

# Q3 2021 results

## Emirates Integrated Telecommunications Company PJSC

19 October 2021



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# Agenda

- Highlights
- Operating review
- Financial review
- Appendix

# Q3'21 highlights

## The UAE is returning to normal

### Macro

- Oil price supporting revision of growth forecasts
- PMI readings have recovered from the lows of 2020
- Anecdotal evidence of consumer confidence picking-up

### Resumption of domestic and international mobility

- Generalization of in-school learning
- Gradual return to office
- UAE flag carriers are resuming flights and increasing frequency
- Occupancy rates are picking up

# Q3'21 highlights

## Company

- **Board of Directors**
  - Resignation of Mr. Mohamed al Hussaini as Chairman following his appointment as Minister of State for Financial Affairs
  - Appointment of Mr. Malek al Malek as Chairman
  - Appointment of Mr. Abdulla Beloul as Director
- **Product enhancements**
  - Refreshed Postpaid and Prepaid tariff plans
- **Infrastructure**
  - Inaugurated 2 additional data centres
  - 5G network coverage: 90% of the population

# Q3'21 highlights

## Financial

AED **2,874** m

Revenues  
+6.9% yoy

- First quarter of growth in mobile revenues after 3 consecutive quarters
- B2B and B2C continue to drive fixed services' strong performance
- Continued demand for 5G handsets and gradual recovery of wholesale

AED **1,100** m

EBITDA  
-4.9% yoy

- Cost optimisation plans continue to yield results
- ... mitigating pressure from increase in direct costs

AED **372** m

Capex  
12.9% of revenues

- Strong deployment plan
- Phasing of expenditures

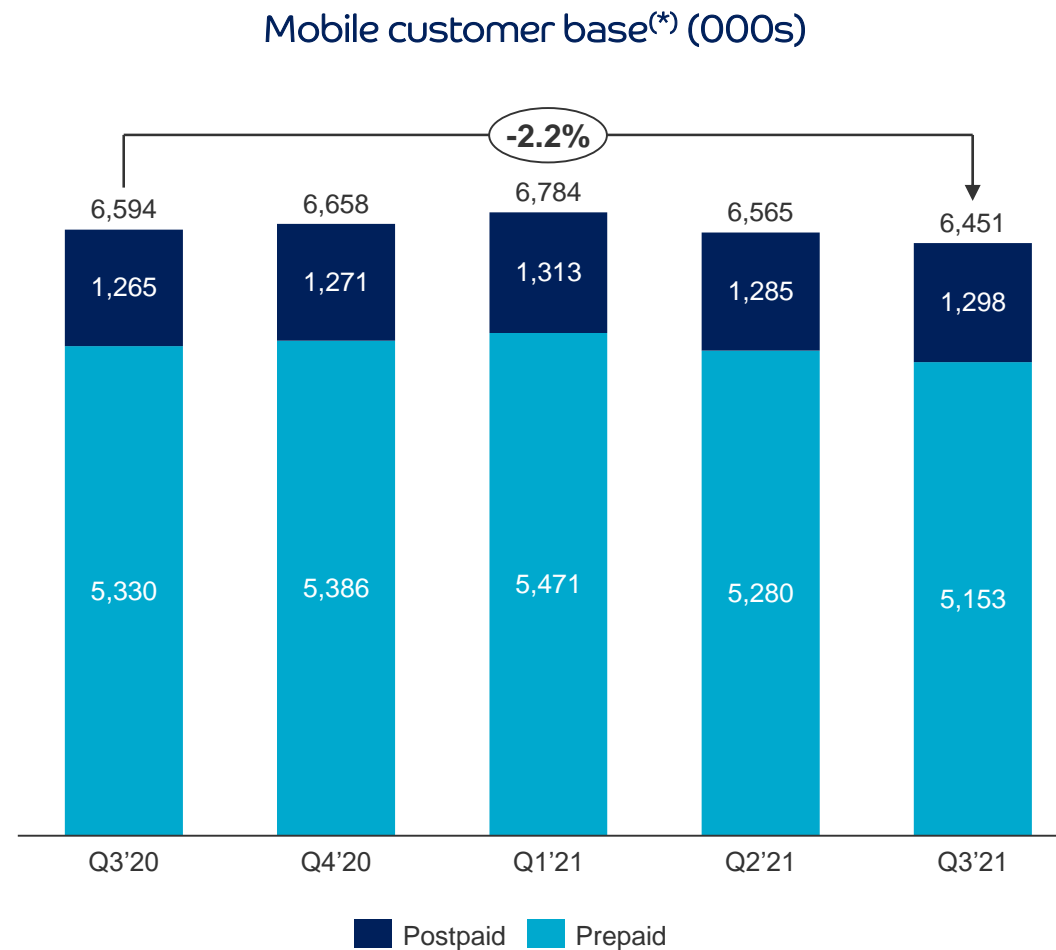
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# Operating review

