

Q2 2021 results

Emirates Integrated Telecommunications Company PJSC

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Agenda

- Highlights
- Operating review
- Financial review
- Appendix

Highlights

Back to growth

+7.0%
yoy

Revenues

+7.3%
yoy

EBITDA

22.7%

Capital
intensity

AED
0.10

DPS

- Stabilization in mobile revenues
- Fixed revenue solid performance from B2B and B2C
- Sustained handset sales and gradual recovery of wholesale
- Permanent efforts on cost optimization
- Normalization of counterparty risk in connection with receivables
- Capacity and network expansion and important 5G deployment
- IT and Infrastructure modernisation
- 90% pay-out in line with dividend policy

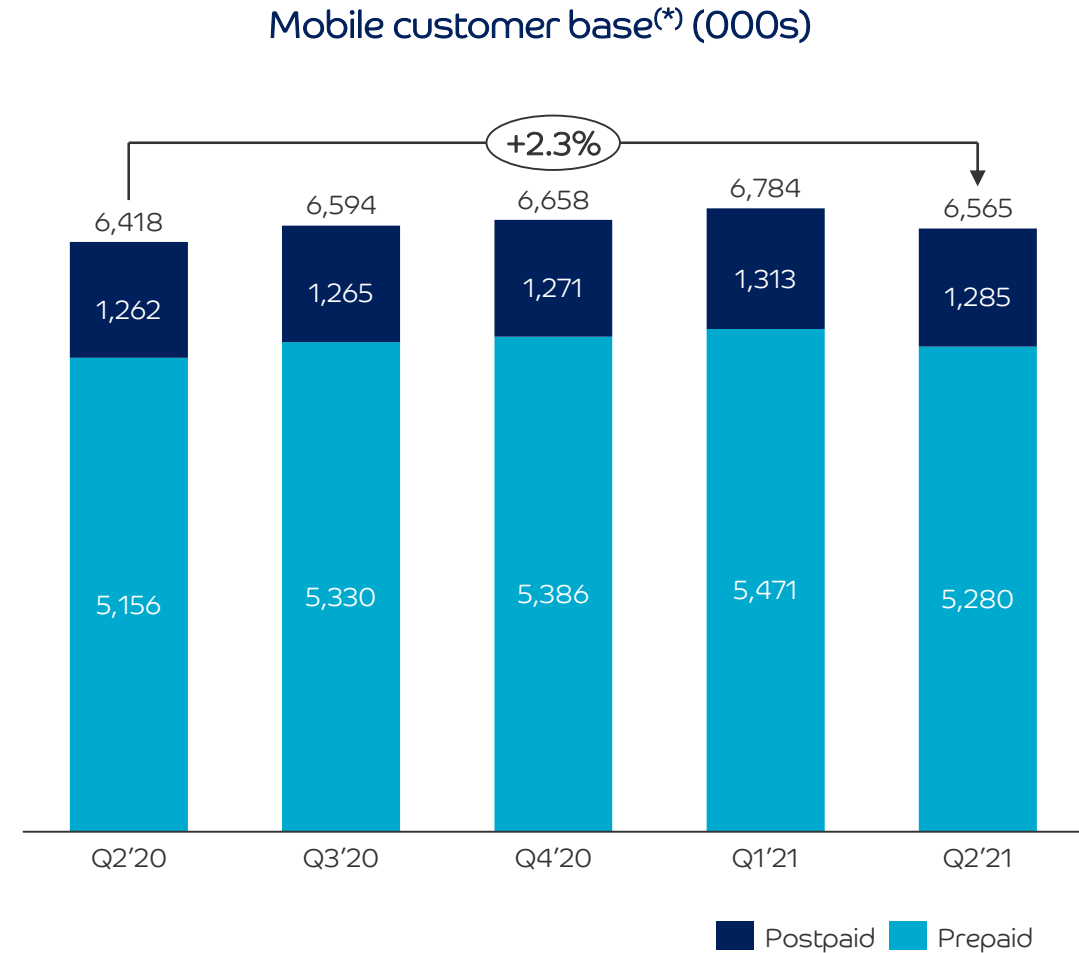
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Operating review

Mobile customer base +2.3%

- Postpaid customer base is recovering:
 - Demand for 5G handsets increasing
 - Unlimited PowerPlan tariffs remain attractive
- Prepaid impacted by disconnection backlog:
 - High churn due to gradual clearing of disconnection covid related backlog. The regulator granted operators a grace period which lapsed in June
 - Gross-adds are above pandemic levels

