

## Emirates Integrated Telecommunications Company PJSC announces 41.6% quarter-over-quarter growth in its Adjusted Q3 Net Income and 116.2% year-over-year growth in its Q3 2020 Net Income

Dubai, UAE, 21<sup>st</sup> October 2020 – Emirates Integrated Telecommunications Company PJSC (“EITC”) published today its financial results for the third quarter of 2020. It reported (a) a strong 41.6% quarter-over-quarter growth in its quarterly Adjusted Net Income<sup>1</sup> and 116.2% year-over-year growth in its quarterly Net Income as a result of the improvement of its operational performance and the capital gains derived from the sale of its stake in Khazna, (b) a recovery of its quarterly revenue growth with a 0.7% quarter-over-quarter growth, and (c) an important capital deployment of AED 511 million reflecting the implementation of its ambitious investment plans.

### Q3 2020 and 9M 2020 Financial Results Analysis

**Q3 2020 Revenues** increased by 0.7% to AED 2.69 billion, compared to the previous quarter reflecting the first signs of recovery in the economic activity and the re-opening of tourism in the UAE.

- **Q3 2020 Mobile Revenues** were up 2.0% reaching AED 1.33 billion compared to AED 1.31 billion in Q2 2020. This growth is the result of a combination of an increase in the mobile subscriber base by 2.8% to 6.59 million subscribers and an increase of the ARPU.
- **Q3 2020 Fixed Revenues**, at AED 637 million, reflected a slight stabilisation when compared to the previous quarter. Fixed subscriber base continued its gradual increase to reach 228 thousand at the end of Q3, driving fixed revenues for the first 9 months of 2020 up by almost 4% -when compared to the same period in 2019- to AED 1.92 billion. The performance of the fixed segment reflects a healthy increase in the subscriber base fuelled by the higher home connectivity needs in 2020.

**Q3 2020 EBITDA** improved by 9.8% to AED 1.16 billion, compared to AED 1.05 billion registered in Q2 2020. This growth resulted from the combination of several factors including a better revenue mix that led to an improvement of the gross margin, the reduction in bad debt provisions compared to Q2 2020 and the delivery of cost efficiency initiatives initiated in the beginning of Q2 2020.

**Q3 2020 Net Income** increased by 116.2% year-over-year to reach AED 824 million compared to AED 381 million in Q3 2019. This growth is mainly attributed to AED 519 million capital gains resulting from the sale of EITC's stake in Khazna data centre. Excluding the AED 519 million one-off benefit, the Q3 2020 Net Income amounted to AED 305 million, representing an increase of 41.6% compared to the previous quarter. This growth is attributed to the recovery in top line, a better revenue mix and the company's successful implementation of its cost efficiency program.

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<sup>1</sup> Adjusted Net Income is the Net Income excluding the positive impact of the sale of EITC stake in Khazna.

**Q3 2020 Capital expenditures** amounted to AED 511 million (or 19% of the quarterly revenues) taking the total Capital expenditures for the first 9 months to a total of AED 1.33 billion (or 15.9% of the first 9 month revenues). This level, almost double the level of Capital expenditures for the same period in 2019, reflects a sustained and consistent execution of the company's deployment plans to improve network quality under current technologies, increase the 5G coverage and continue its digital transformation.

## Strategic Matters

At the end of Q3 2020, EITC announced the departure of the CEO Johan Dannelind and the appointment of Fahad Al Hassawi as Acting CEO and Ahmad Julfar, Board Member, as a Managing Director reflecting the Board's active support and full collaboration for the implementation of EITC's new operational model and strategy, which is currently being deployed.

On 15 September 2020, EITC announced the sale of its 26% minority stake in Khazna data centre for AED 800 million, which resulted in a profit of AED 519 million, booked in Q3 2020. The sale of EITC indirect minority stake in Khazna reflects EITC's new focus on the data centre business through partnership and direct build-up. EITC will maintain its long term commercial agreements with Khazna, through which it will continue to acquire capacity needs for the company and its clients, as required.

**Commenting on the results, Fahad Al Hassawi, Acting CEO of EITC said:** *"With the start of the recovery in the UAE market, we are pleased to see green shoots of recovery across our business too, for the first time since the onset of the pandemic. Compared to Q2 2020, characterised by lockdowns and severe disruptions in business activity, our Q3 2020 results show good improvement. Our quarterly revenues are up 0.7% quarter-over-quarter to AED 2.69 billion and our Quarterly Net Income is up 116.2%, year-over-year to AED 824 million.*

*"As a telecom operator, we consider ourselves one of the digital backbones of the country. We are both blessed and humbled by the responsibility this honour comes with, which has been thoroughly tested during these unprecedented times. At EITC, we have been quick in adapting and responding to the market disruptions. We have launched a new operating model, underpinned by an acceleration in digital transformation. The new operating model is designed to deliver growth in a digital world, and with it, long-term returns for our shareholders.*

*"For our customers, we have significantly increased our capex spend for network deployment and maintenance, including the rollout of 5G across the country. We aim to bring the best connectivity speeds and most innovative services to everyone in the UAE."*

**ENDS**

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

**Investor Relations Contacts:**

FTI Consulting

Anca Cighi: [Anca.Cighi@fticonsulting.com](mailto:Anca.Cighi@fticonsulting.com), +971 55 989 3309

Rahul Ravisankar: [Rahul.Ravisankar@fticonsulting.com](mailto:Rahul.Ravisankar@fticonsulting.com), +971 56 170 3833