

Full-year and Q4 2021 results

Emirates Integrated Telecommunications Company PJSC

14 February 2022



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Agenda

- Highlights
- Operating review
- Financial review
- Appendix

Q4 2021 highlights

Recovery is gaining pace

Macro update

Macro

- Oil prices remain very supportive of growth forecasts
- PMI readings are edging towards pre-pandemic levels
- UAE's wide-ranging reforms are supportive of an increase in FDI and population growth
- First quarter of EXPO 2020

Resumption of domestic and international mobility

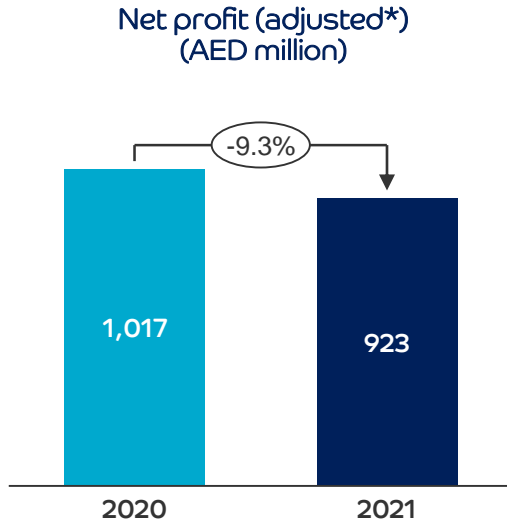
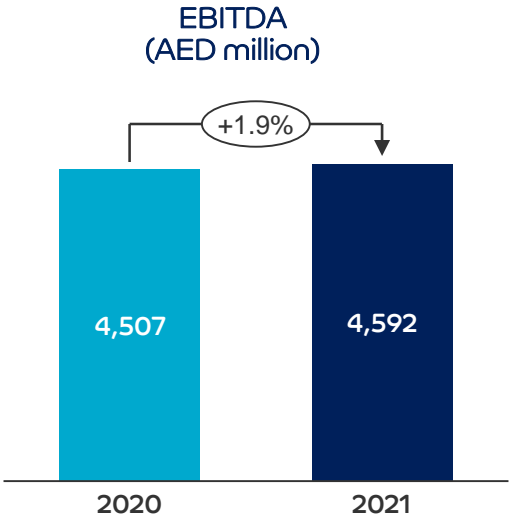
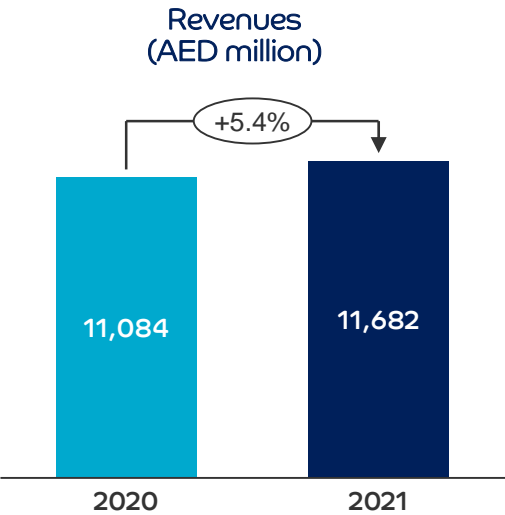
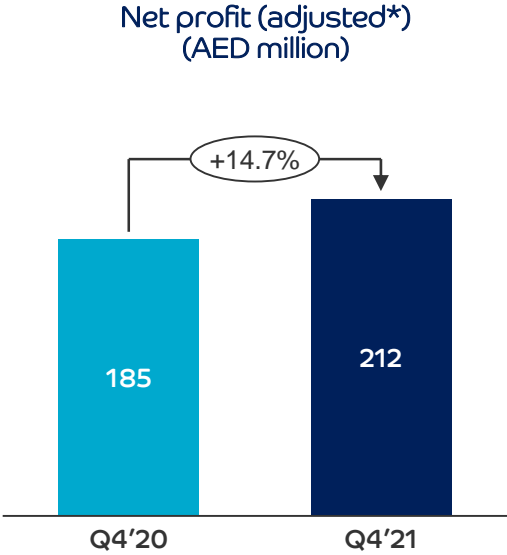
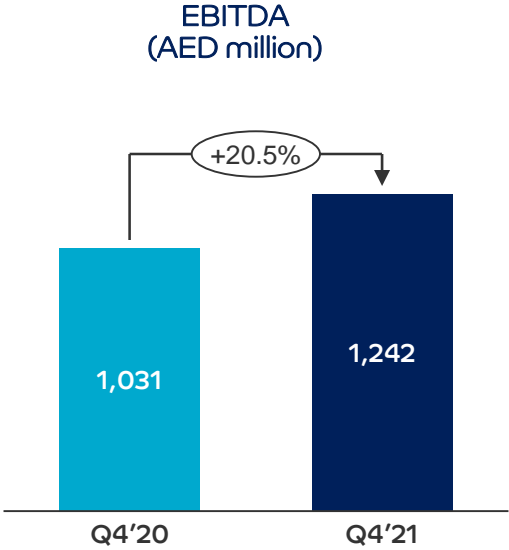
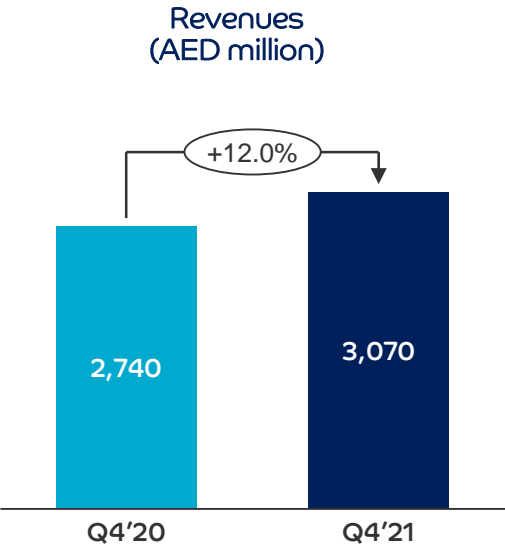
- In-school learning remains the norm
- Return to office was prevalent
- Tourism activity accelerated in Q4 thanks to EXPO 2020 and hosting of international sport events

Company update

- Strong commercial momentum in Consumer Fixed services
- Mobile postpaid segment invigorated by handset bundles and increased mobility
- Solid performance from the Mobile prepaid segment
- 5G network coverage: 91% of the population