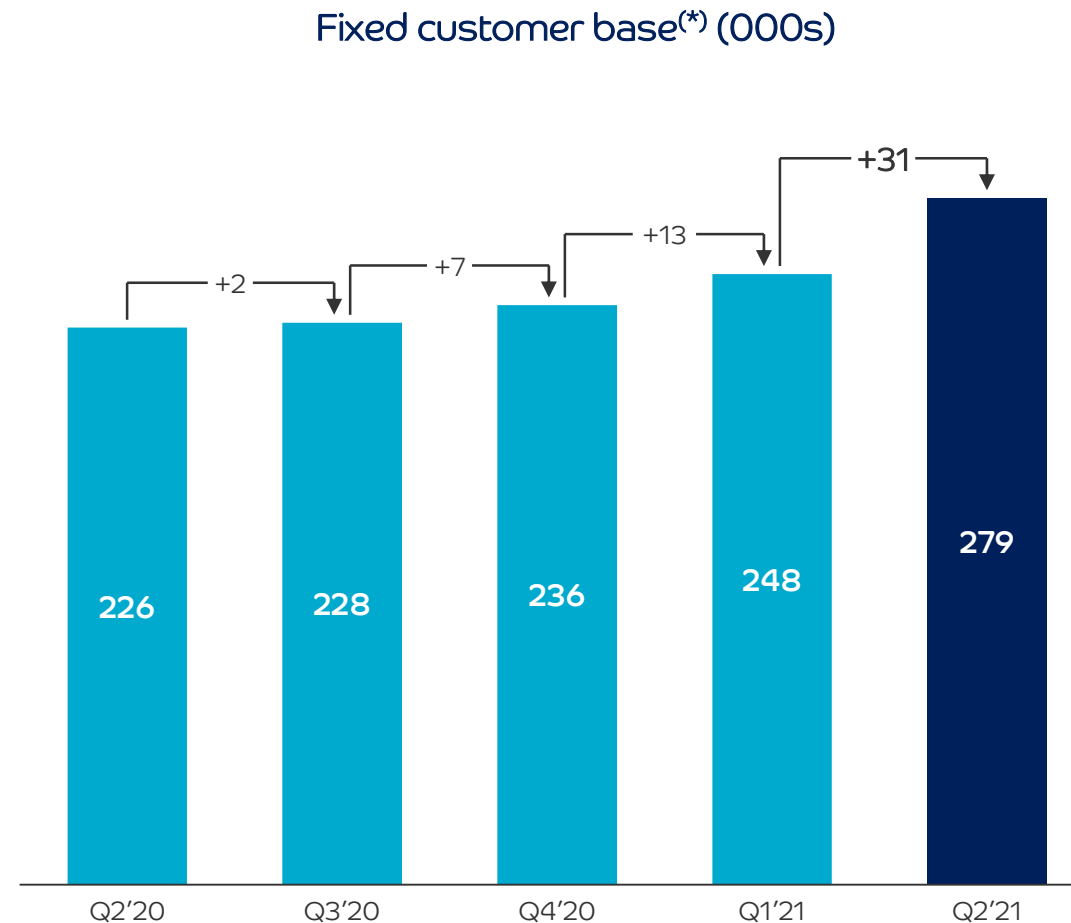


(*) Mobile customer base as per TRA definition: A customer is accounted in the base if the subscriber has made a transaction, including non billable ones, in the last 90 days

Operating review

Fixed customers: net-adds accelerating

- Regular and continuous quarterly growth in fixed customer base with an acceleration driven by innovative products and services:
 - Social distancing measures require a reliable internet connection



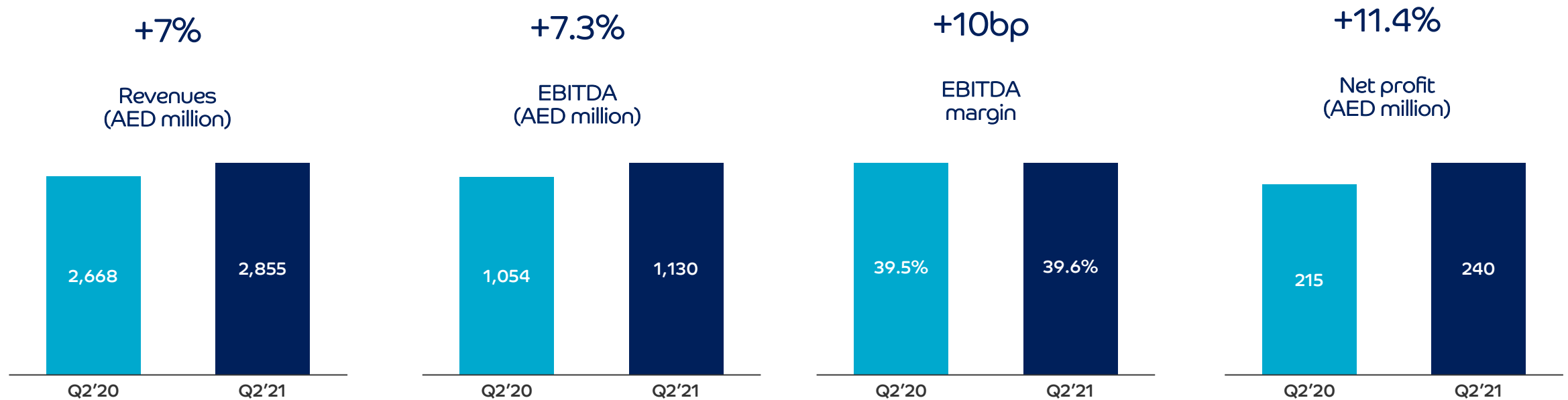
(*) Fixed customer base are unique subscribers having active subscription plan (having access to service) on the consumer segment

