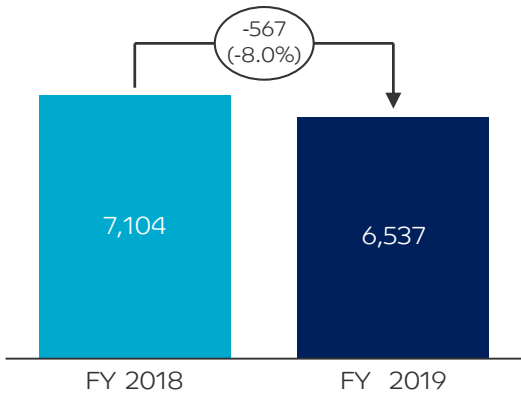
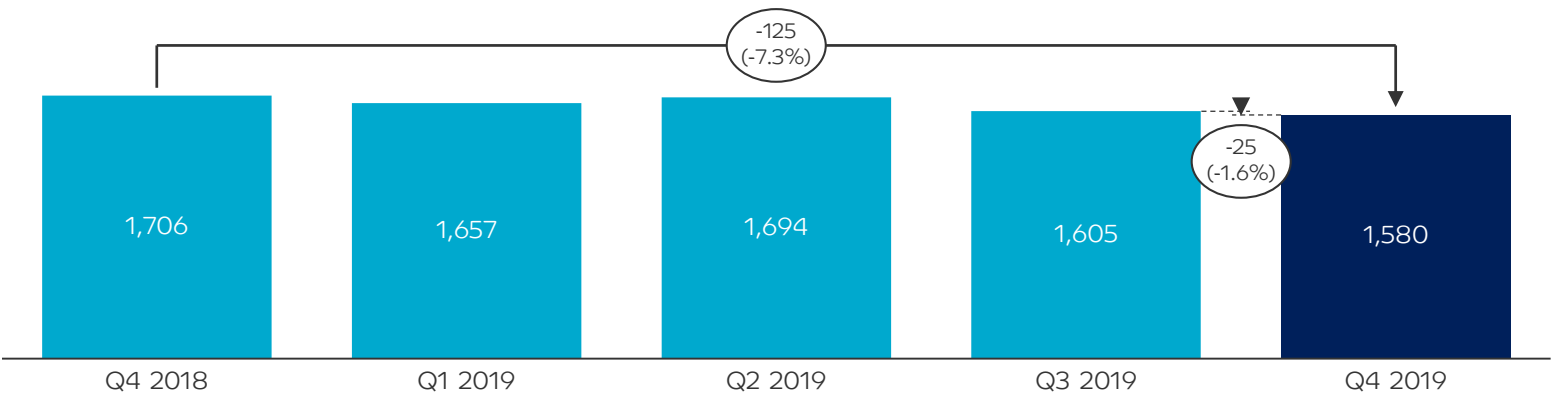
- Full year revenues declined by 6.2% mainly due to the decrease in Mobile segment and Handset revenues partially offset by improvement in fixed segment revenues.
- Mobile revenue largely impacted by “My Number My Identity” (MNMI) related disconnections in 2019 as well as increased price competition. The impact of MNMI peaked in Q3 and is fading away as Q4 2019 mobile revenue declined by 1.6% compared to Q3 2019.
- Fixed revenues continue to grow steadily driven by the growth in subscriber base allowing to absorb partially mobile revenue erosion.
- “Other revenues” decline is largely driven by the decline in Handset and one-off revenues for 2019 which has smaller impact on margins. ICT recurring revenue continued to grow in 2019.

