

Full-year and Q4 2022 results

Emirates Integrated Telecommunications Company PJSC

14 February 2022



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Agenda

- **Highlights**
- **Operating review**
- **Financial review**
- **Appendix**

2022 highlights

Sustainable and profitable growth

Macro update

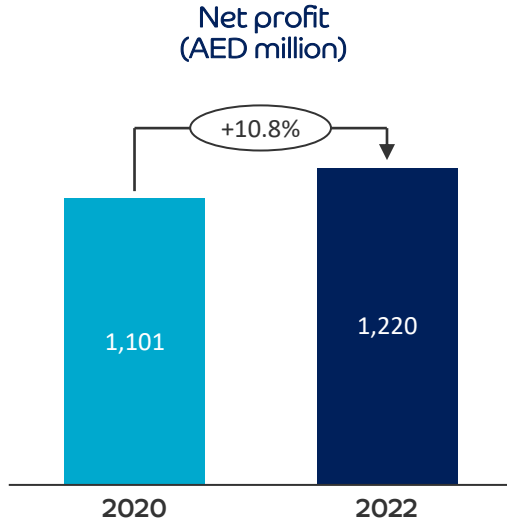
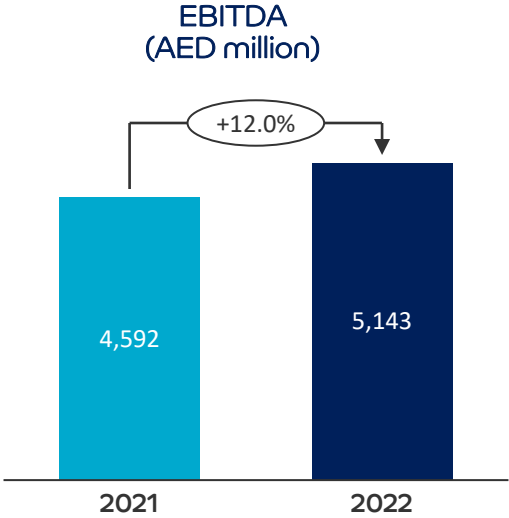
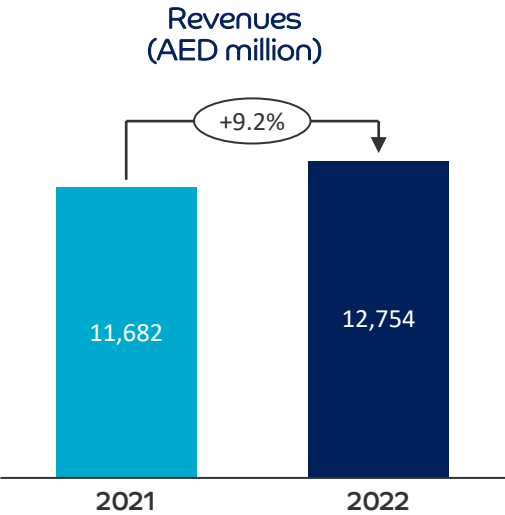
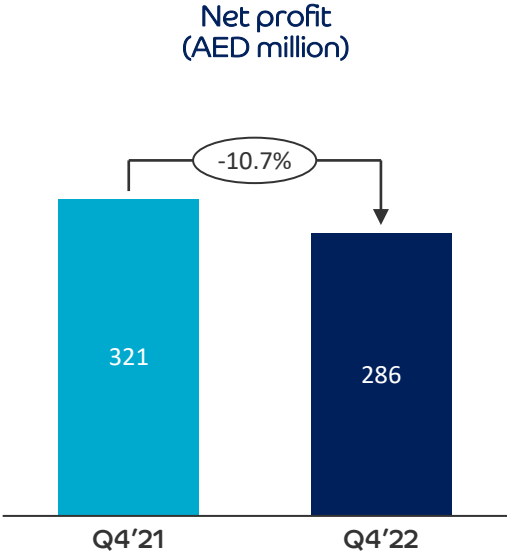