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Financial review

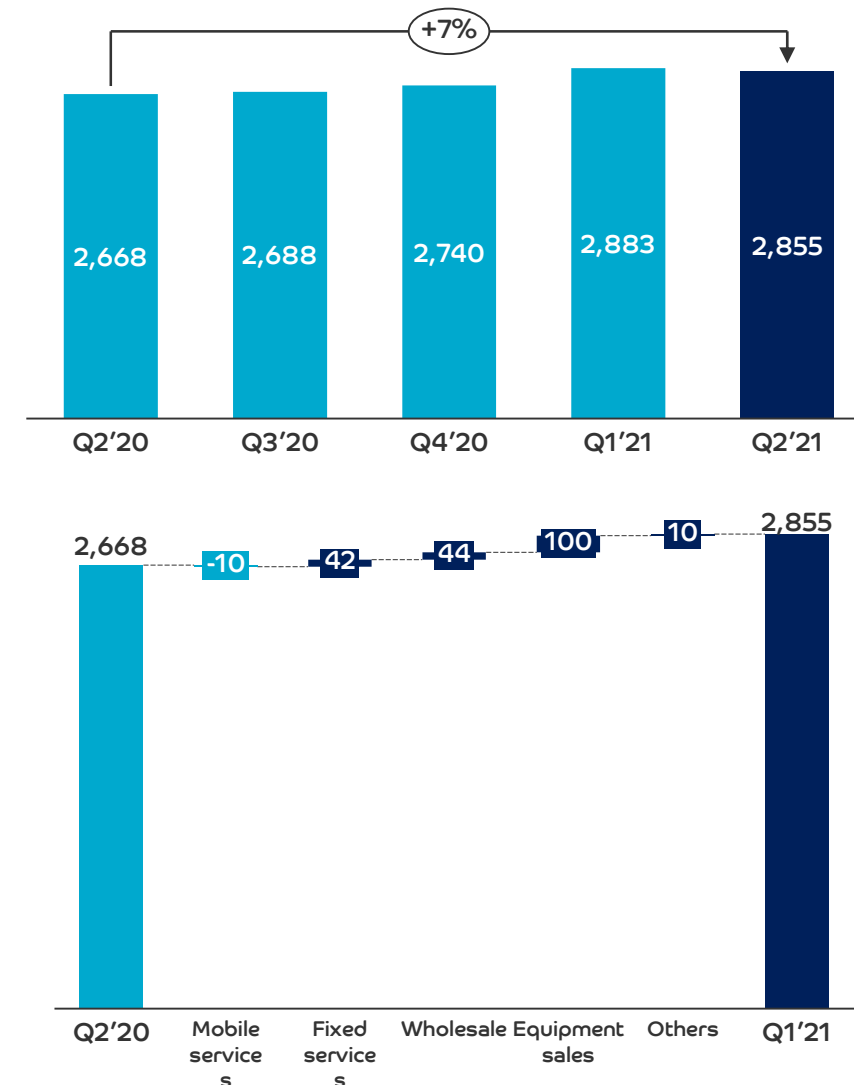
Highlights: major financial aggregates returning to growth



Financial review

Revenues +7%

- Mobile revenues are gradually stabilising
 - 1st quarter without significant year-on-year decline
- Robust handset sales
 - Popularity of financing bundled with a postpaid plan
 - Penetration of 5G handsets
- Wholesale revenues recovery
 - Voice traffic increase
- Sustained demand for fixed services