Key Financial Highlights: Segment Revenues

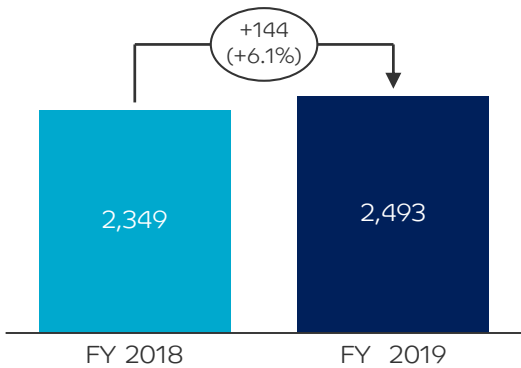
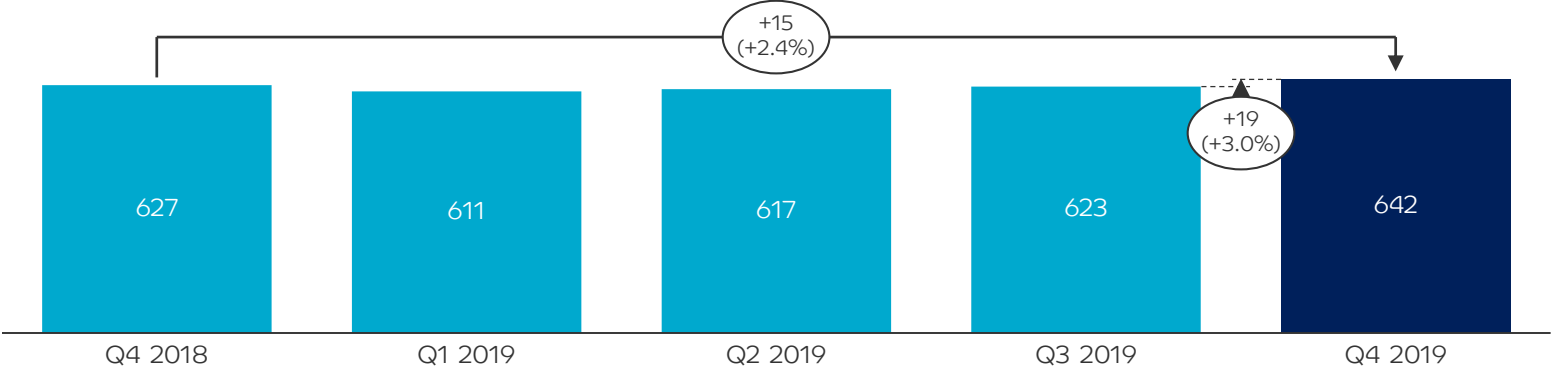
AED Millions



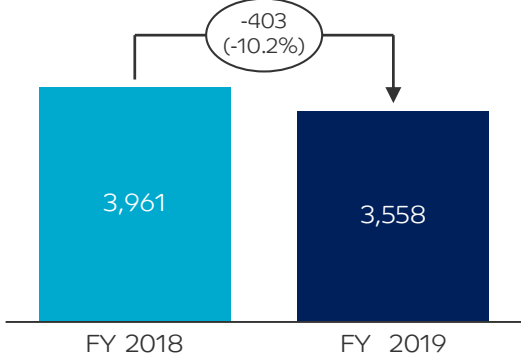
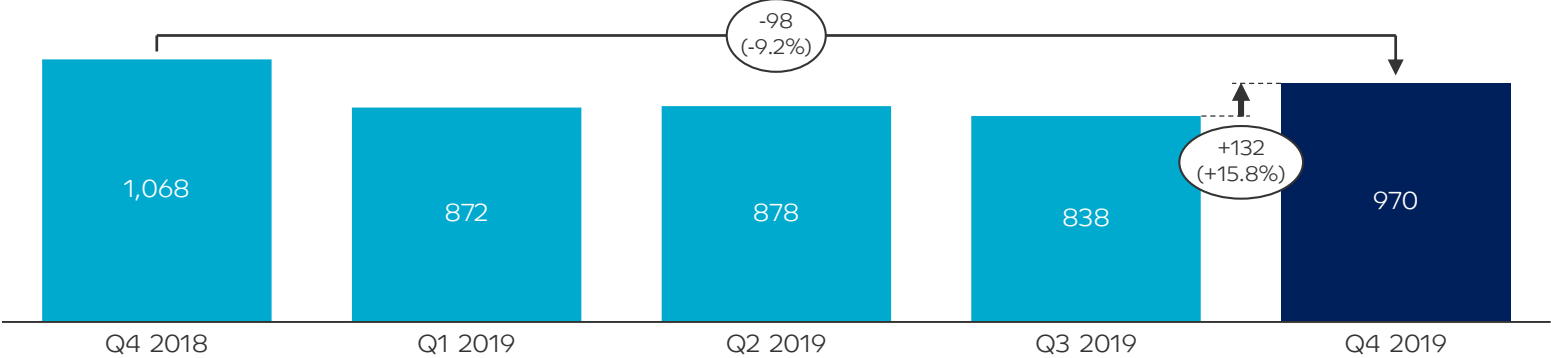
Mobile Revenues