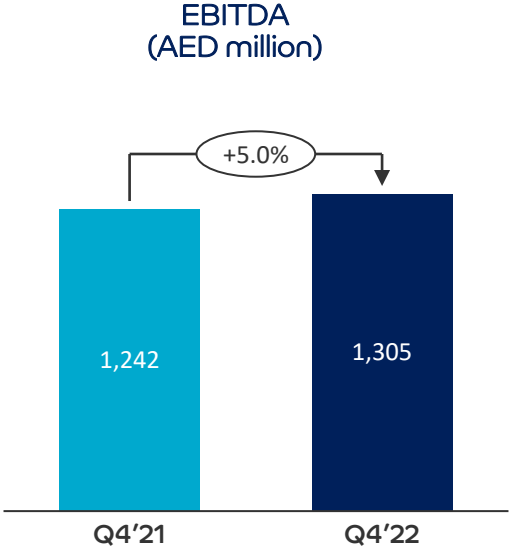
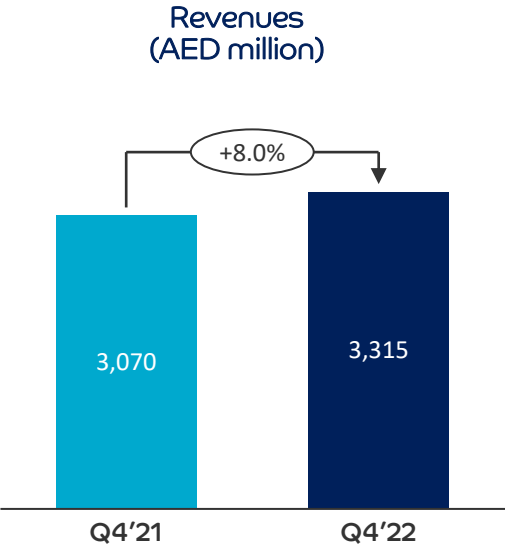
- Comforting macro data puts the UAE in a privileged position
 - Population growth
 - High tourism activity
 - Contained inflation
 - PMI ahead of pre-pandemic levels
 - GDP growth expected to be above 7%
- Oil prices remain supportive of the UAE's fiscal position
 - Brent crude prices trading comfortably ahead of the UAE's fiscal breakeven oil price