## Mobile services: customer base -2.2%

- Postpaid customer base is recovering
  - Improved digital customer experience
  - Gross-adds are normalizing
- Prepaid customer base
  - Seasonality effect
  - Flight restrictions due to Delta variant
  - Disconnection due to subscriber identification



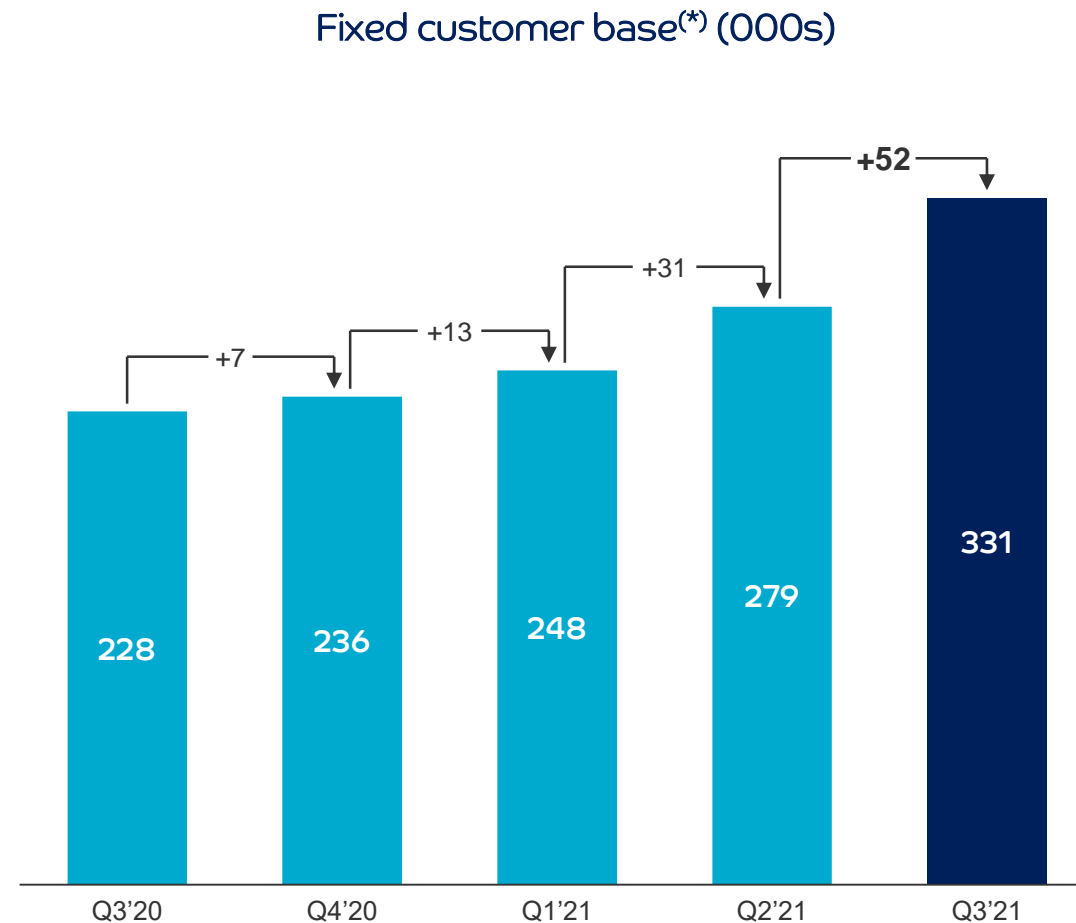
(\*) Mobile customer base as per TRA definition: A customer is accounted in the base if the customer has made, in the last 90 days, a traffic activity



# Operating review

## Fixed services: net-adds accelerating

- Simplicity of our consumer offer is driving:
  - Acceleration of net-adds
  - Continuous increase in market share