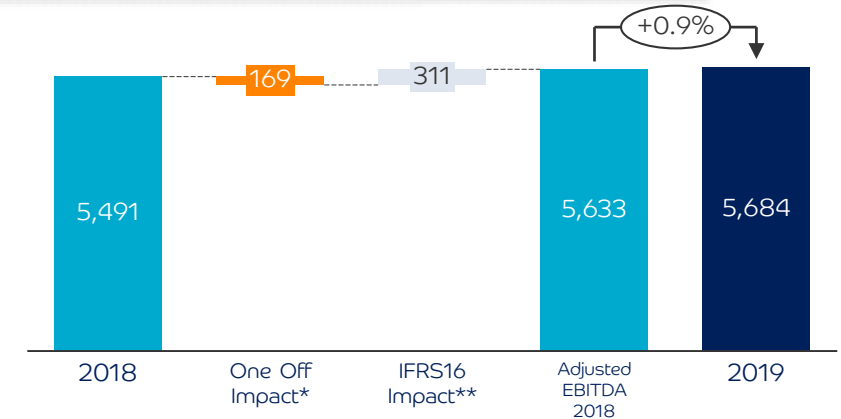
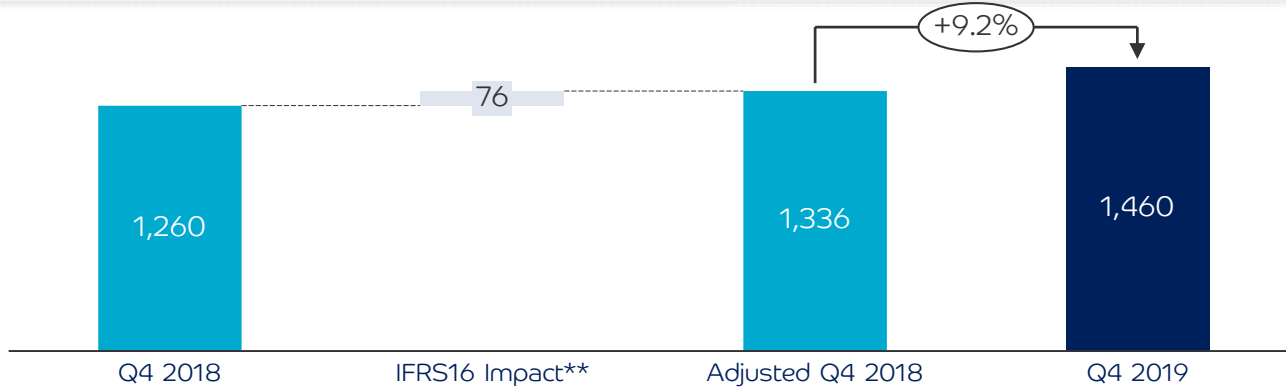
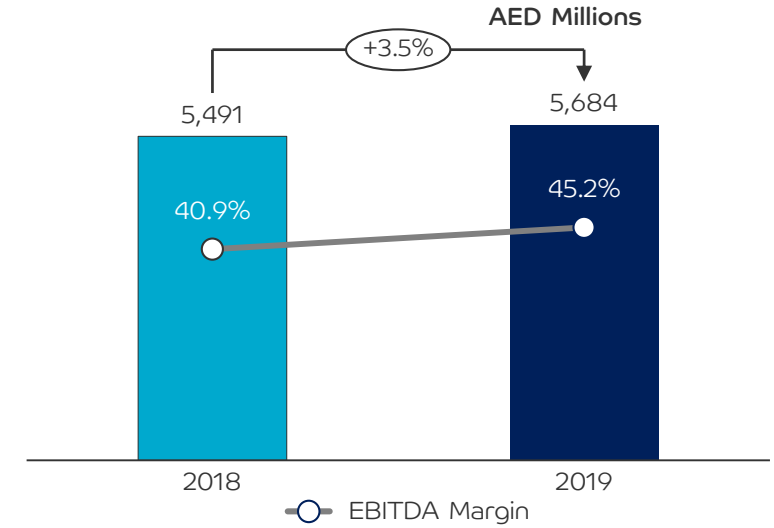
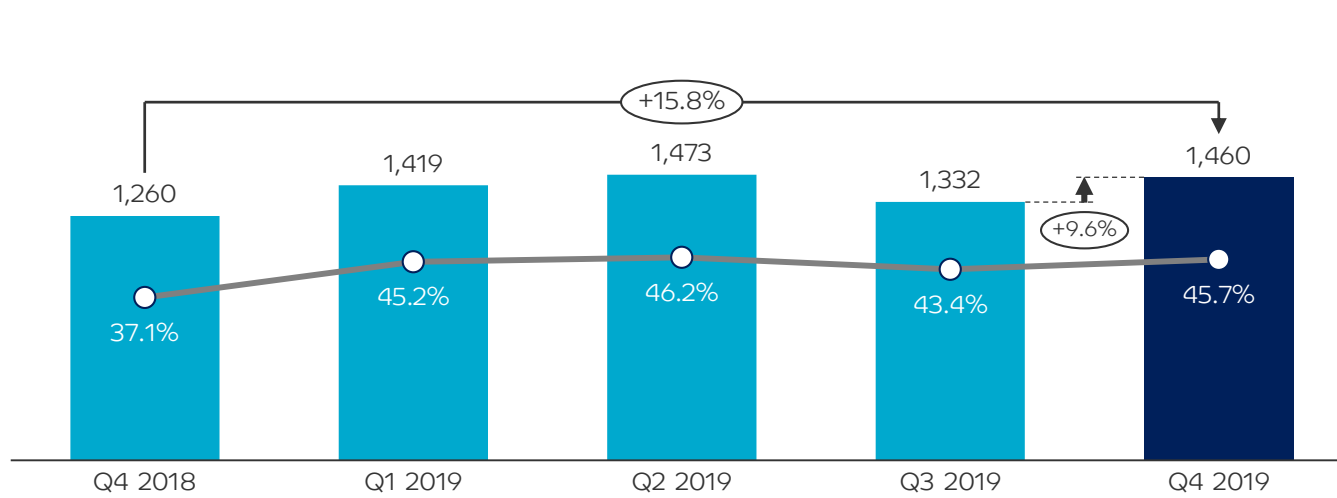
Fixed Revenues