Company update

- Product launch
 - PowerPlan: Unlimited and Non-stop data
 - 5G Home Wireless (du, Virgin Mobile)
- Customer experience
 - Digital-first approach
 - Retail transformation
- Network
 - Mobile: improvement in Outdoor / Indoor coverage
 - Fixed: continued roll-out of fiber throughout the country

Financial review

Highlights



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

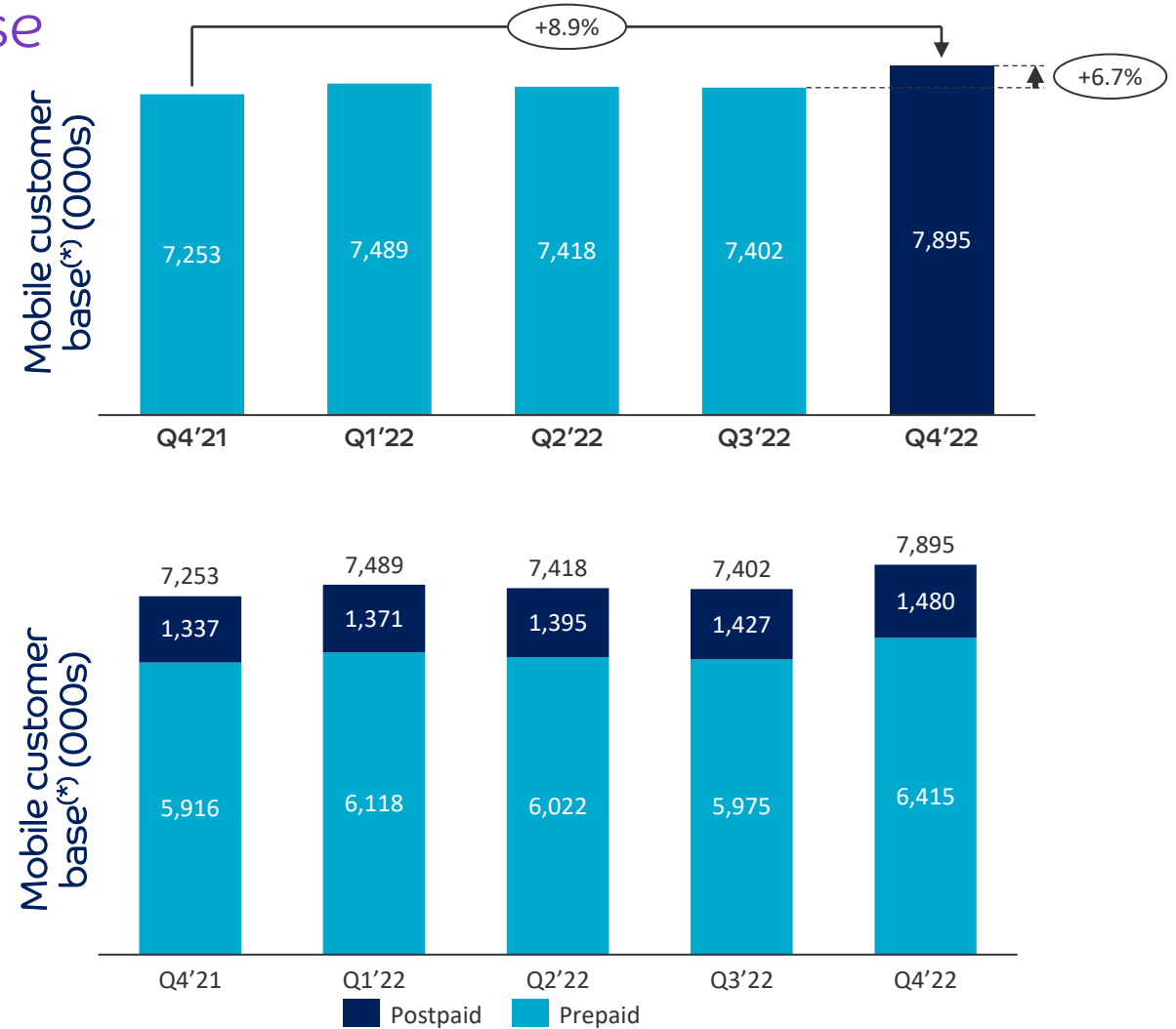
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Operating review