Financial review

Highlights



(*) Net profit (adjusted) excludes significant one-off items

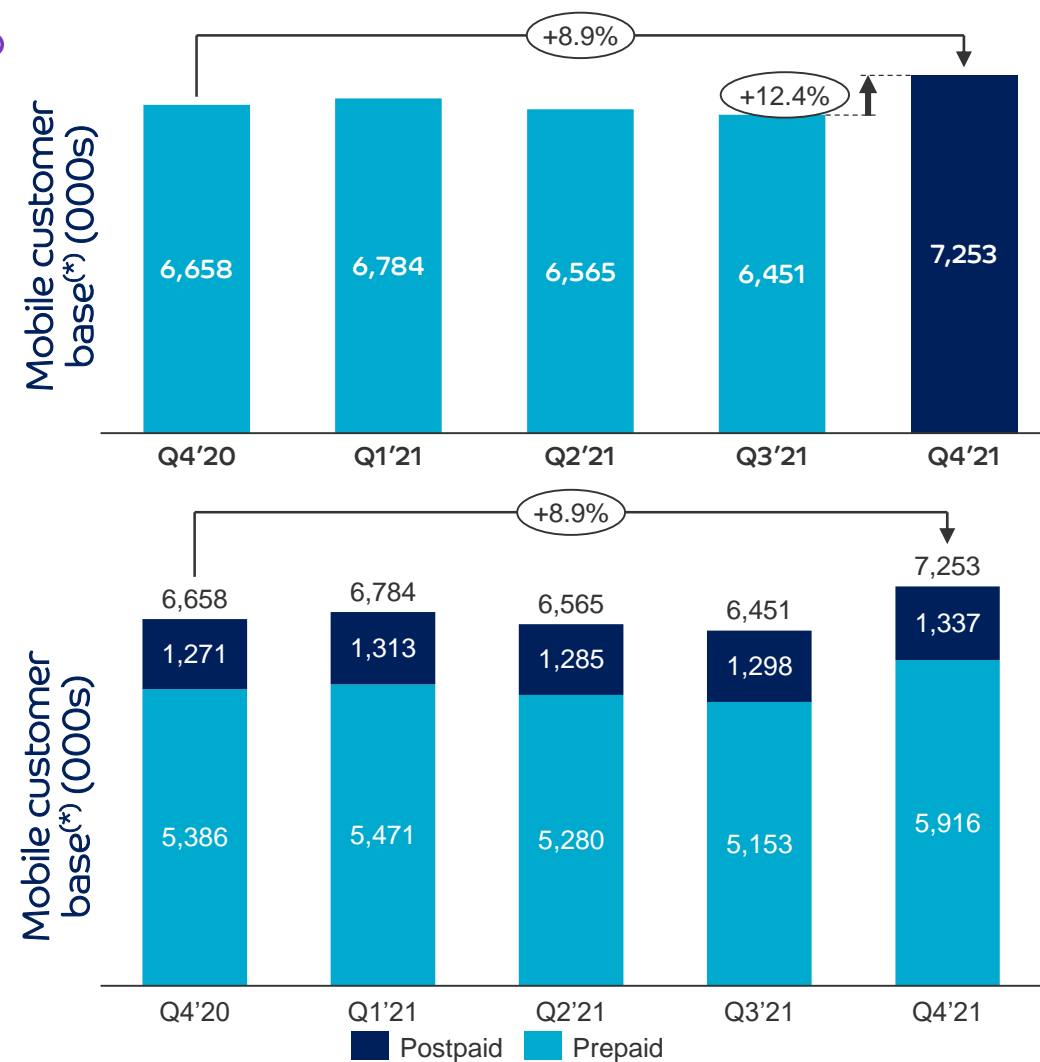
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Operating review

Mobile services: customer base +8.9%

- Postpaid customer base is recovering
 - Handset financing plan is a key tool for customer acquisition
 - Improved digital customer experience
 - Gross-adds are normalizing
- Growth of Prepaid customer base
 - EXPO 2020 is a key driver of Tourist SIMs
 - Seasonality effect
 - Lower mobility constraints (domestic and international)

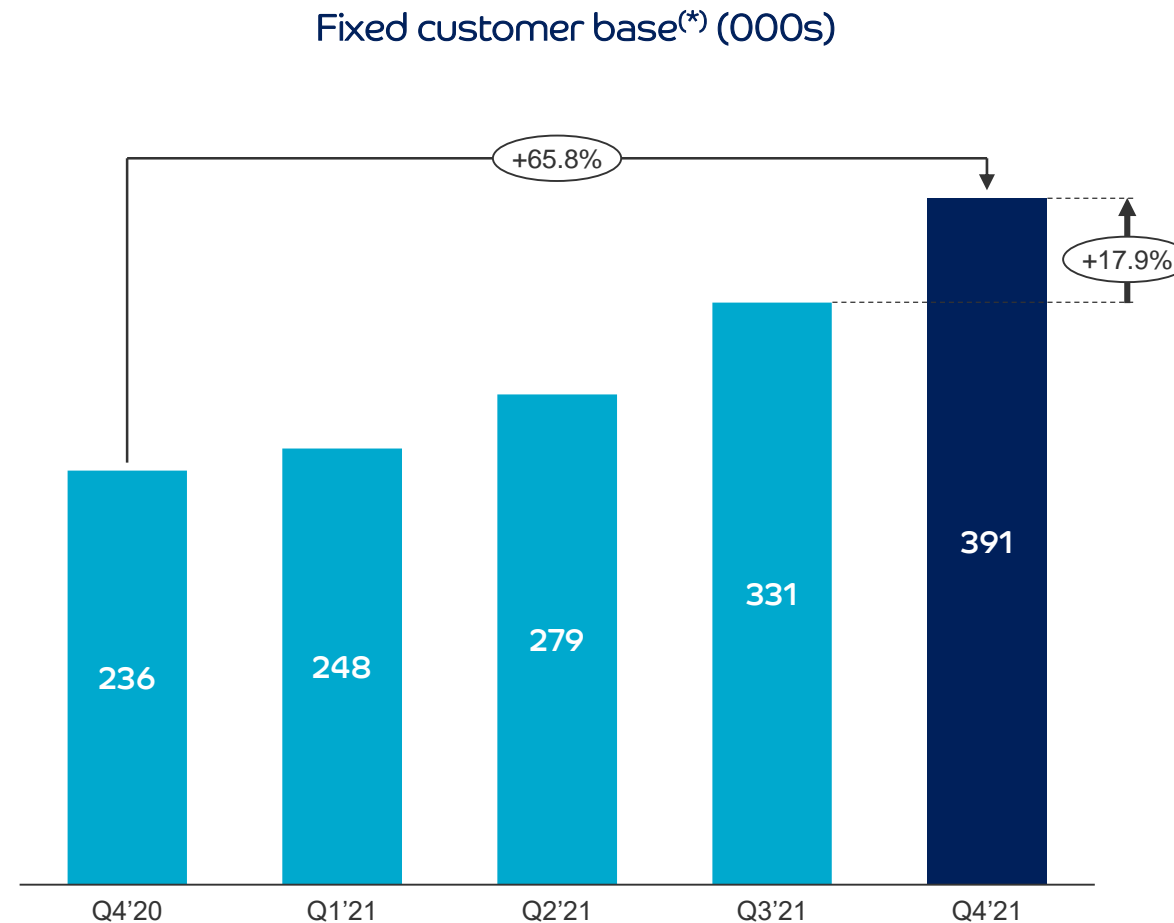


(*) Mobile customer base as per TRA definition: A customer is accounted in the base if the customer has made, in the last 90 days, a traffic activity