Other Revenues



Key Financial Highlights: EBITDA

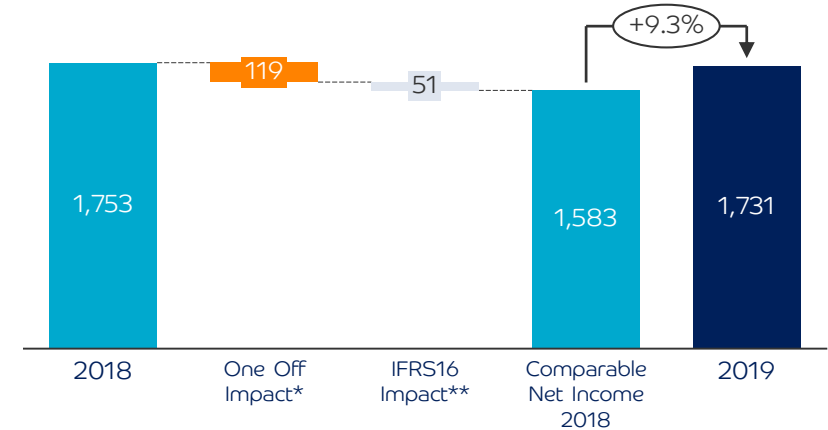
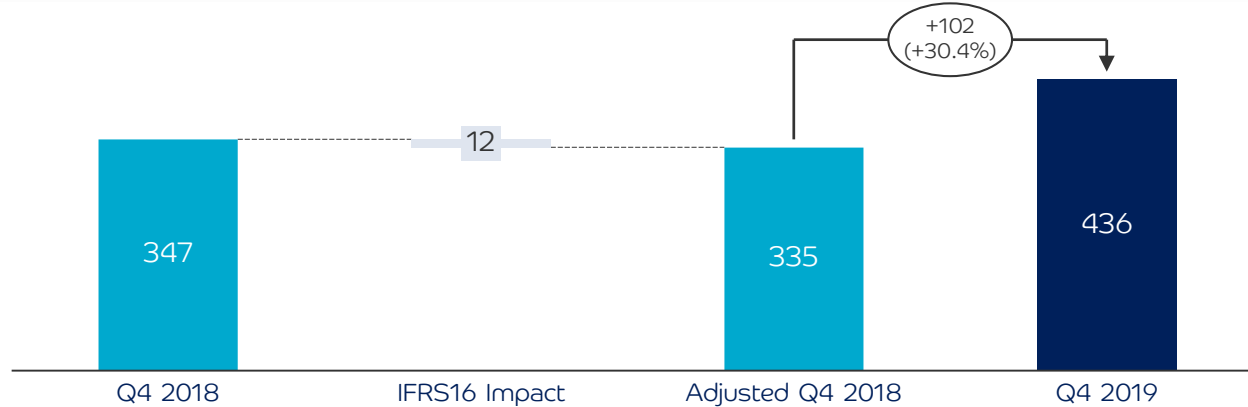
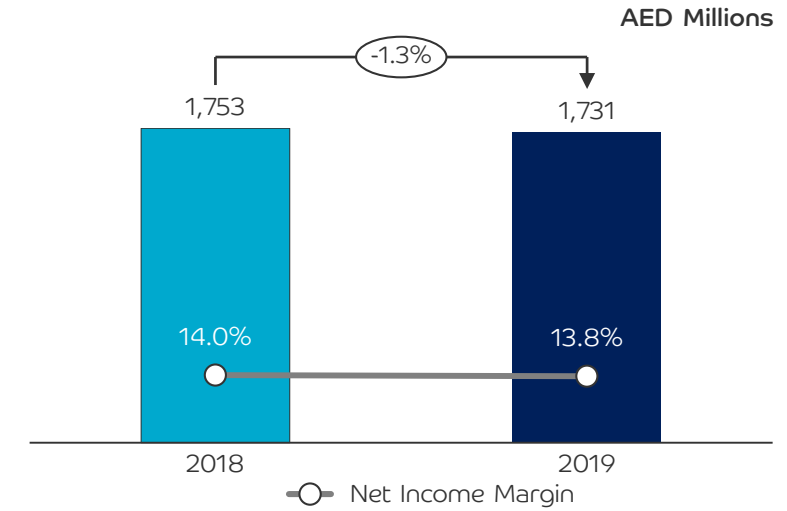
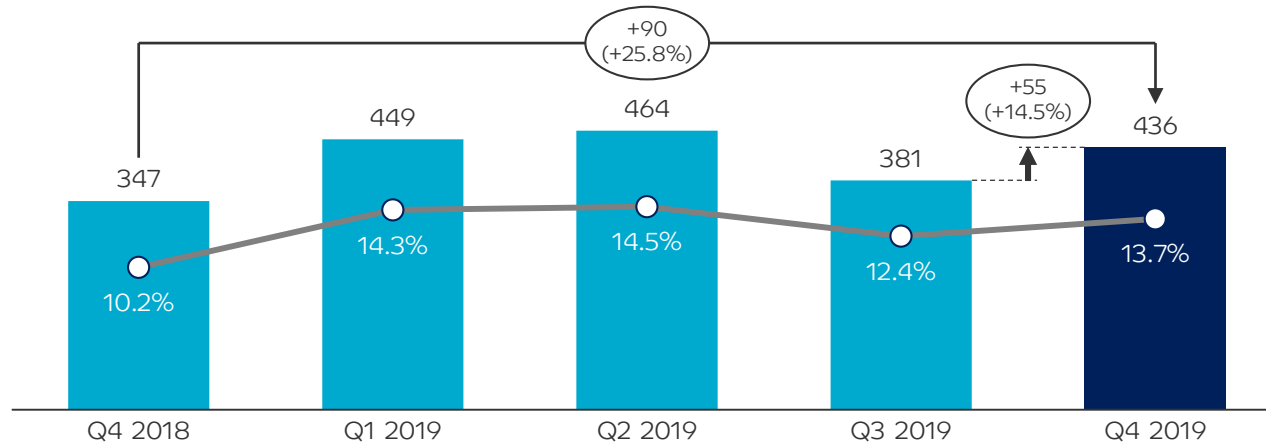


- Improvement of 2019 EBITDA by 0.9% on like-for-like basis, thanks to better gross margin and improved efficiency in addition to certain positive reversal
- Q4 2019 EBITDA grew by 9.2% compared to previous year driven by change in revenue mix as well as one-off benefit from a litigation

* EITC recorded one of benefits of 169m in 2018 related to regulatory charges.