+8.9% growth of mobile customer base

- Significant growth of the mobile subscriber base year-over-year (8.9%) and quarter-over-quarter (6.7%) reflecting the growth of the population and the high tourism activity
- **Postpaid** customer base growth (10.7% yoy and 3.7% qoq) driven in equal measure by:
 - Consumer segment: launch of Unlimited and non-stop data plans, handset financing
 - Enterprise segment: satisfying growth in corporate and public sector customers
- Increase in **Prepaid** customer base (8.4% yoy and 7.3% qoq) driven in equal measure by population growth and tourism activity

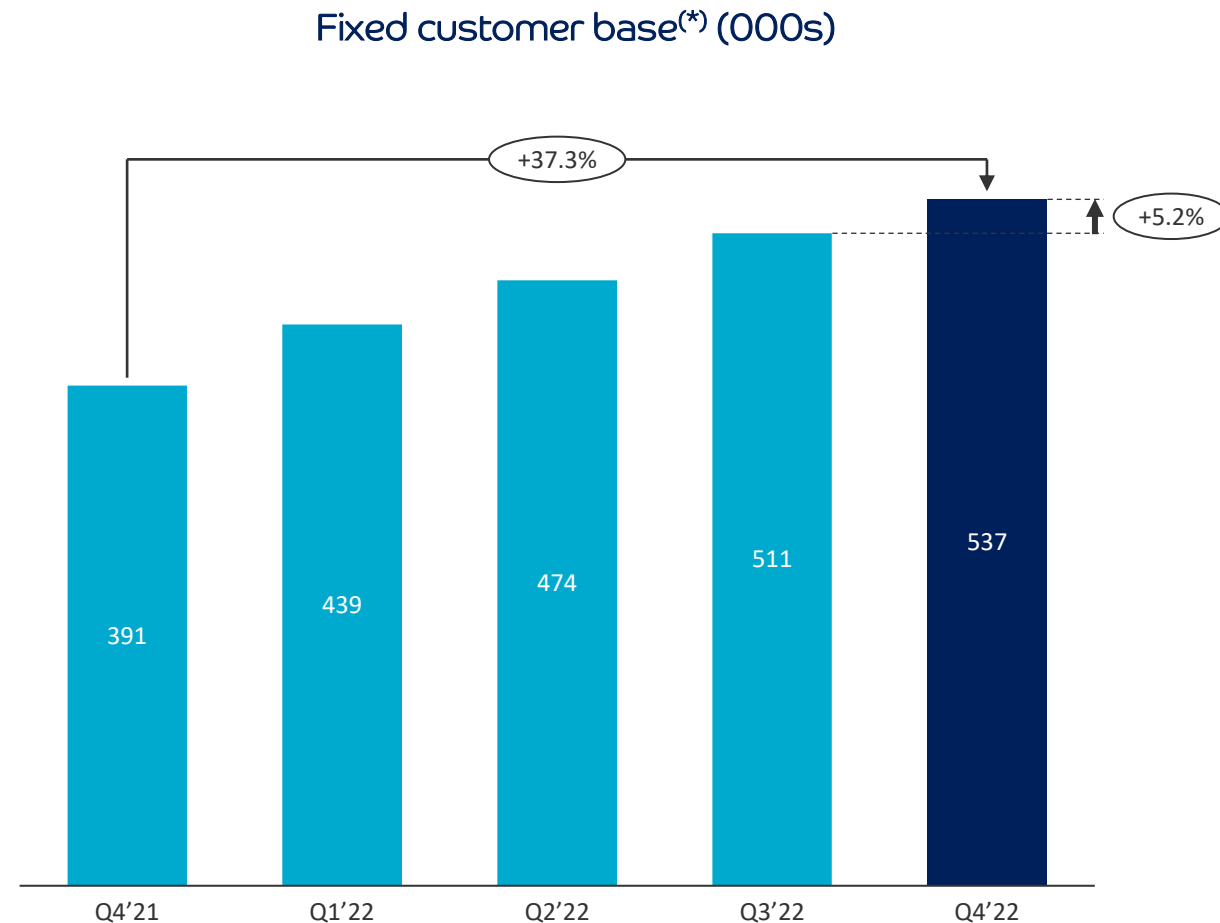


(*) Mobile customer base as per TRA definition: A customer is accounted in the base if the customer has made, in the last 90 days, a traffic activity

Operating review

+37.3% growth in fixed customer base

- 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



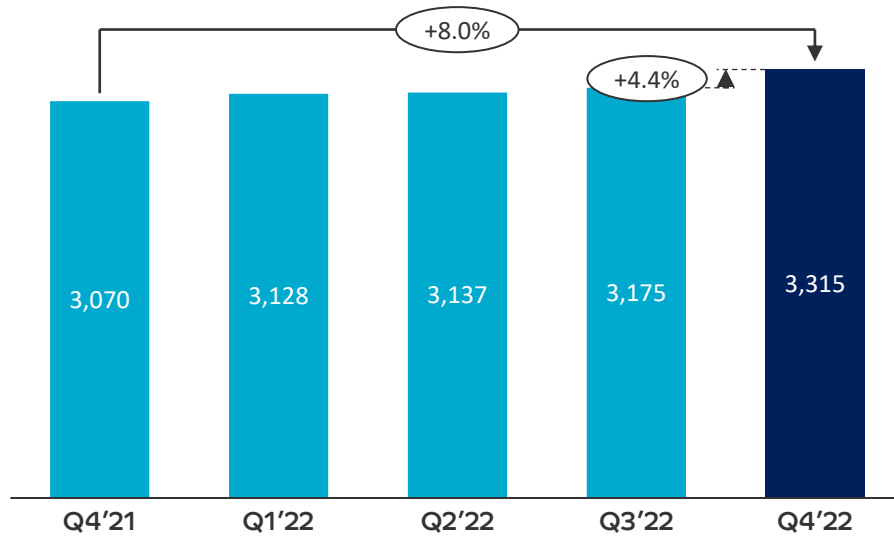
(*) Fixed customer base are unique consumer subscribers having active subscription plan (having access to service)