Operating review

Fixed services: customer base +65.8%

- Consistent subscriber base growth throughout the year
 - We have improved product and services for consumer and enterprise segments
 - We have gained market share across all service categories
 - We expanded our fibre network footprint



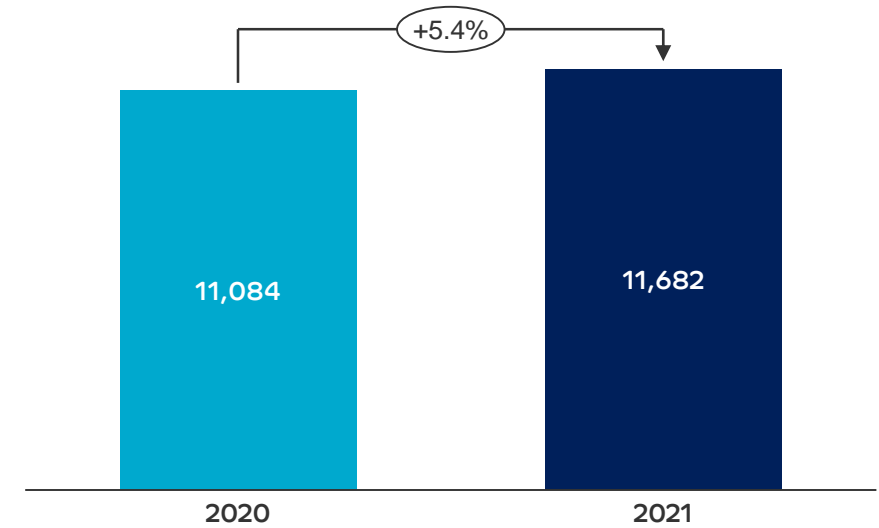
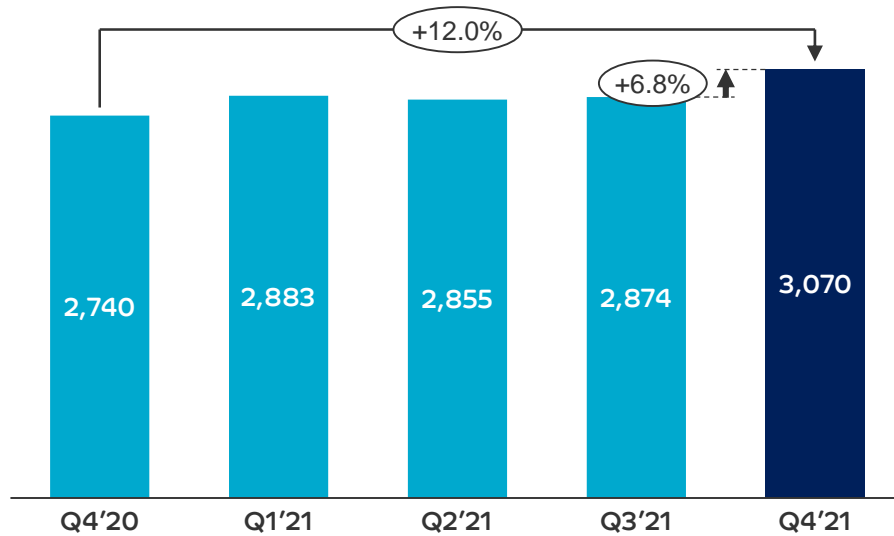
(*) Fixed customer base are unique consumer subscribers having active subscription plan (having access to service)

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Financial review

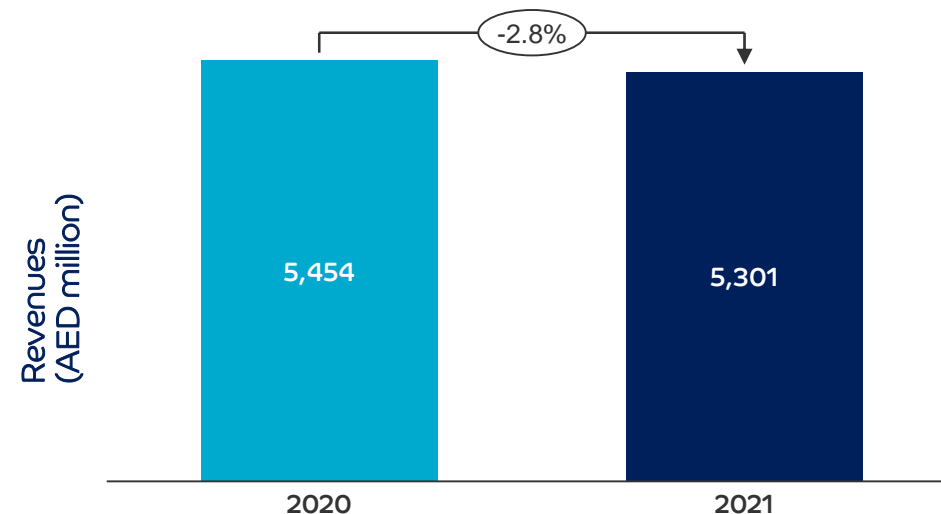
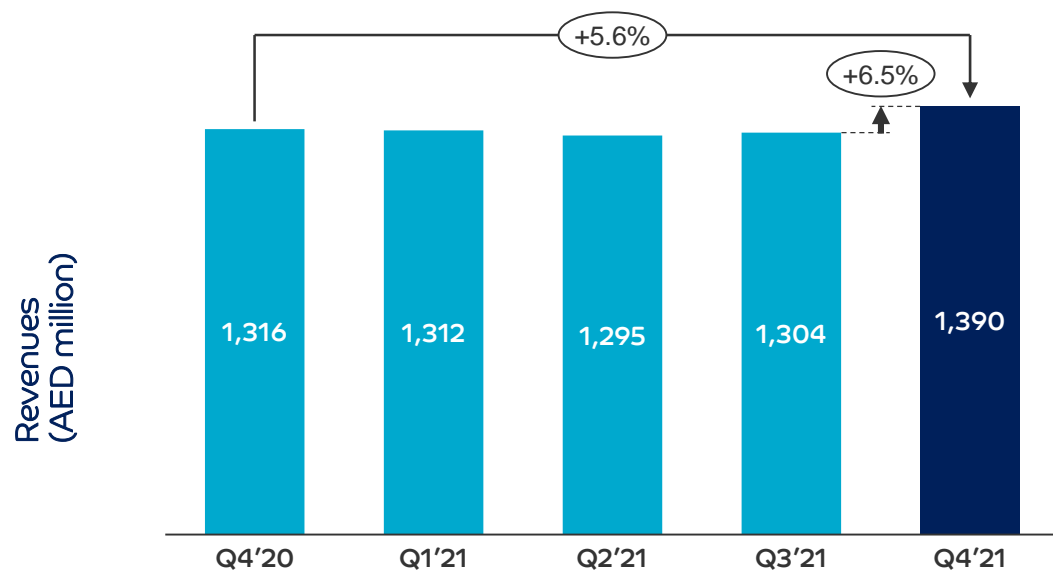
Revenues