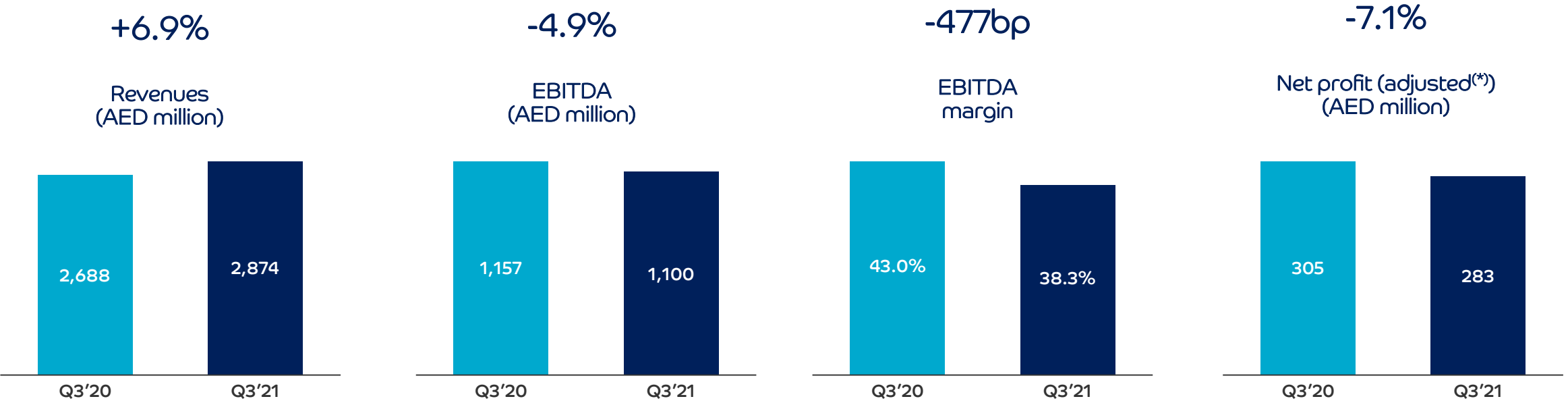
(\*) Fixed customer base are unique consumer subscribers having active subscription plan (having access to service)

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# Financial review

## Highlights

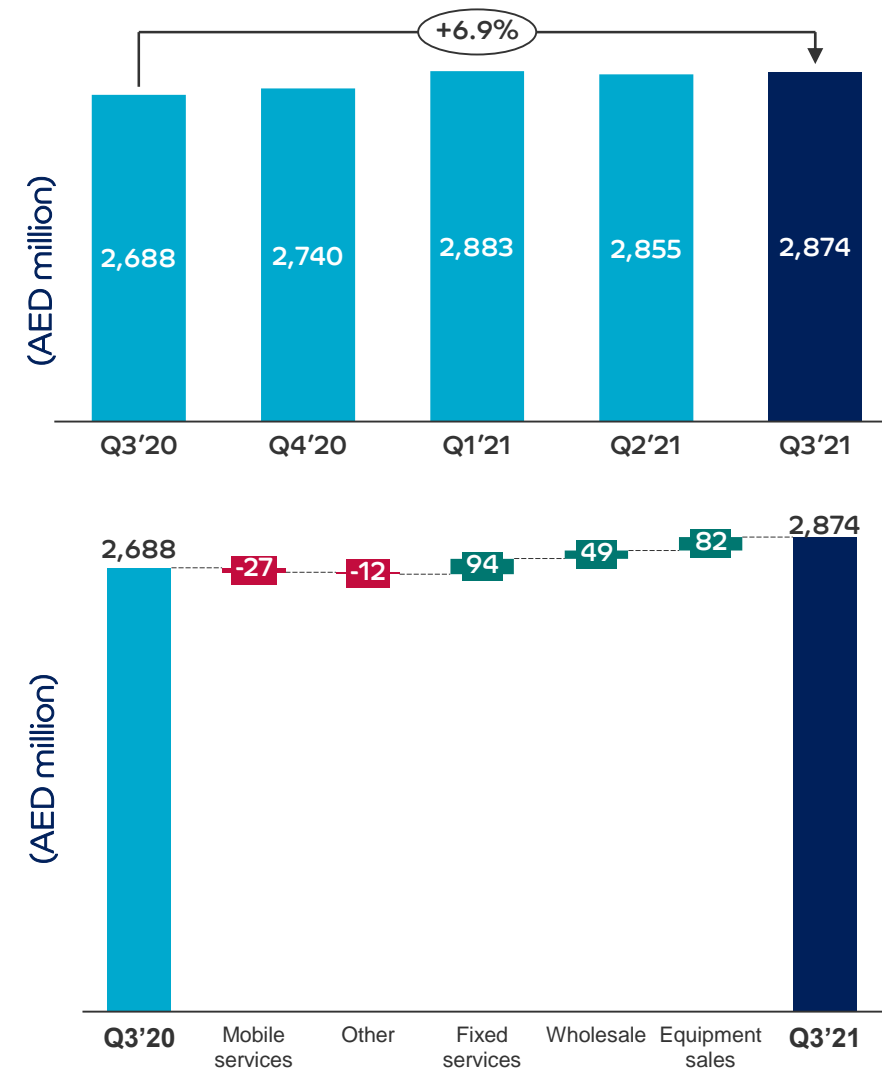


(\*) Net profit (adjusted) excludes gains from the sale of Khazna

# Financial review

## Revenues +6.9%

- Sustained demand for fixed services and significant increase in the customer base
- Mobile services
  - Postpaid segment edging towards recovery
  - Prepaid still under pressure but improving
- Robust handset sales
  - Popularity of financing bundled with a postpaid plan
  - Penetration of 5G handsets increasing
- Wholesale revenues recovery
  - Voice traffic increase