Agenda

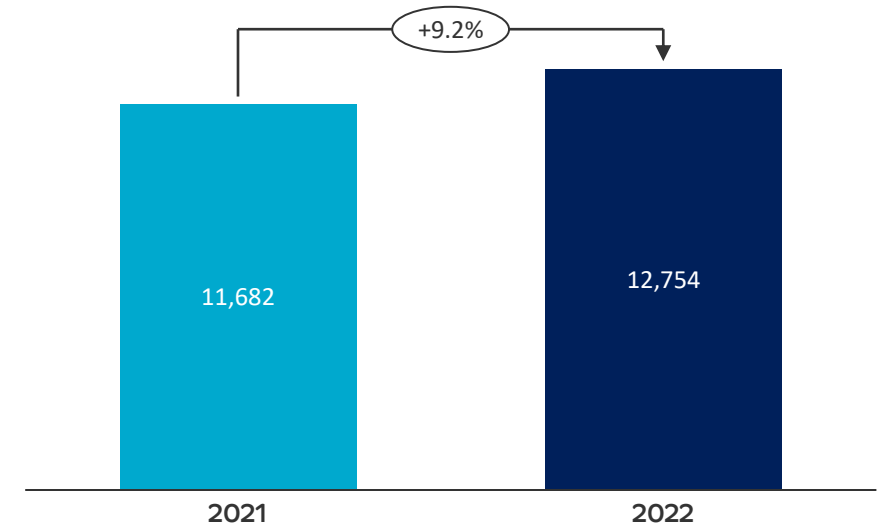
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Financial review

Satisfying revenue growth in Q4 and full-year



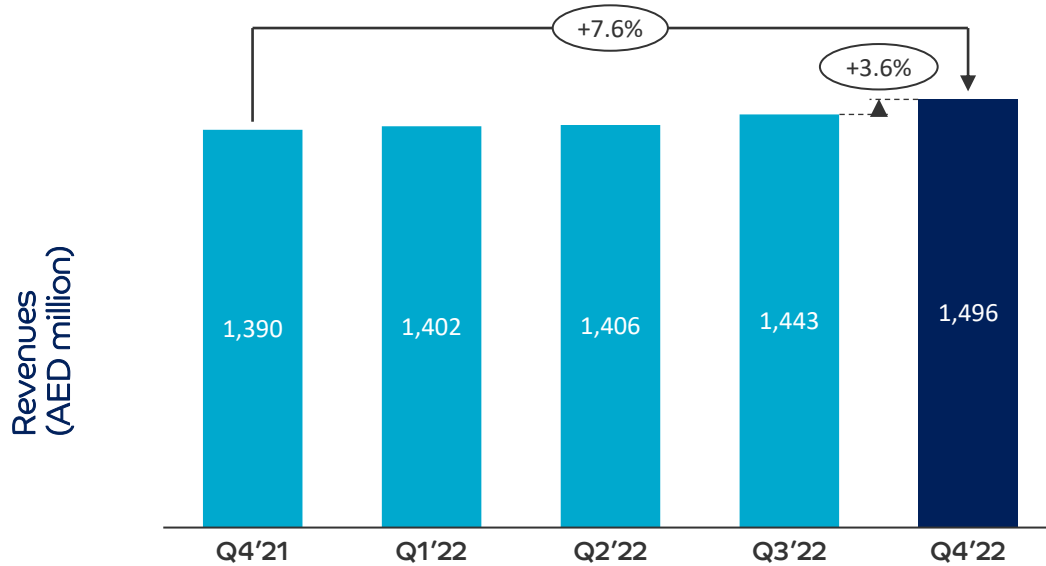
- Quarterly revenues have grown by 8% yoy and 4.4% qoq as a result of double digit growth in quarterly services revenues reflecting growth in both segments fixed and mobile



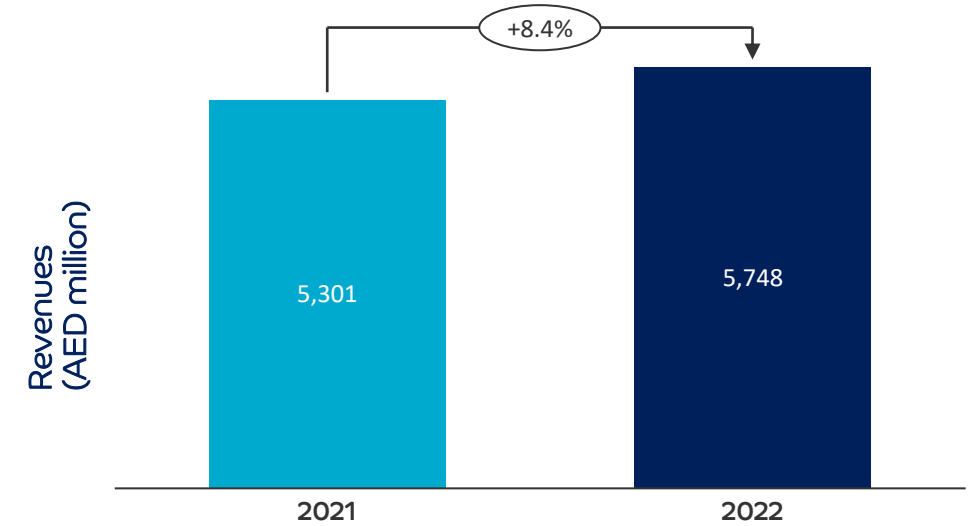
- Full-year revenues have grown by 9.2% driven by general positive macro environment and positive commercial momentum characterized by launch of several innovative products and services