- Mobile services
 - Postpaid and Prepaid revenues are recovering with an acceleration during Q4
- Fixed services
 - Strong commercial performance
- Other revenues
 - Wholesale revenues are recovering
 - Sustained demand for 5G handsets particularly via financing bundle

Financial review

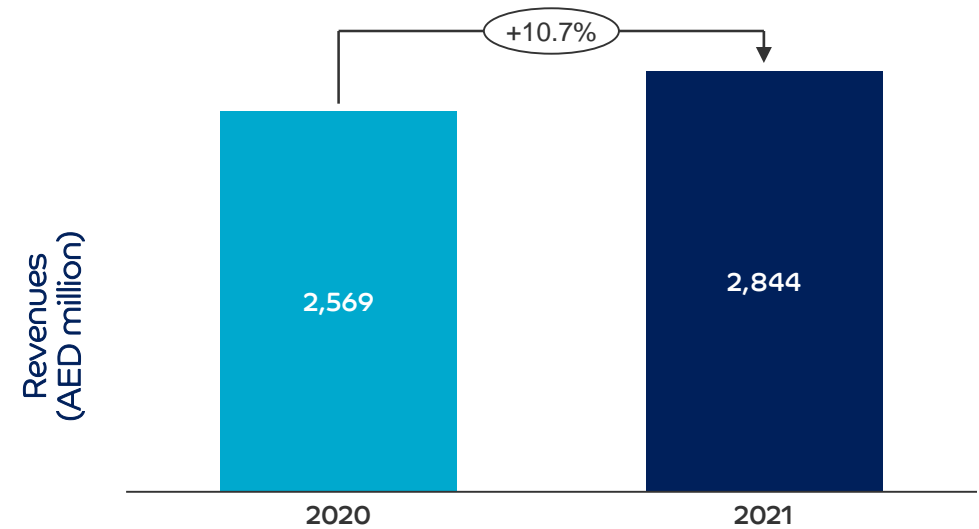
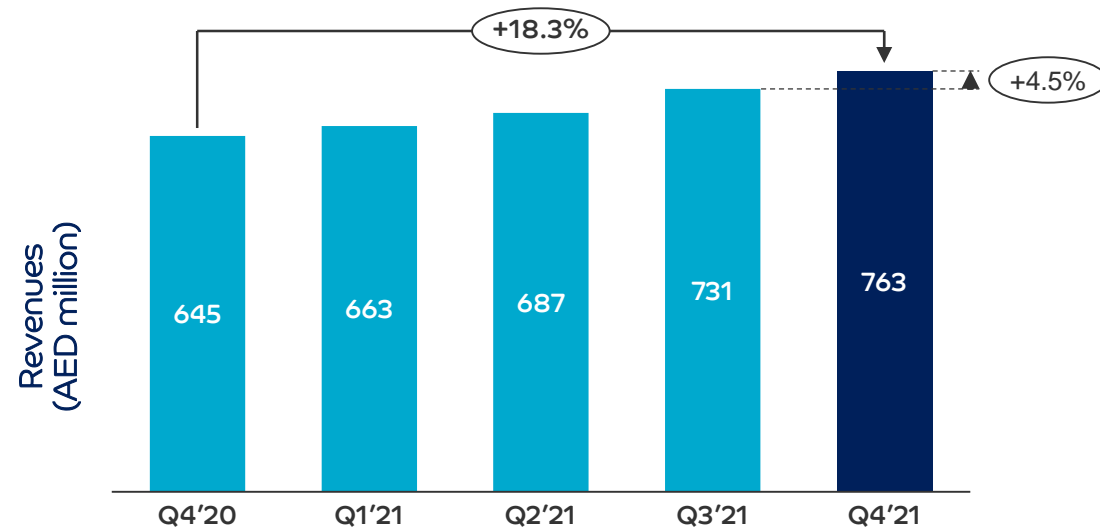
Mobile revenues are recovering and returning to growth



- Q3'21 was an inflection point
 - QoQ growth provides strong signs of recovery
- Launch of several commercial initiatives
- ARPU improvement
 - Postpaid: increasing proportion of customers on unlimited plan
 - Prepaid: Expats stranded in the Asian subcontinent starting returning to the UAE from Q3. This stimulated data and voice usage