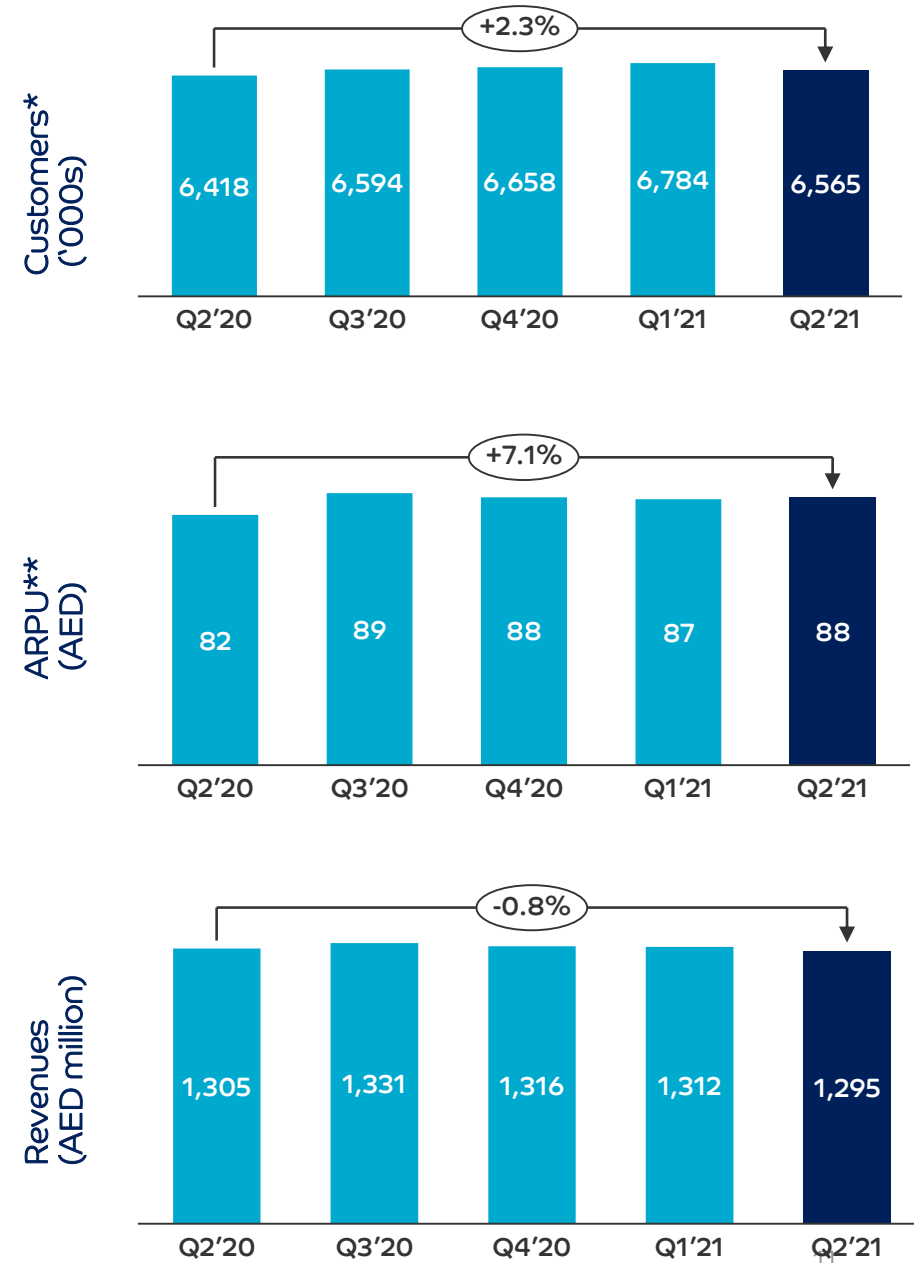
Financial review

Mobile revenues are gradually stabilising

- Customers
 - Postpaid recovery driven by Unlimited Power Plans
 - Prepaid impacted by delayed disconnections
- ARPU
 - Voice traffic surged ahead of pre-pandemic levels
 - Data usage remains moderate due to offload
 - Prepaid ARPU improving because simplified offer is stimulating usage
- Revenues
 - Stabilization of mobile revenues

(*) Mobile customer base as per TRA definition: A customer is accounted in the base if the subscriber has made a transaction, including non billable ones, in the last 90 days

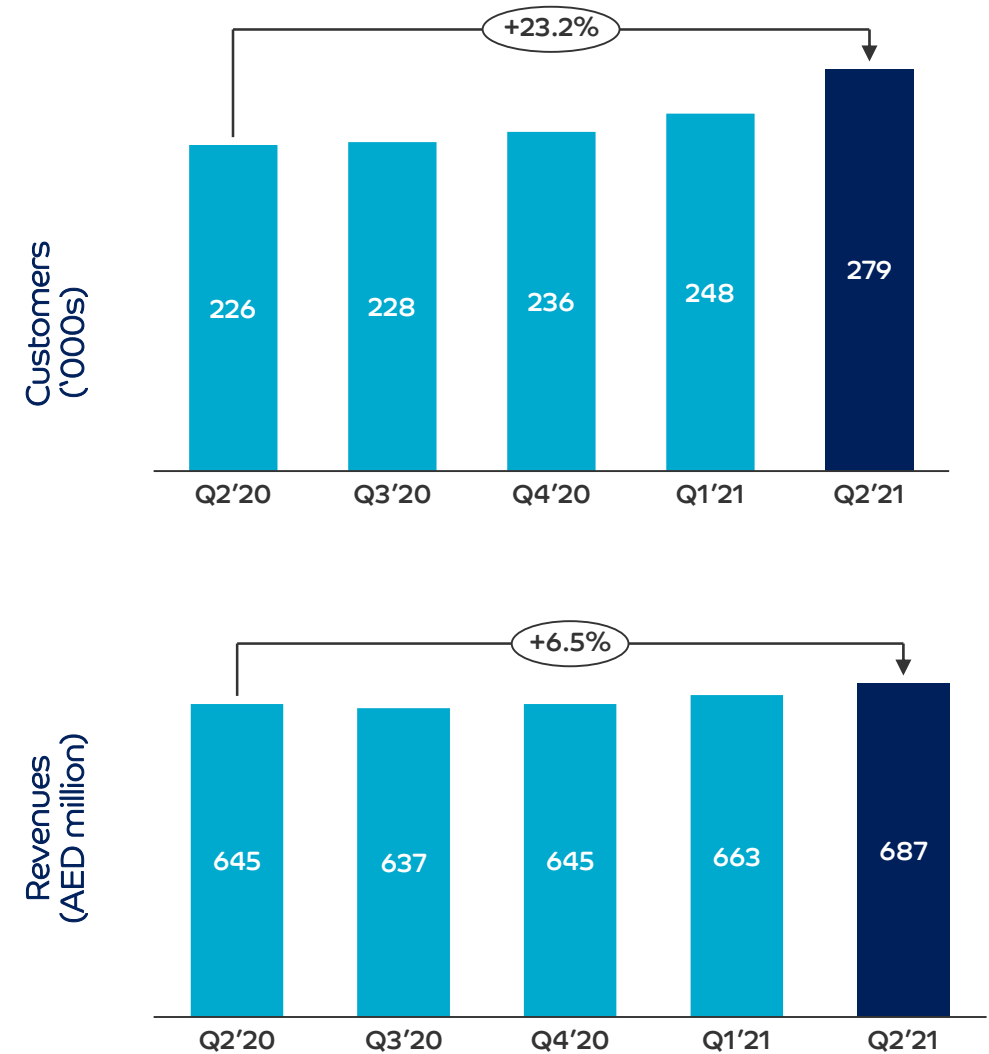
(**) ARPU calculations are based on EITC's definition of an active customer (one who has made a chargeable event in the last 90 days).