Financial review

Mobile revenues are growing and approaching pre-pandemic levels



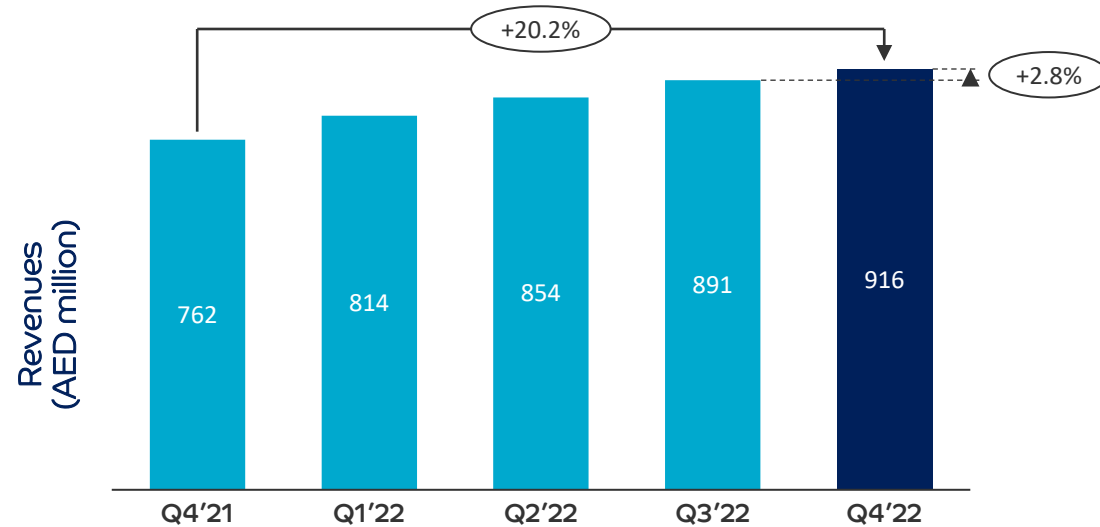
- **Growth** driven by **postpaid revenues** which have surged past pre-pandemic levels
 - Population growth
 - Successful launch of Unlimited and non-stop data PowerPlans
- Prepaid revenues were flat on softer voice traffic



- Postpaid revenue was main growth driver
 - Population growth
 - Successful launch of Unlimited and non-stop data PowerPlans
- Prepaid revenues grew at healthy mid single-digit rate

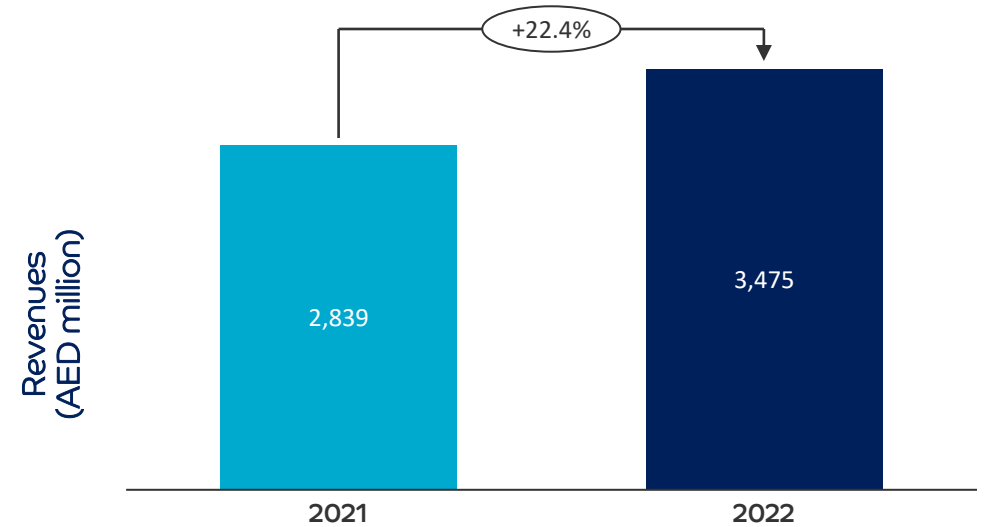
Financial review

Sustained growth in fixed revenues



Quarterly Fixed services revenues grew 20% yoy

- Stellar performance of the Consumer segment
 - Disciplined execution of our broadband strategy
- Sustained growth in the Enterprise segment
 - Continued demand for voice and connectivity services