** IFRS16 implemented from Jan 2019 onwards which primarily influences the accounting treatment of leases and rentals. In order to conform to the current period presentation, these cost numbers for the previous year/period have been regrouped and presented below EBITDA.

Key Financial Highlights: Net Income



- Like-for-like Net Income for 2019 improved by 9.3% driven by higher EBITDA and lower depreciation costs.
- Q4 2019 Net Income grew by 30.4% compared to previous year mainly driven by EBITDA improvements.

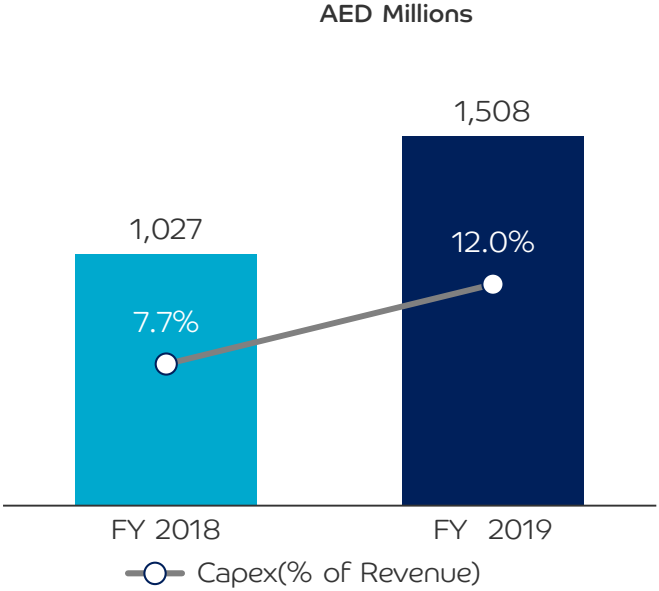
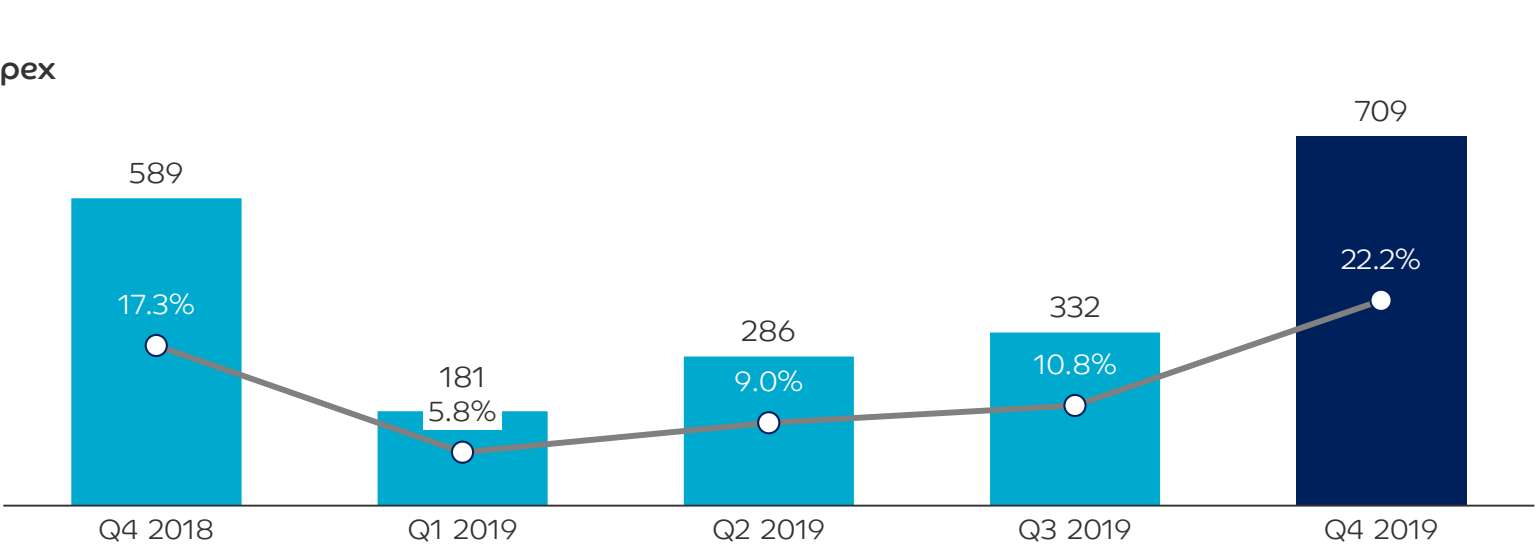
* EITC recorded one of benefits of 169m (119m impact on net income) in 2018 related to regulatory charges.