Financial review

Fixed revenues +6.5%

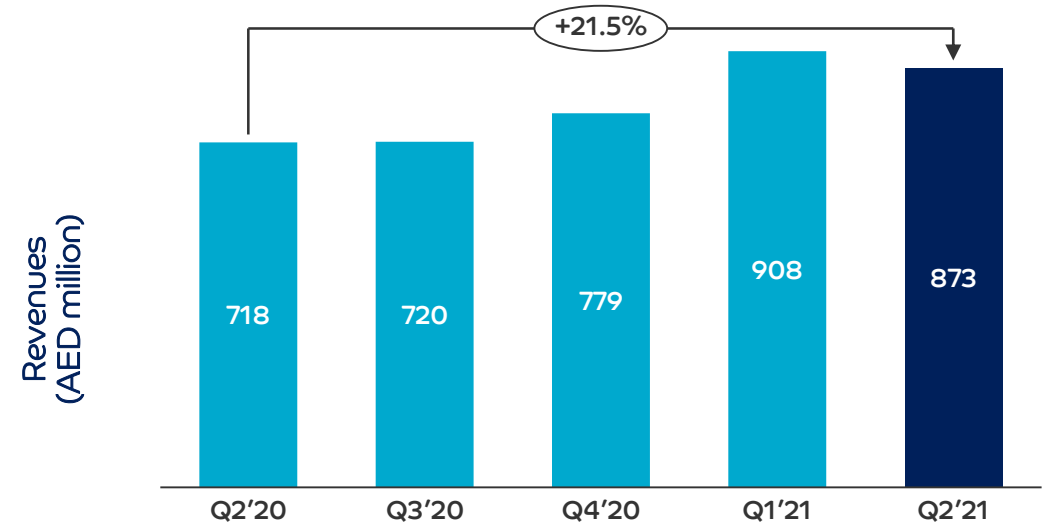
- Solid contribution from Consumer and Enterprise segments
 - Consumer: attractive tariff plans
 - Enterprise: technology spend is returning
- Acceleration of the quarterly growth rate of the base
- Sustained revenue growth