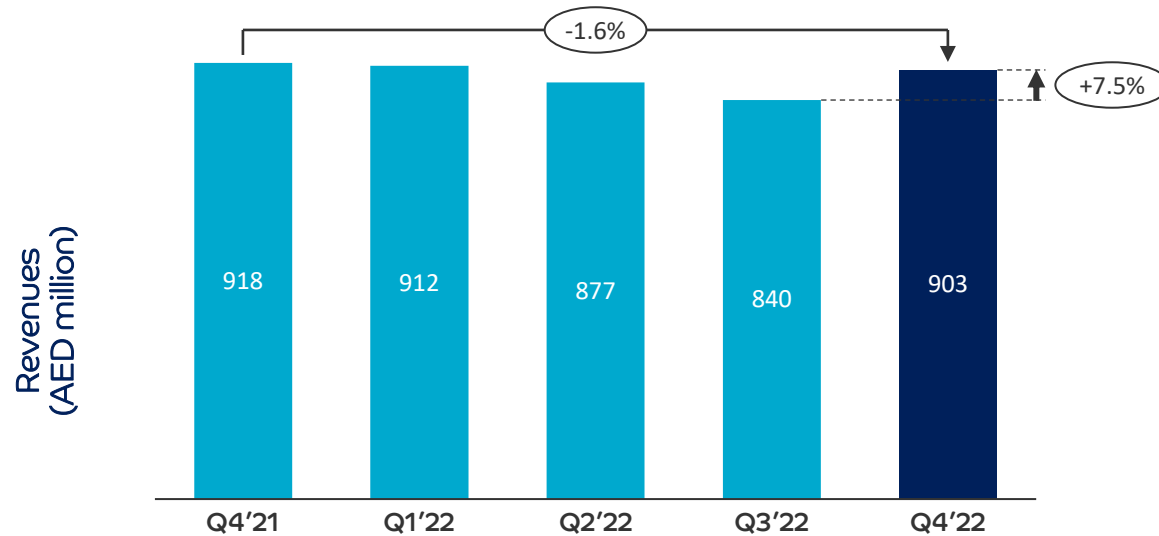


Fixed service revenues grew 22% on a full-year basis

- Stellar performance of the Consumer segment
 - Disciplined execution of our broadband strategy
- Sustained growth in the Enterprise segment
 - Continued demand for voice and connectivity services

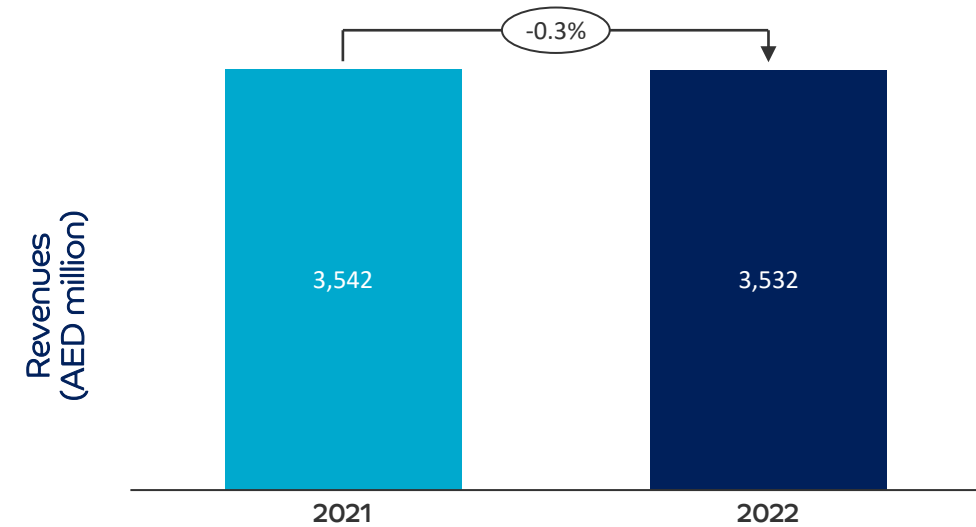
Financial review

Stable "Other revenues"