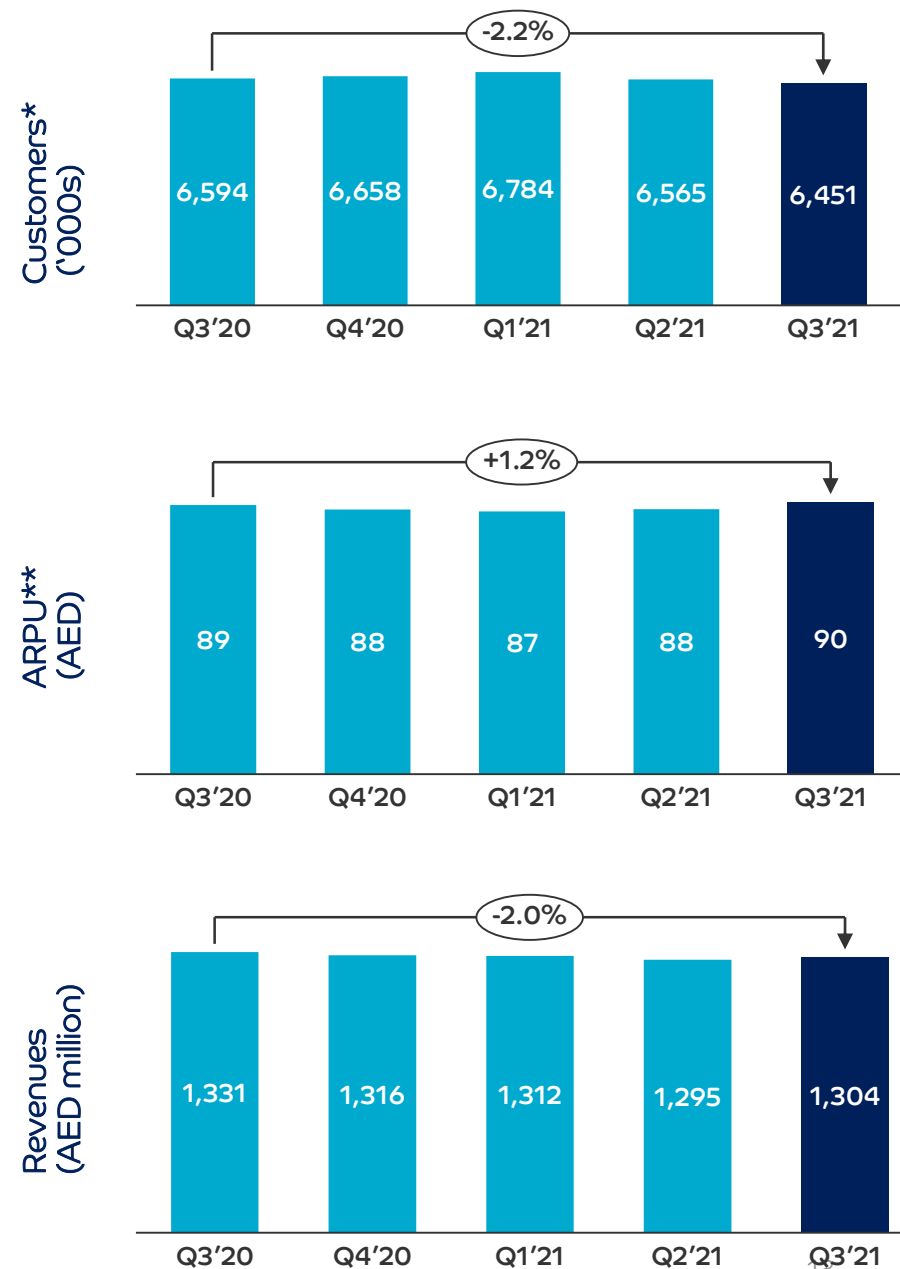
# Financial review

## Mobile revenues are recovering

- Customers
  - Postpaid recovery driven by improved digital customer experience
  - Prepaid impacted by disconnections
- ARPU
  - Improvement is driven by Postpaid voice revenues
  - Data usage remains moderate due to offload
- Revenues
  - Postpaid recovery help stabilize mobile revenues

(\*) As per TRA definition: A customer is accounted in the base if the customer has made, in the last 90 days, a traffic activity