Financial review

Other revenues +21.5%

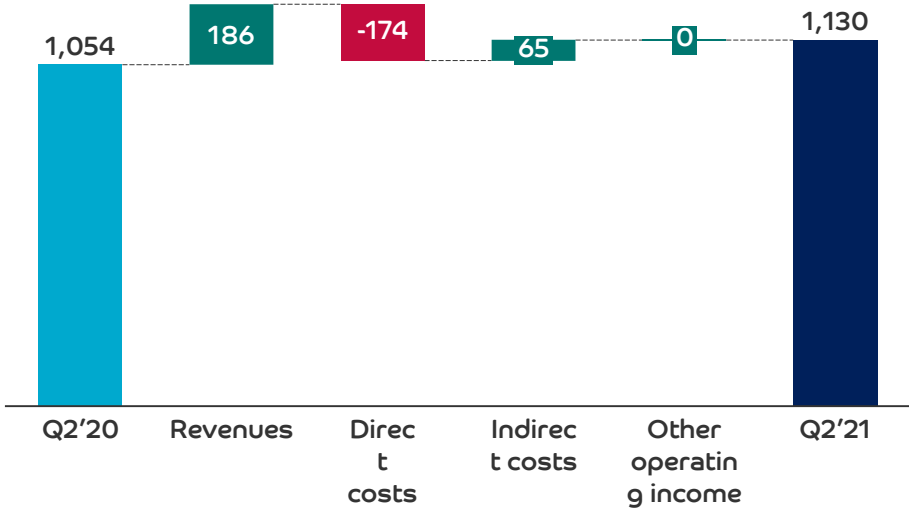
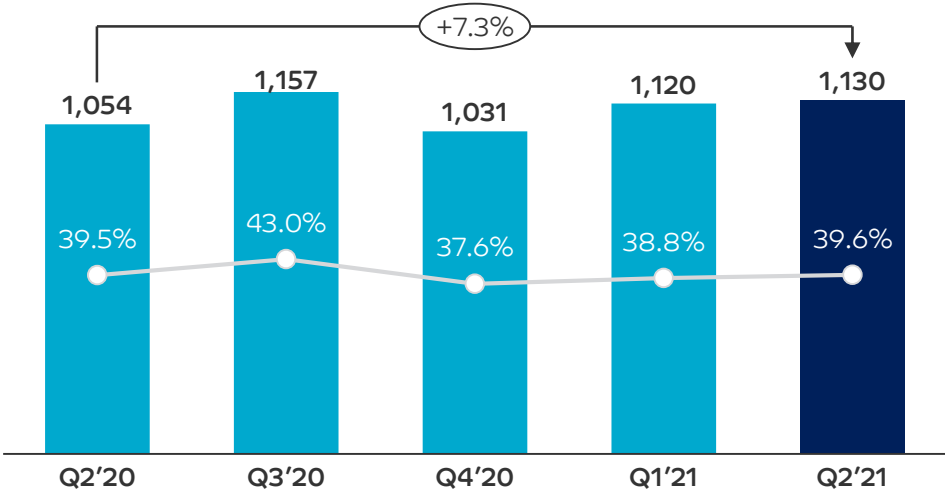
- Handset sales stimulated by
 - Strong demand for 5G handsets
 - Financing plan
- Wholesale revenues
 - Recovery driven by voice traffic



Financial review

EBITDA increased 7.3% to AED 1,130 million

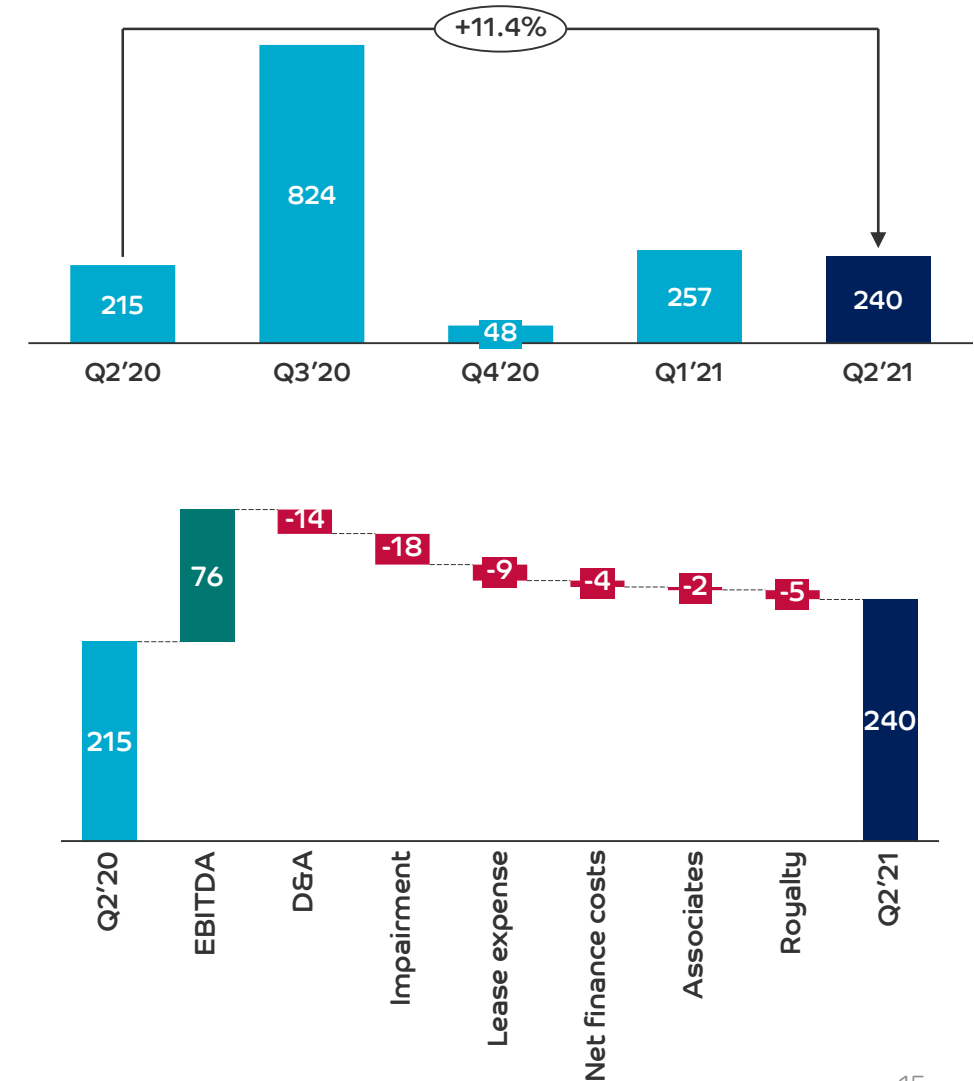
- Direct costs increased AED 174 million (+19.7%) to AED 1,059 million
 - Product costs +61% to AED 259 million
 - Higher handset sales
 - Interconnect +10% to AED 702 million
 - Greater voice traffic
- Indirect costs decreased AED 65 million (-8.8%) to AED 666 million
 - Staff costs -17% to AED 216 million
 - Reset of employee benefits provided one time saving
 - G&A (“Other expenses”) declined 31% to AED 35 million
 - Procurement efforts