Financial review

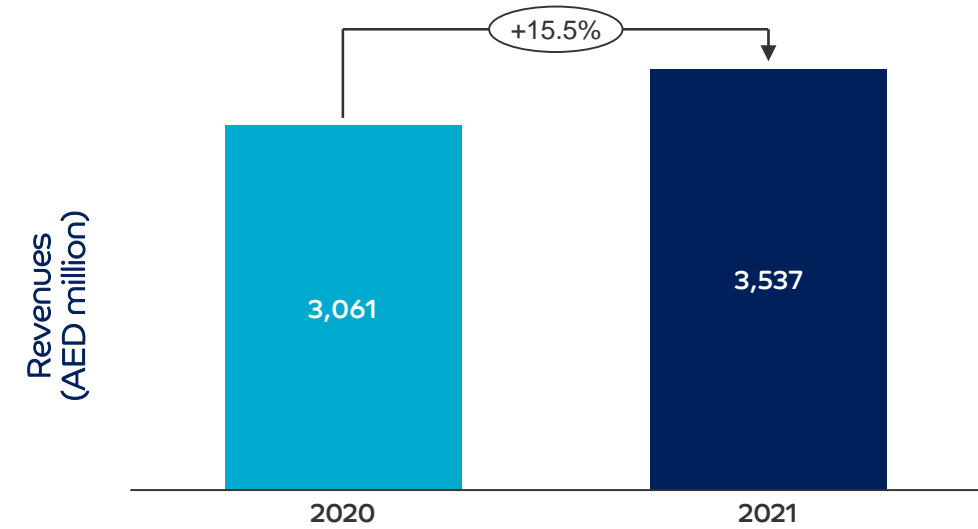
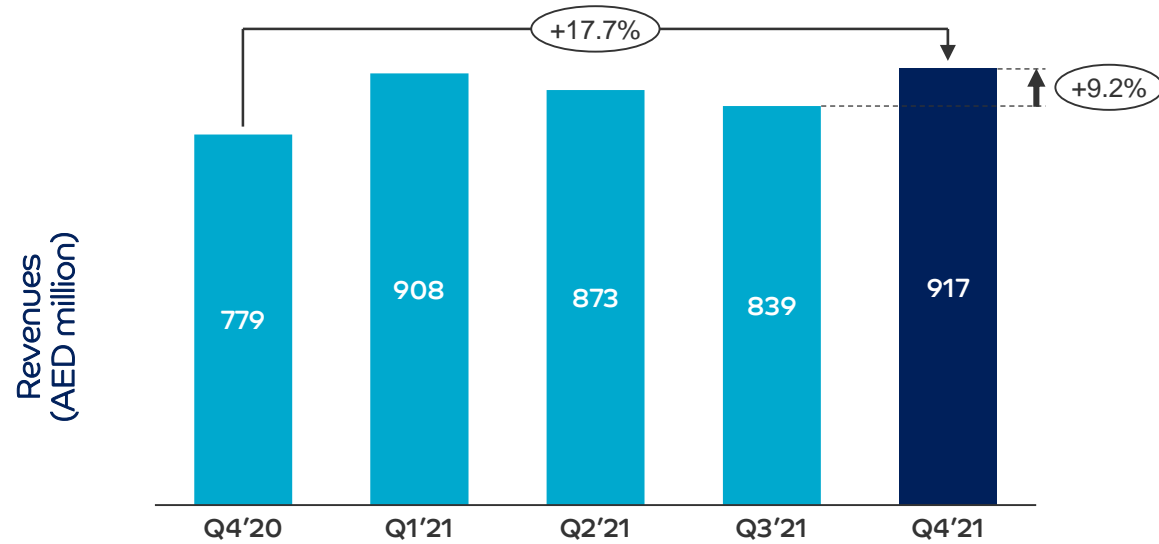
Sustained growth in fixed revenues



- Disciplined execution of our broadband strategy
- Solid contribution from Consumer segment
 - Net-adds accelerated throughout the year
- Enterprise segment growing
 - As demand for Cloud-base services expands, there is sustained demand for connectivity services
 - Voice revenues are recovering

Financial review

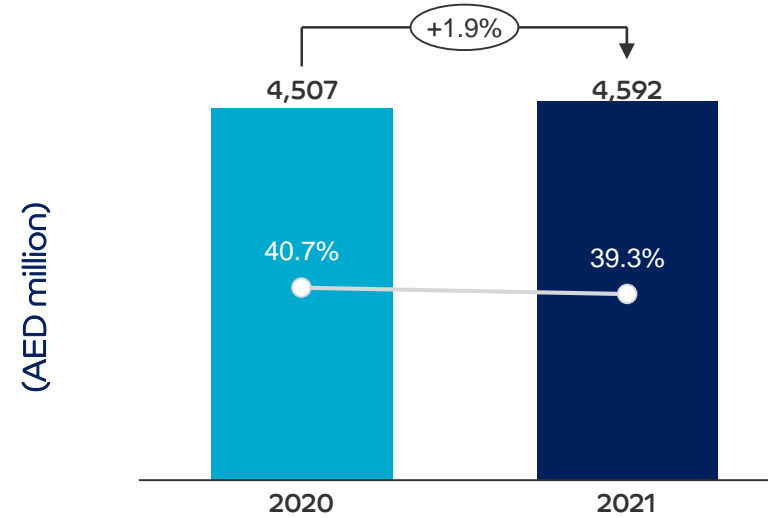
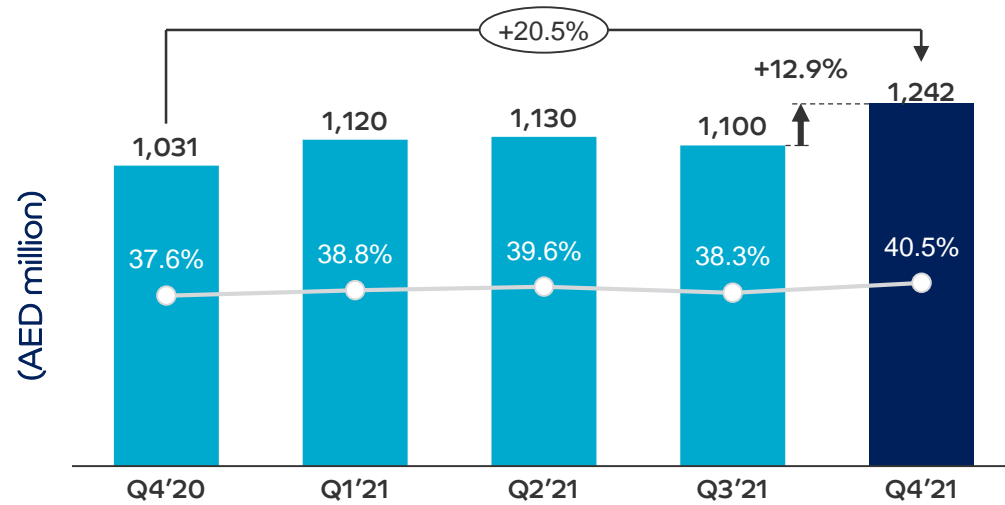
Other revenues



- Equipment revenues continued its growth path
 - Unabated demand for 5G handsets
- Wholesale revenues
 - Traffic continues its recovery
 - Roaming activity is increasing
 - Continued demand for ICT services