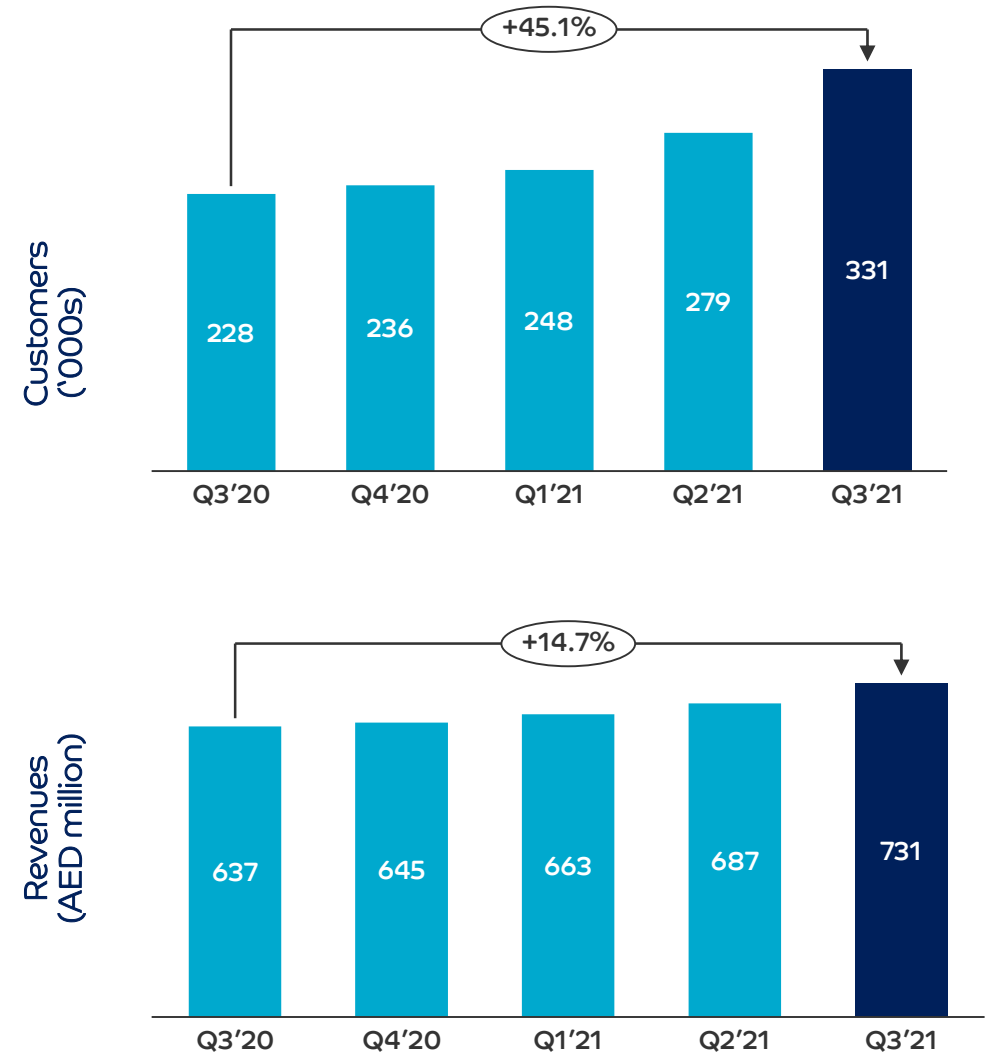
(\*\*) ARPU calculations are based on EITC's definition of an active customer (one who has made a chargeable event in the last 90 days).



# Financial review

## Sustained growth in fixed revenues +14.7%

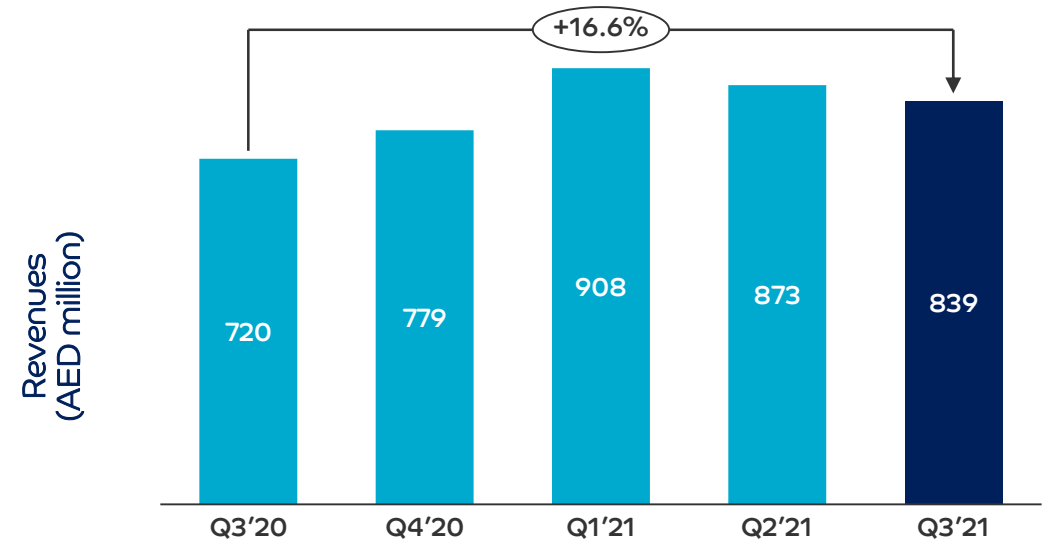
- Solid contribution from Consumer and Enterprise segments
  - Consumer: acceleration of net-adds
  - Corporates: demand for services is returning