Financial review

Net profit +11.4%

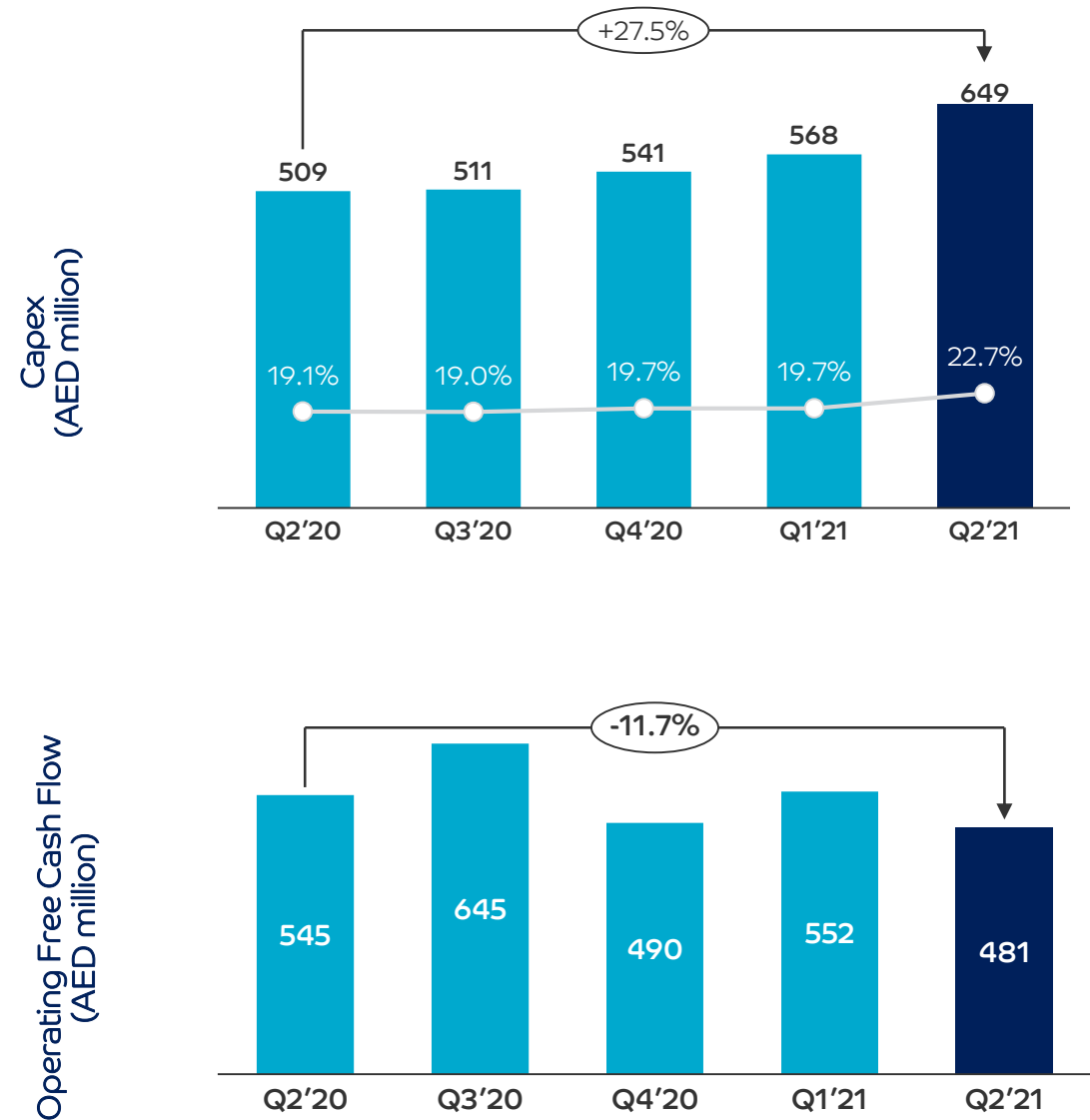
- Higher EBITDA
 - Operating cost reduction initiatives
- Depreciation & amortisation
 - Higher charges due to capital investment
 - AED 18 million impairment charge
- Net finance costs
 - Lower interest income