** IFRS16 implemented from Jan 2019 onwards which primarily influences the accounting treatment of leases and rentals. In order to conform to the current period presentation, these cost numbers for the 10 previous year/period have been regrouped and presented below EBITDA.

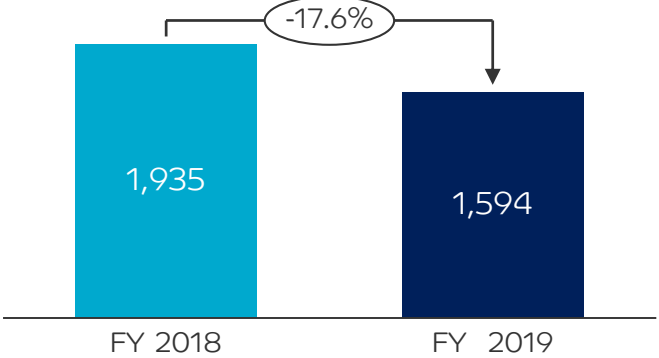
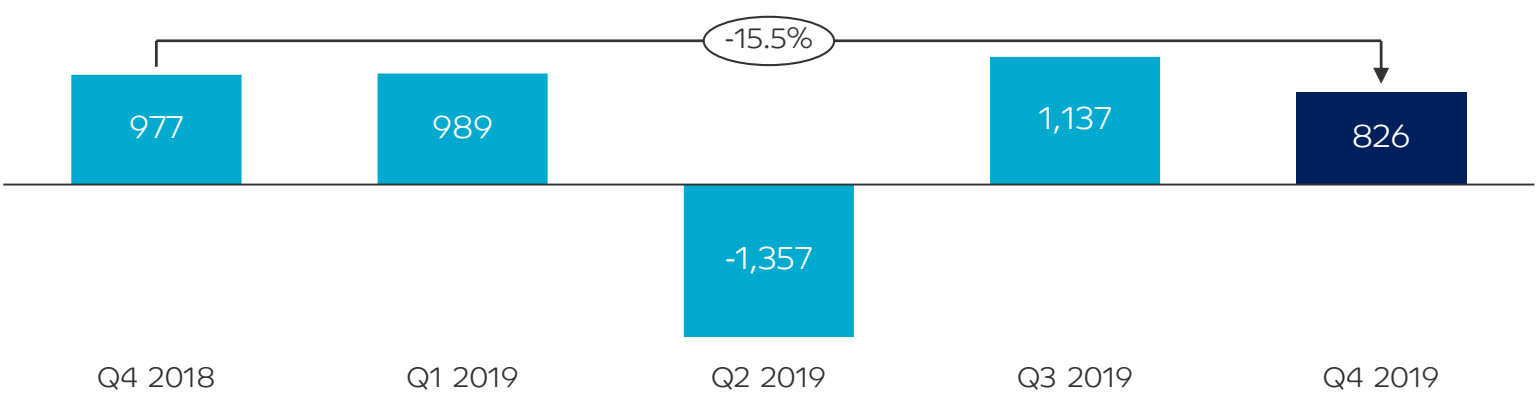
Key Financial Highlights: Capex and Free Cash Flow



Capex



Free cash flow



- FY 2019 capital expenditure increased due to the acceleration of investment in network coverage and 5G rollout, fixed business as well as IT transformation related initiatives.
- FY 2019 Free cash flow declined by 17.6% as compared to same period last year due to increase in capital expenditure

Thank you.

edara