# Financial review

## Other revenues +16.6%

- Doubling of equipment revenues
  - Unabated demand for 5G handsets
- Wholesale revenues
  - Traffic continues its recovery



# Financial review

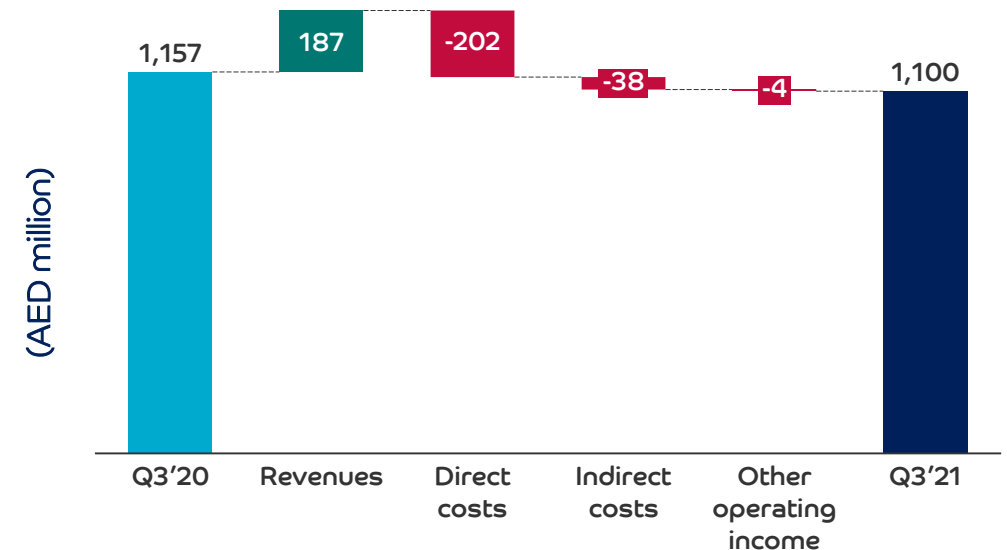
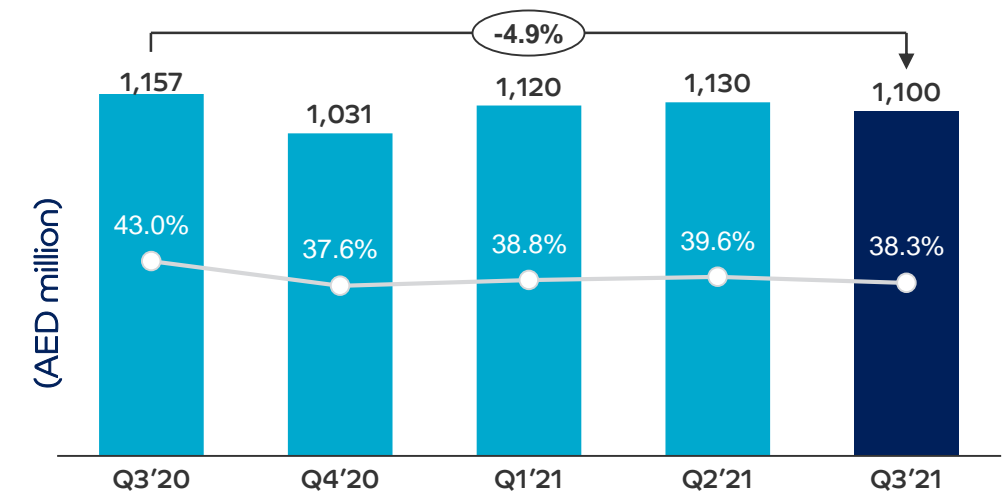
## EBITDA decreased 4.9% to AED 1,100 million

