

EITC Announces Q1 2020 Financial Results

- Reported Revenue of AED 2.99 billion and Net Income of AED 355 million for the first quarter of the year
 - Capex of AED 310 million invested in network and IT infrastructures
 - Close monitoring and managing of Covid-19 impact
- Strategic review and transformation program initiated under new CEO - current deployment plans maintained

Dubai, UAE, 21 April 2020 – Emirates Integrated Telecommunications Company PJSC (DFM: “du”) published today its financial results for the three months ended 31 March 2020. EITC reported Revenues of AED 2.99 billion and a Net Income of AED 355 million for the first quarter of the year.

Q1 2020 Financial Highlights

(AED million)	First Quarter Analysis			Quarter on Quarter Analysis		
	Q1 2019	Q1 2020	% change	Q4 2019	Q1 2020	% change
Revenues	3,140	2,988	-4.8%	3,192	2,988	-6.4%
Fixed revenues	611	641	5.0%	642	641	-0.1%
Mobile revenues	1,657	1,503	-9.3%	1,580	1,503	-4.9%
Other revenues	872	844	-3.2%	970	844	-13.0%
EBITDA	1,419	1,266	-10.8%	1,460	1,266	-13.3%
Net Income	449	355	-21.0%	436	355	-18.6%
Mobile subscriber base ¹ (thousands)	8,600	7,440	-13.5%	7,634	7,440	-2.5%
Fixed subscriber base ² (thousands)	208	224	7.9%	219	224	2.2%

Covid-19 Impact: Short term measures have been taken to ensure business continuity, while maintaining progress of the transformation plan and long-term investment roadmap

EITC was proactive in undertaking key initiatives to ensure the health and safety of its people, the continuity of its business, the ability of the network to cope with the increase of traffic to ensure connectivity for its consumer and businesses across the country, that rely on it in this very particular period of time. Key initiatives included implementation of work from home initiatives, upgrade of the network to absorb data traffic increase, temporary suspension of restrictions on voice and video for certain applications, acceleration of the push to digital through e-shops and applications, launch of initiatives for the education sector and free upgrades for consumers on internet speeds of up to 500Mbps.

¹ 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.

² Fixed Subscriber base refers to subscriber having an active subscription plan for consumer segment.

The impact of Covid-19 on the company's financial situation for Q1 2020 was limited to the month of March 2020. In Q2 2020, we expect a stronger negative impact resulting from the general lock-down of the activity, the limitation of sale activity, the change of customer behaviour and the strong reduction of tourism and trade activity. The unprecedented nature of the pandemic, the low visibility and the high uncertainty related to its evolution, its duration and its impact on the economy in general and the business in particular, makes the quantification of such impact quite difficult at this stage.

While different scenarios to cope with the evolution of the situation were assessed and various plans to mitigate the impact on the pandemic on the business are prepared, EITC maintains the progress of its transformation plans and the roadmap of deployment of its various investments to ensure long term value creation.

Q1 2020 Financial Results Analysis

EITC reported for Q1 2020 total revenues of AED 2.99 billion, a decrease of 4.8% year-on-year from AED 3.14 billion in Q1 2019, driven by a contraction in mobile revenues and other revenues, which were partially offset by the continued growth in fixed revenues.

Q1 2020 Mobile revenues declined 9.3% year-on-year to AED 1.50 billion impacted by lower voice revenues and a reduction in the prepaid customer base. Mobile revenues were particularly under pressure due to movement restrictions put in place across the country which led to a shift toward fixed usage that affected particularly the company due to the importance of prepaid in its revenue mix.

Q1 2020 Fixed revenues continued on a growth trajectory, increasing by 5.0% year-on-year to AED 641 million reflecting a healthy increase in the subscriber base which was boosted by the higher home connectivity needs as a result of movement restrictions.

Consequently, Q1 2020 EBITDA and Net Income were down by 10.8% and 21.0% year-on-year respectively. The year-on-year decrease in EBITDA and Net Income was largely driven by the decline in mobile revenues resulting from the mix of our revenues and customer base more towards prepaid and less towards fixed.

Capex at AED 310 million, or 10.4% of Revenues, was directed to investments in network rollout, capacity upgrades, regular network maintenance and digital transformation initiatives. These steps are critical to sustain the increase in data traffic across the country, and the company remains focused on its investment plans for the rest of the year.

EITC's subscriber base continued its growth in the fixed segment, which was up by 7.9% year-on-year, to 224 thousand subscribers in Q1 2020. The mobile base declined year on year due to the impact from the MNMI related disconnections in 2019. The company's strategy to focus on attracting high-

value post-paid mobile customers successfully delivered an ARPU³ growth of 9.9% for Q1 2020, compared to the same period last year.

Post period, on April 14th at EITC's annual general meeting, shareholders approved the recommendation of the Board of Directors to pay a dividend of AED 0.21 per share for H2 2019.

Commenting on the results, Johan Dannelind, CEO of EITC said: *"We are now living through uncertain and unprecedented times. At EITC, we are working hard, our contingency plans have been activated, and we have implemented a raft of measures to protect our people and our operations. Financially, we are taking proactive cost optimisation measures to manage the erosion of the revenues, which is being driven by a reduction in mobile and "other revenues". Operationally and capacity wise, we are in a good position to continue to sustain the increase in data traffic on our network, and remain committed to maintaining our infrastructure deployment and investment plans accordingly.*

Going forward, and similar to many other companies in the UAE and globally, we expect to see a material negative impact on our operations and financial results as a result of Covid-19 disruptions in particular due to the mix of our base towards higher prepaid share and lower fixed share. The strong foundation of our business and the relative resilience of our industry, allows us to adopt a long term approach and to continue the implementation of our transformation plans and the execution of our deployment strategy. While we are taking the needed measure to manage effectively a difficult short term situation, we keep our eyes on the long term seeking to come out from the current situation stronger and to create long term 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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³ Average Revenue Per User