Financial review

Cash generation

- Capex increased AED 140 million
 - Network modernisation
 - Capacity expansion
 - Fiber backbone
 - 5G deployment
- Operating free cash flow
 - Strong cash generation despite high capital intensity



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P&L

	2020	2021	
AEDm	Q2	Q2	change
Revenues	2,668.4	2,854.8	7.0%
Direct costs	-885.0	-1,059.2	19.7%
Indirect costs	-730.2	-665.7	-8.8%
Other operating income	0.3	0.0	-95.0%
Non operating expense	0.1	0.1	24.7%
EBITDA	1,053.5	1,129.9	7.3%
<i>margin</i>	<i>39.5%</i>	<i>39.6%</i>	<i>0.1%</i>
Depreciation, amortization	-377.2	-408.9	8.4%
Goodwill impairment	0.0	0.0	N/M
Depreciation of right-of-use assets	-85.2	-91.8	7.7%
Interest expense on lease liabilities	-18.4	-21.0	14.4%
EBIT	572.8	608.2	6.2%
Net finance costs	5.6	1.9	-66.2%
Income from associates	0.4	-1.4	-436.4%
Gain/loss on disposal of associates	0.0	0.0	N/M
Profit before federal royalty	578.8	608.6	5.2%
Federal royalty	-363.5	-368.8	1.5%
Net profit	215.3	239.8	11.4%
EPS	AED 0.05	AED 0.05	11.4%
DPS	AED 0.13	AED 0.10	-23.1%

	2020	2021	
AEDm	Q2	Q2	change
Interconnect costs	-637.3	-702.0	10.1%
Product costs	-161.1	-259.5	61.1%
Commissions	-86.6	-97.8	13.0%
Direct costs	-885.0	-1,059.2	19.7%

	2020	2021	
AEDm	Q2	Q2	change
Staff costs	-259.9	-216.2	-16.8%
Network operation & maintenance	-169.6	-175.8	3.7%
Outsourcing & contracting	-42.3	-38.6	-8.8%
Telecommunication license & related fees	-91.3	-92.8	1.6%
Marketing	-34.8	-57.1	64.0%
Rent & utilities	-5.6	-5.1	-9.5%
Other expense	-50.5	-34.9	-30.8%
Provisions for impairment on receivables	-76.2	-45.3	-40.5%
Indirect costs	-730.2	-665.7	-8.8%

Appendix

Balance sheet

AED million	As at 31-Dec-20	As at 30-Jun-21
Property, plant and equipment	8,063	8,557
Right-of-use assets	1,851	1,703
Intangible assets	487	429
Goodwill	413	413
Lease receivable	150	144
Associates	30	28
Financial assets	18	18
Derivatives financial instruments	0	0
Trade receivables	0	16
Contract assets	211	276
	11,224	11,583
Inventories	62	61
Trade receivables	1,185	1,242
Other receivables	383	327
Deferred fees	1	141
Other assets	0	0
Prepaid expenses	123	175
Lease receivable	18	18
Derivatives financial instruments	0	0
Contract assets	454	537
Due from related parties	174	51
	2,400	2,552
Term deposits	2,029	200
Cash and cash equivalent	213	795
	2,243	995
	15,867	15,129

AED million	As at 31-Dec-20	As at 30-Jun-21
Share capital	4,533	4,533
Share premium	232	232
Retained earnings	1,896	1,663
Statutory reserves	1,908	1,958
	8,569	8,386
Borrowings - non-current	0	0
Borrowings - current	0	200
Vendor financing - non-current	0	0
Vendor financing - current	0	0
Notes payable - non-current	0	0
Notes payable - current	0	0
	0	200
Lease liabilities - non-current	1,692	1,593
Lease liabilities - current	617	633
Contract liabilities - non-current	195	201
Contract liabilities - current	359	351
Provisions for decommissioning	185	190
Due to related parties	5	5
	3,052	2,973
Trade payables	2,031	2,171
Other payables	336	308
Provision for employees' end of service benefits	254	233
Accrued federal royalty	1,625	859
	4,246	3,570
	15,867	15,129

Appendix

Operating KPI

	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2
Mobile customers ('000s), of which	7,440	6,418	6,594	6,658	6,784	6,565
Postpaid	1,363	1,262	1,265	1,271	1,313	1,285
Prepaid	6,077	5,156	5,330	5,386	5,471	5,280
Net-adds ('000s), of which	-194	-1,022	177	63	126	-219
Postpaid	9	-101	3	6	41	-27
Prepaid	-204	-921	174	57	85	-191
Mobile ARPU (AED)	84	82	89	88	87	88
Broadband customers ('000s)	224	226	228	236	248	279
<i>Net-adds ('000s)</i>	5	2	2	7	13	31

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