Direct costs increased AED 202 million (+22.0%) to AED 1,085 million

- Product costs +69% to AED 261 million
  - Higher handset sales
- Interconnect +13% to AED 723 million
  - Higher interconnection (change in product mix)
  - Greater international voice traffic
  - Increase in outbound roaming

Control of Indirect costs through cost optimisation plan

- Rationalized Marketing and G&A spend
- Receivables: improvement on collection and reduction in provisions

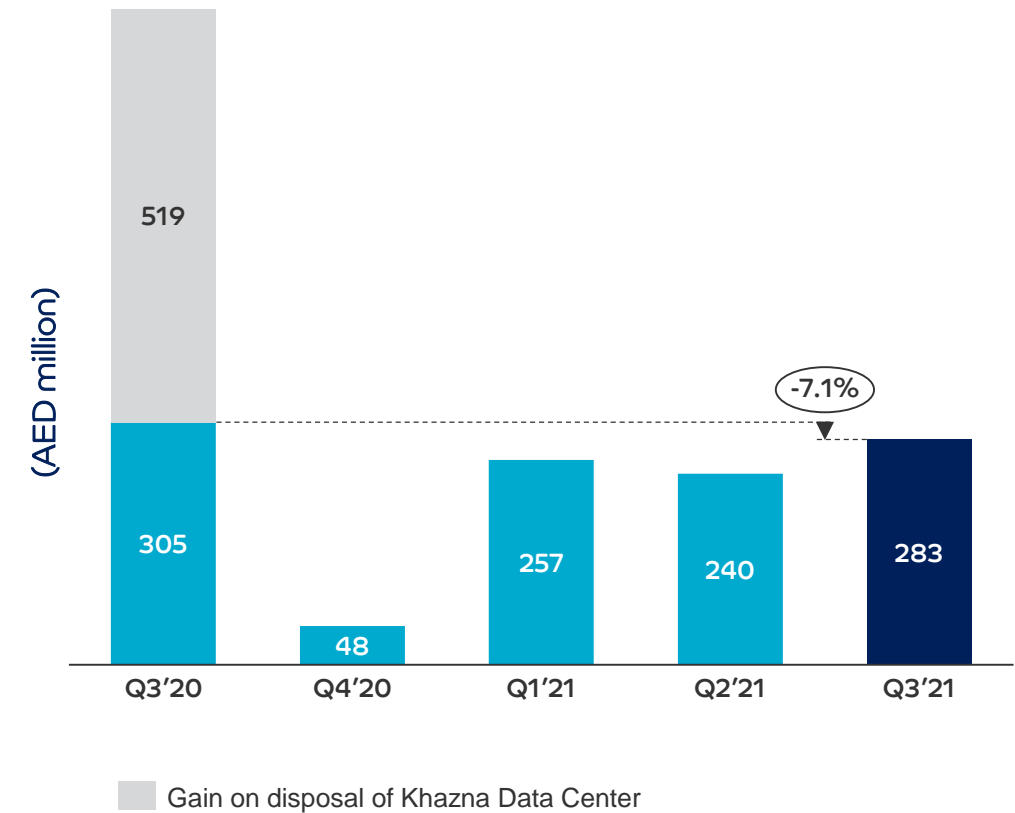




# Financial review

## Net profit (adjusted)<sup>1</sup> -7.1%

- Lower EBITDA
- Higher depreciation & amortisation charges due to ambitious capital investment programme

