



Emirates Integrated Telecommunications Company reports Q3 2021 results

Emirates Integrated Telecommunications Company PJSC announces 6.9% growth in its quarterly revenues, an EBITDA of AED 1,100 million and a Net profit of AED 283 million

Dubai, UAE. 18 October 2021 - Emirates Integrated Telecommunications Company PJSC ("EITC") announced its financial results for the third quarter of 2021. Revenues grew 6.9% to AED 2,874 million on sustained demand for broadband services and 5G handsets. More importantly, mobile services continued its recovery thanks to a buoyant postpaid segment. EBITDA amounted to AED 1,100 million thanks to cost optimisation which helped contain margin pressure from direct costs. Net profit was AED 283 million in spite of higher depreciation and amortisation charges.

Operating highlights

- **Mobile customer base reached 6.5 million.** The postpaid segment remains resilient with net-adds of 13k. The postpaid customer base grew to 1.3 million as a result of an improved digital Customer Experience as well as enhancements to the Power Plans. The prepaid customer base declined to 5.2 million subscribers due to a combination of summer seasonality and flight restrictions brought by the Covid-19 Delta variant.
- **Sustained commercial momentum in Fixed services across various product categories.** The simplicity of our consumer offer helped accelerate net-adds to 52k. We ended the quarter with 331k broadband customers. Demand from the Enterprise segment is also returning.
- **Capital deployment plan is bearing fruits.** Following significant deployment, our 5G network covers 90% of the population. Independent tests confirmed our network was the fastest during the quarter. In addition, we inaugurated two data centres, KIZAD in Abu Dhabi and Dubai Silicon Oasis. These centres have an aggregate capacity of 2.7 MW.

Financial highlights

- **Revenues grew 6.9% yoy to AED 2,874 million.** Fixed revenues grew 14.7% to AED 731 million as the consumer and enterprise segments continue to perform well. "Other revenues" increased 16.6% to AED 839 million due to a doubling of handset sales and higher wholesale revenues. A resurgent postpaid segment ignited the recovery of mobile revenue to AED 1,304 million.
- **EBITDA retreated by 4.9% yoy to AED 1,100 million.** Our cost optimisation plan continues to yield results. We have rationalised marketing and G&A spend. We have improved our collections therefore reducing provisions on receivables. These various initiatives mitigated pressure from direct costs (product costs, interconnect costs).
- **Net profit (adjusted)¹ declined by 7.1% to AED 283 million.** Depreciation and amortisation increased due to our ambitious investment programme. The disposal of Khazna Data Center in 2020 reduced the contribution from associates.
- **Capex dropped 27.3% to AED 372 million due to phasing of expenditure.** As a result, operating free cash flow increased to AED 728 million.

Financial summary

AED million	Q3 2020	Q3 2021	change
Revenues	2,688	2,874	6.9%
EBITDA	1,157	1,100	-4.9%
Margin	43.0%	38.3%	-477bp
Net profit (adjusted) ¹	305	283	-7.1%
Net profit (reported)	824	283	-65.6%
Capex	-511	-372	-27.3%
capital intensity	19.0%	12.9%	-6.1%
Operating free cash flow	645	728	12.8%

¹ Net profit (adjusted) excludes gains on disposal of associates



Fahad Al Hassawi, CEO said:

"I am very pleased that consumer and corporate confidence are on the mend. Our fixed services business delivered another solid quarter. Broadband net-adds accelerated to 52k thanks to an attractive service offering. In addition, we see corporate demand for fixed services returning. Our commercial initiatives in mobile services are bearing fruits. The refreshed prepaid mobile tariffs are pushing gross-adds on the prepaid segment towards pre-pandemic levels. Our enhanced postpaid tariff plan is stimulating usage and supports a pathway to ARPU growth. This quarter is an inflection point for mobile service revenues: we renewed with nominal growth (+0.7% quarter-on-quarter) after three consecutive quarters of decline.

Following two years of capital deployment, I am pleased to announce that our 5G network is now accessible to 90% of the population. The next milestone is to ultimately ensure seamless access for all residents. We remain committed to deliver value for our customers and will continue to be a market differentiator."

ENDS

About Emirates integrated Telecommunications Company PJSC

The Emirates Integrated Telecommunications Company PJSC (EITC) was founded in 2005. We are the UAE's second licensed telecommunications operator. We operate under two brands: du (launched in 2007) and Virgin Mobile the region's first digital service (started operations in September 2017).

We are listed on the Dubai Financial Market (DFM) and trade under the DU ticker (Bloomberg DU UH, Refinitiv Eikon DU.DU). Our core shareholders are government-related entities (Emirates Investment Authority 50.12%, Emirates International Telecommunications Company LLC 19.7%, Mamoura Diversified Global Holding PJSC 10.06%).

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