Financial review

EBITDA

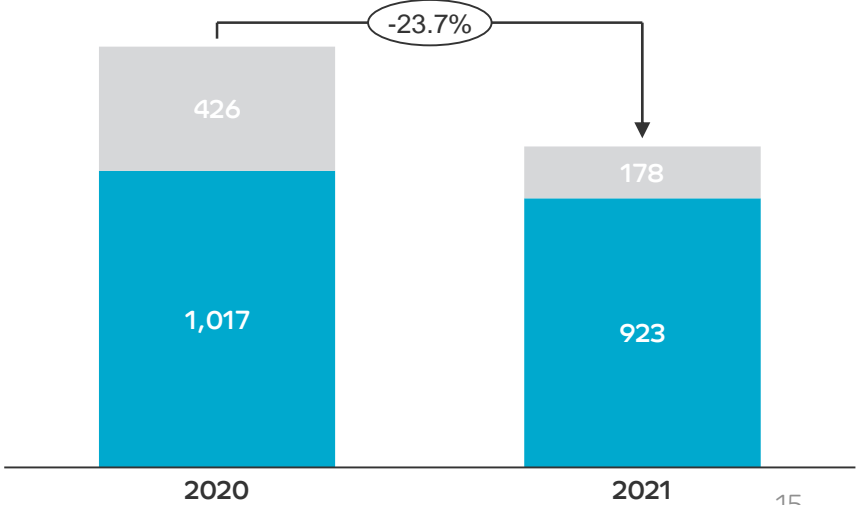
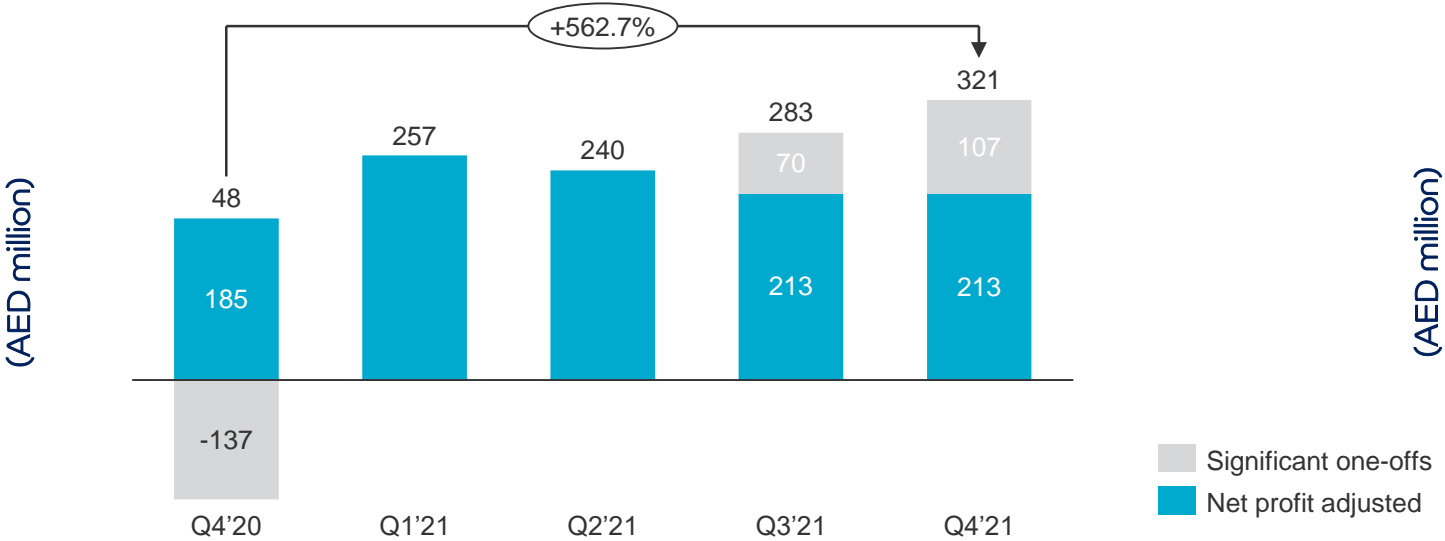


- Growth in service revenues contributed to increase in gross profit
- Cost savings initiatives to mitigate increase in Indirect costs
 - Improved collection, procurement savings
- Significant one-offs
 - Legal settlement: AED 130 million recognized as "Other income"
 - Additional provisions: AED 34 million recognized in "Other expenses" to cover various risks

Financial review

Net profit (adjusted)

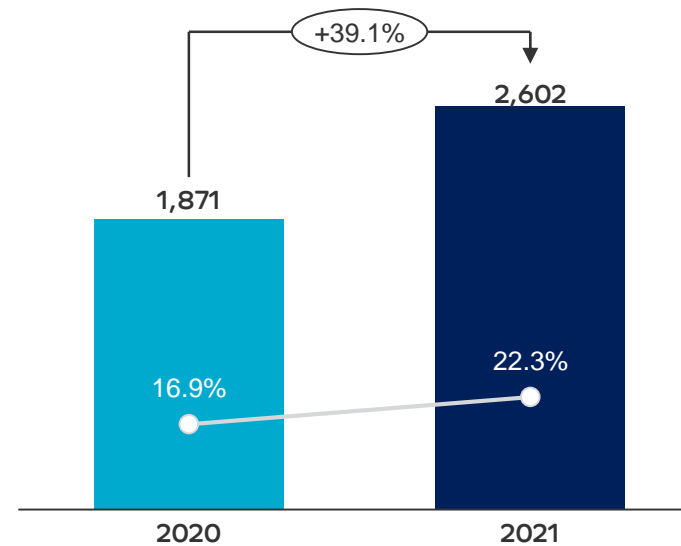
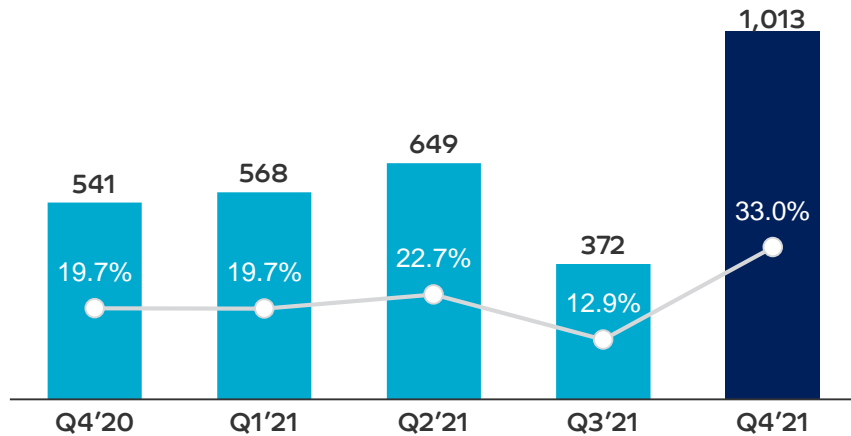
- Underlying net profit is stable despite
 - Higher depreciation and amortisation charges



