Press release

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Emirates Integrated Telecommunications Company PJSC ("du") announces 9.3% Growth in its 2019 Net Profit (on a Like-for-Like[1] basis) and a Dividend Distribution of 34 Fils Per Share for 2019

Dubai, UAE, 11 February 2020: Emirates Integrated Telecommunications Company PJSC (DFM: "du") published today its fourth quarter and annual financial results for the year 2019. It reported a strong growth of 9.3% in its annual Net Profit (on a like-for-like basis) and an acceleration in the deployment of its investment plan, particularly in connection with 5G roll-out and fibre network expansion with annual capital expenditures reaching AED 1.5 billion.

On the basis of these results, the board recommended to the shareholders, for the year 2019, a dividend distribution of 34 fils per share out of which 13 fils per share have been already paid in August 2019 as an interim dividend.

Full Year and Fourth Quarter 2019 Highlights

(AED million)	Quarter Analysis			Year Analysis		
	Q4 2018	Q4 2019	% change	FY 2018	FY 2019	% change
Revenues	3,401	3,192	-6.1%	13,414	12,588	-6.2%
Fixed revenues	627	642	2.4%	2,349	2,493	6.1%
Mobile revenues	1,706	1,580	-7.3%	7,104	6,537	-8.0%
Other revenues	1,068	970	-9.2%	3,961	3,558	-10.2%
EBITDA	1,260	1,460	15.8%	5,491	5,684	3.5%
Adjusted EBITDA (like-for-like[1])	1,336	1,460	9.2%	5,633	5,684	0.9%
Net Profit	347	436	25.8%	1,753	1,731	-1.3%
Adjusted Net Profit(like-for-like)	335	436	30.4%	1,583	1,731	9.3%
Mobile subscriber base[2] (thousands)	8,870	7,634	-13.9%	8,870	7,634	-13.9%
Fixed subscriber base[3] (thousands)	205	219	7.1%	205	219	7.1%

Full year performance:

EITC reported for the year 2019 a total Net Profit of AED 1.73 billion. On a like-for-like basis, Net Profit grew by 9.3% reflecting a better product mix that led to an improvement in the gross margin as well as an improved efficiency in the management of the business. These positive results were achieved in a challenging environment where total market revenues declined. Indeed, EITC reported in 2019

[1] For Q4 2019 Like-for-like means that net profit after royalty (respectively the EBITDA) for Q4 2018 is adjusted by deducting AED 12 million (respectively adding AED 76 million) corresponding to the impact of IFRS16 on Q4 2019.
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.

[2] Mobile subscriber base refers to the active base as per the TRA definition: an active subscriber is a subscriber that has made any transaction, including a non-billable transaction, in last 90 days.

[3] Fixed Subscriber base refers to subscriber having an active subscription plan for consumer segment.

annual revenues of AED 12.59 billion showing an erosion of 6.2%. The growth of fixed and ICT revenues absorbed partially the pressure on mobile prepaid revenues adversely impacted by pricing, competition and the negative impact on the base of the SIM registration disconnections.

With an annual EBITDA of AED 5.68 billion growing by 1% on a like-for-like basis, the Company was able to absorb the pressure on its top-line thanks mainly to a better mix of revenues and efficiency in managing its cost base.

Capital expenditure increased by 46.8% to AED 1.5 billion (or 12% of the revenues) reflecting continuation of the investment in 5G network rollout, fibre network expansion and IT modernization and transformation initiatives.

EITC's subscriber base continued its growth in the fixed segment reaching at the end of 2019, 219 thousand subscribers reflecting a 7.1% growth when compared to last year and stabilised its mobile base as the impact of SIM registration started in Q4 to fade away. EITC continued to focus on attracting high-value post-paid mobile customers, supporting an annual ARPU[4] growth of 4.3%.

Q4 2019 Performance:

Q4 2019 revenues increased by 4.1% compared to the previous quarter to reach AED 3.2 billion as a result of the steady increase in fixed and "other segment" revenues. The revenue growth reflected both a seasonality effect and a stabilization of the subscriber base as the impact of SIM registration disconnections is fading away. The Increase in revenues coupled with cost efficiency and certain reversals led to an improvement in the EBITDA and the Net Income by respectively 9.6% and 14.5% when compared to Q3 2019.

Q4 2019 Net Income grew by 30.4% on a like-for-like basis when compared to the one of Q4 2018. Growth in profit is led by increase in fixed revenues as well as efficiency efforts. EITC reported revenues for Q4 2019 were at AED 3.2 billion, showing an erosion of 6.1% compared to the ones of Q4 2018. The growth of fixed revenues has partially absorbed the pressure on mobile prepaid and handset revenues.

Capital expenditures increased in Q4 2019 to 709m (or 22% of the revenues) reflecting the acceleration of investment in 5G network rollout and IT modernization and transformation initiatives.

Commenting on the results, Mohamed Al Hussaini, Chairman of EITC said: *"I am pleased with the strong results that EITC was able to achieve despite the challenging environment that the telecom market went through in 2019. EITC was able to absorb fully the pressure on its revenues through increasing focus on promising growing revenue streams, better mix of its base and increased efficiency. It also re-affirmed its commitment to the investment in the country infrastructure accelerating the deployment of its 5G network to support the future development of new products and services. This has been translated into a net income of AED 1.73 billion that supported board recommendation for a dividend distribution of 34 fils per share*."

[4] Average Revenue Per User

Commenting on the results, Johan Dennelind, new CEO of EITC said: "*I am excited to join EITC in this phase of its evolution. 2019 has been a year of paradigm shift in the telecommunication industry in UAE. I note that EITC has been able to navigate in a changing environment, starting to pull growth levers in promising business lines, to protect its margins and profitability and to inject important capital towards the deployment and modernization of its infrastructure. As the new CEO, I will work with the team to define and then execute a full transformational plan for the Company to deliver on the digital promise, further improve customer experience and be at the forefront of the new technological evolutions aiming for a world class digital telco creating value for our shareholders.*"

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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 almost 8 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 50.12 percent owned by Emirates Investment Authority, 10.06 percent by Mamoura Diversified Global Holding PJSC, 19.7 percent by Emirates International Telecommunications and the remaining by public shareholders and national companies. Listed on the Dubai Financial Market (DFM), the company trades under the name 'du'.

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