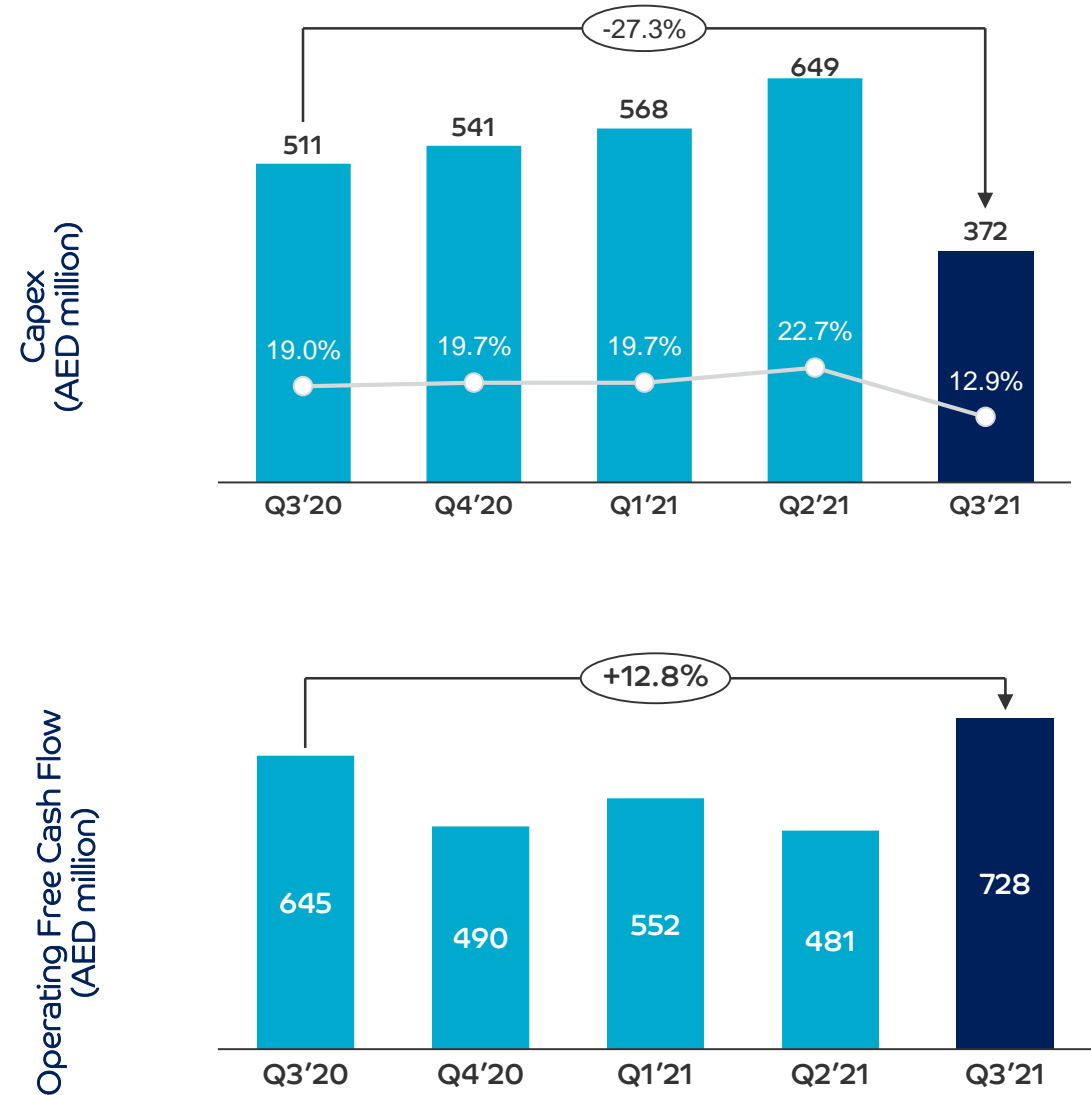


<sup>1</sup> Net profit (adjusted) excludes gains from the sale of Khazna Data Center

# Financial review

## Cash generation

- Lower capex spend due to phasing of expenditure
  - 5G coverage: 90% of population
  - Inaugurated 2 additional data centres
- Operating free cash flow
  - Higher cash generation due to lower capital spend



# Outlook

## Q4' 2021 and beyond

- Return to normality
  - Gradual release of social distancing measures encourages return to office and in-school learning
  - UAE positioning itself as a leading tourist destination (Expo 2020)
- Macro
  - Economic liberalization cements the UAE's position as a global hub
  - Bullish oil price forecasts
  - Job creation potential as transport and logistics sector hint at labour shortages
- Our investment programme continues
  - Mobile: 5G rollout, network densification
  - Fixed: fiber roll-out
  - IT modernisation

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## Operating KPI

	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3
<b>Mobile customers ('000s), of which</b>	<b>7,440</b>	<b>6,418</b>	<b>6,594</b>	<b>6,658</b>	<b>6,784</b>	<b>6,565</b>	<b>6,451</b>
Postpaid	1,363	1,262	1,265	1,271	1,313	1,285	1,298
Prepaid	6,077	5,156	5,330	5,386	5,471	5,280	5,153
<b>Net-adds ('000s), of which</b>	<b>-194</b>	<b>-1,022</b>	<b>177</b>	<b>63</b>	<b>126</b>	<b>-219</b>	<b>-114</b>
Postpaid	9	-101	3	6	41	-27	13
Prepaid	-204	-921	174	57	85	-191	-127
Mobile ARPU (AED)	84	82	89	88	87	88	90
<b>Broadband customers ('000s)</b>	<b>224</b>	<b>226</b>	<b>228</b>	<b>236</b>	<b>248</b>	<b>279</b>	<b>331</b>
<i>Net-adds ('000s)</i>	<i>5</i>	<i>2</i>	<i>2</i>	<i>7</i>	<i>13</i>	<i>31</i>	<i>52</i>

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