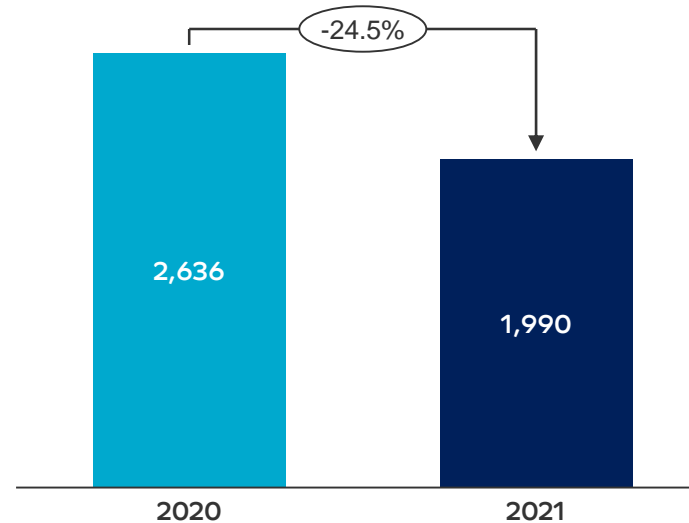
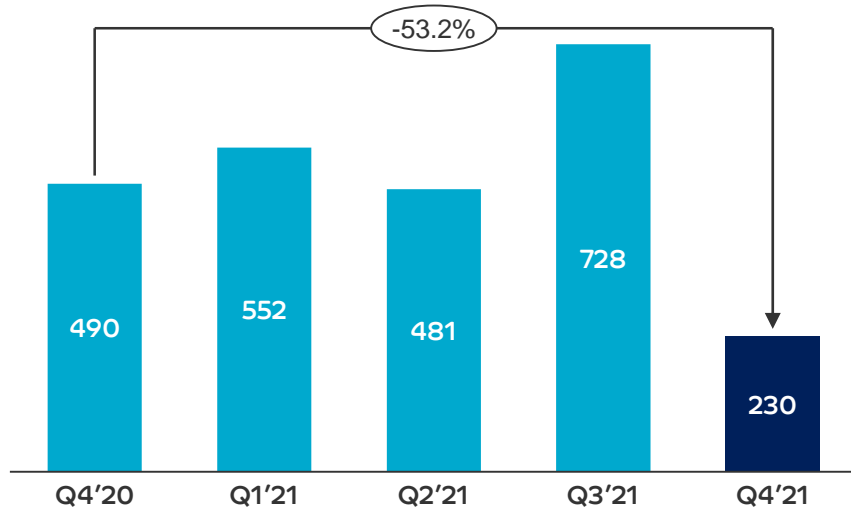
Financial review

Capex and operating free cash flow

Capex (AED million)



Operating free cash flow (AED million)

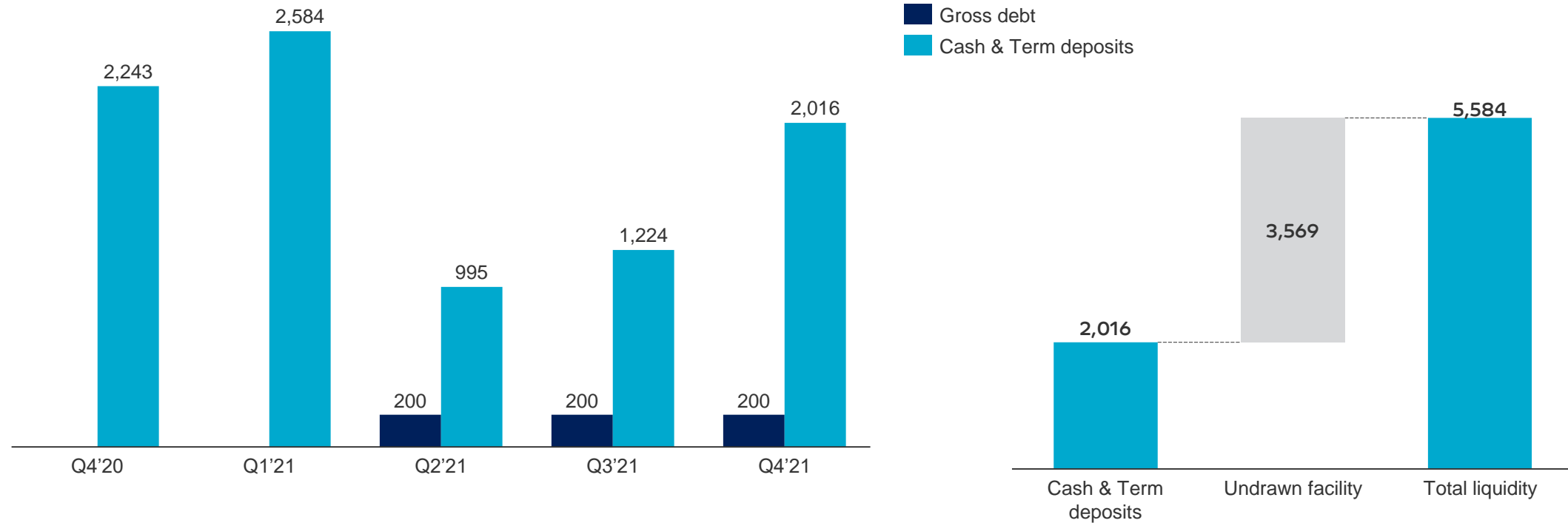


- Capex at highest level. Strong deployment in 2021:
 - 5G covers 91% of population
 - Continued transformation of IT and network infrastructure
 - Continuous fibre deployment
- Operating free cash flow remains significant
 - Decrease entirely due to capital intensity

Financial review

Unleveraged balance sheet and strong liquidity position

(AED million)



Outlook

2022

- Return to normality
 - Gradual release of social distancing measures encourages return to office and in-school learning
- Macro
 - Oil price forecasts remain supportive for fiscal expansion
 - Social and economic reforms will cement the UAE's position as a global hub
 - Macro data points to acceleration of recovery
- Our ambition investment programme continues
 - Mobile: we will continue 5G rollout and network densification
 - Fixed: we are expanding fibre footprint
 - IT: modernisation and transformation will continue

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Appendix

Operating KPI

	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4
Mobile customers ('000s), of which	7,440	6,418	6,594	6,658	6,784	6,565	6,451	7,253
Postpaid	1,363	1,262	1,265	1,271	1,313	1,285	1,298	1,337
Prepaid	6,077	5,156	5,330	5,386	5,471	5,280	5,153	5,916
Net-adds ('000s), of which	-194	-1,022	177	63	126	-219	-114	802
Postpaid	9	-101	3	6	41	-27	13	39
Prepaid	-204	-921	174	57	85	-191	-127	763
Mobile ARPU (AED)	84	82	89	88	87	88	90	91
Broadband customers ('000s)	224	226	228	236	248	279	331	391
<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>	<i>59</i>

Appendix

P&L

Summary P&L

	2020		2021		change		2020		2021		change	
AEDm	Q4		Q4				Full-year		Full-year			
Revenues	2,740		3,070		12.0%		11,084		11,682		5.4%	
Direct costs	-991		-1,186		19.7%		-3,753		-4,408		17.5%	
Indirect costs	-724		-772		6.5%		-2,838		-2,812		-0.9%	
Other income	6		130		2024.6%		14		131		839.1%	
EBITDA	1,031		1,242		20.5%		4,507		4,592		1.9%	
<i>margin</i>	<i>37.6%</i>		<i>40.5%</i>		<i>2.8%</i>		<i>40.7%</i>		<i>39.3%</i>		<i>-1.4%</i>	
Depreciation, amortization	-394		-447		13.5%		-1,528		-1,658		8.5%	
Goodwill impairment	-136		0		-100.0%		-136		0		-100.0%	
Depreciation of right-of-use assets	-94		-93		-1.3%		-362		-368		1.4%	
Interest expense on lease liabilities	-23		-20		-14.8%		-86		-83		-4.3%	
EBIT	384		683		77.7%		2,394		2,484		3.8%	
Net finance costs	8		-3		-134.6%		31		4		-87.2%	
Income from associates	-3		-1		-47.1%		10		-6		-155.1%	
Gain/loss on disposal of associates	0		0		N/M		519		0		-100.0%	
Profit before federal royalty	389		679		74.4%		2,955		2,483		-16.0%	
Federal royalty	-341		-359		5.1%		-1,512		-1,382		-8.6%	
Net profit	48		321		562.7%		1,443		1,101		-23.7%	
EPS	AED	0.01	AED	0.07	562.7%		AED	0.32	AED	0.24	-23.7%	
DPS	AED	0.15	AED	0.11	-26.7%		AED	0.28	AED	0.21	-25.0%	

Appendix

Cash flow statement

Cash flow statement

AED million	2020 Full-year	2021 Full-year
Net profit	1,443	1,101
Adjustments for non cash items		
Finance costs	19	24
Finance income	-51	-28
(Gain) loss on disposal of associates	-519	0
Income from associates	-10	6
Goodwill impairment	136	0
Depreciation of property, plant and equipment	1,336	1,420
Impairment of property, plant & equipment, intangible assets	11	60
(Gain) loss on disposal of property, plant and equipment	1	0
Amortization of intangible assets	181	178
Depreciation of right-of-use assets	362	368
Interest expense on lease liabilities	86	83
Provision for EOSB	33	24
Release for EOSB	0	-28
Provision for impairment of trade receivable	220	153
Provision for impairment of contract assets	9	25
Provision for inventory obsolescence	5	-9
Provision for impairment on term deposits	0	0
Provision for impairment on dues from related parties	25	0
Adjustment for change in discount rate	0	0
Unwinding of discount on asset retirement obligation	0	0
	1,845	2,275
Change in working capital		
(Increase)/Decrease in Inventories	45	12
(Increase)/Decrease in Trade & other receivables	-142	-458
Increase/(Decrease) in Trade & other payables	1,531	1,502
(Increase)/Decrease in Contract assets	8	-95
Increase/(Decrease) in Contract liabilities	-16	132
(Increase)/Decrease in Due from related parties	0	91
Increase/(Decrease) in Due to related parties	-1	2
	1,425	1,185
Cash generated from operations	4,713	4,561
Royalty paid (net)	-1,950	-1,507
Payment of employees' end of service benefits	-26	-22
Net cash generated from operating activities	2,737	3,031

	2020 Full-year	2021 Full-year
Purchase of property, plant and equipment	-1,835	-1,869
Purchase of intangible assets	-174	-129
Proceeds from disposals of property, plant and equipment	0	1
Proceeds from disposals of intangible assets	0	0
Payment of license	0	0
Payment for additional investments accounted for using equity method	-31	0
Proceeds from disposal of investments accounted for using equity method	800	0
Interest received	117	32
Margin on guarantee released	2	0
Term deposit released (placed)	919	655
Net cash used in investing activities	-202	-1,310
Equity issuance	0	0
Borrowings drawdown	0	200
Borrowings repayment	-716	0
Payment of borrowing fees	0	-18
Vendor financing drawdown	0	0
Vendor financing repayment	0	0
Notes payable issuance	0	0
Notes payable repayment	0	0
Repayment of lease liabilities	-241	-252
Dividends paid	-1,541	-1,133
Interest paid	-3	-7
Interest paid on lease liabilities	-86	-83
Due from related parties	0	0
Net cash used in financing activities	-2,588	-1,293
Net change in cash and cash equivalents	-54	428

Appendix

Balance sheet

AED million	As at 31-Dec-20	As at 31-Dec-21
Property, plant and equipment	8,063	9,068
Right-of-use assets	1,851	1,650
Intangible assets	487	446
Goodwill	413	413
Lease receivable	150	139
Associates	30	24
Financial assets	18	18
Derivatives financial instruments	0	0
Trade receivables	0	83
Contract assets	211	273
	11,224	12,116
Inventories	62	58
Trade receivables	1,185	1,325
Other receivables	383	503
Deferred fees	1	0
Other assets	0	0
Prepaid expenses	123	133
Lease receivable	18	16
Derivatives financial instruments	0	0
Contract assets	454	463
Due from related parties	174	49
	2,400	2,548
Term deposits	2,029	1,374
Cash and cash equivalent	213	641
	2,243	2,016
	15,867	16,679

AED million	As at 31-Dec-20	As at 31-Dec-21
Share capital	4,533	4,533
Share premium	232	232
Retained earnings	1,896	1,748
Statutory reserves	1,908	2,018
	8,569	8,532
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	1,553
Lease liabilities - current	617	672
Contract liabilities - non-current	195	247
Contract liabilities - current	359	439
Provisions for decommissioning	185	199
Due to related parties	5	7
	3,052	3,116
Trade payables	1,131	1,376
Other payables	1,236	1,717
Provision for employees' end of service benefits	254	238
Accrued federal royalty	1,625	1,500
	4,246	4,831
	15,867	16,679

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