Other revenues softened by 2% in Q4'22

- Equipment revenues impacted by supply chain issues
 - Unabated demand for 5G handsets
- Hubbing revenues
 - Voluntary reduction
- Sustained growth in ICT services
 - Healthy demand for data centre and cloud services

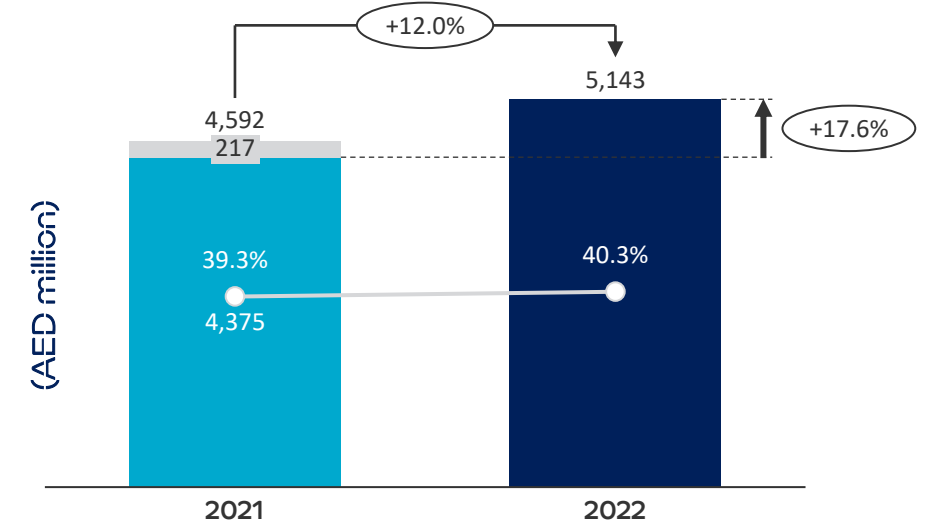
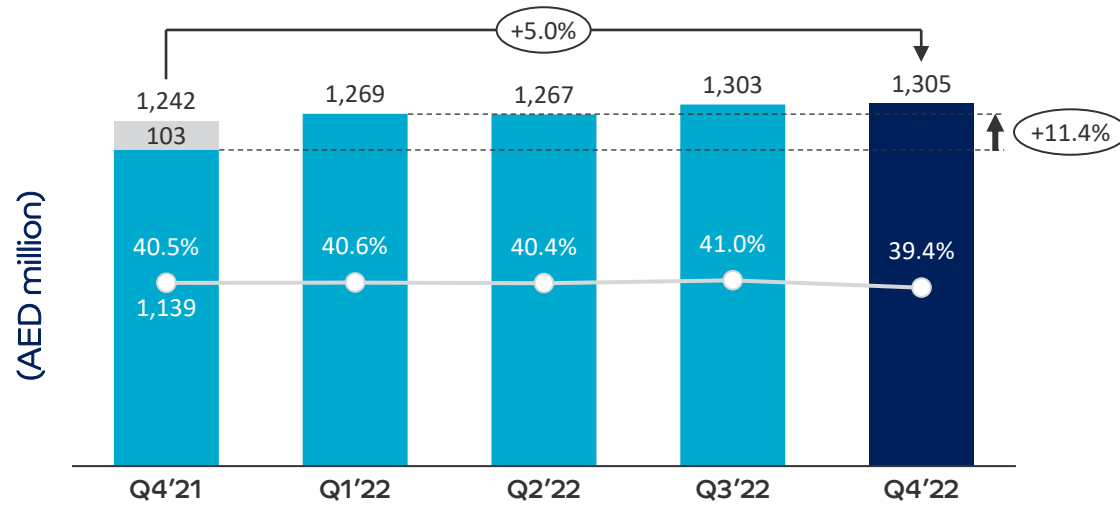


Other revenues flat on full-year basis

- Equipment revenues impacted by supply chain issues
 - Strong growth in first 9-months
- Hubbing revenues
 - Voluntary reduction
- Sustained growth in ICT services
 - Healthy demand for data centre and cloud services

Financial review

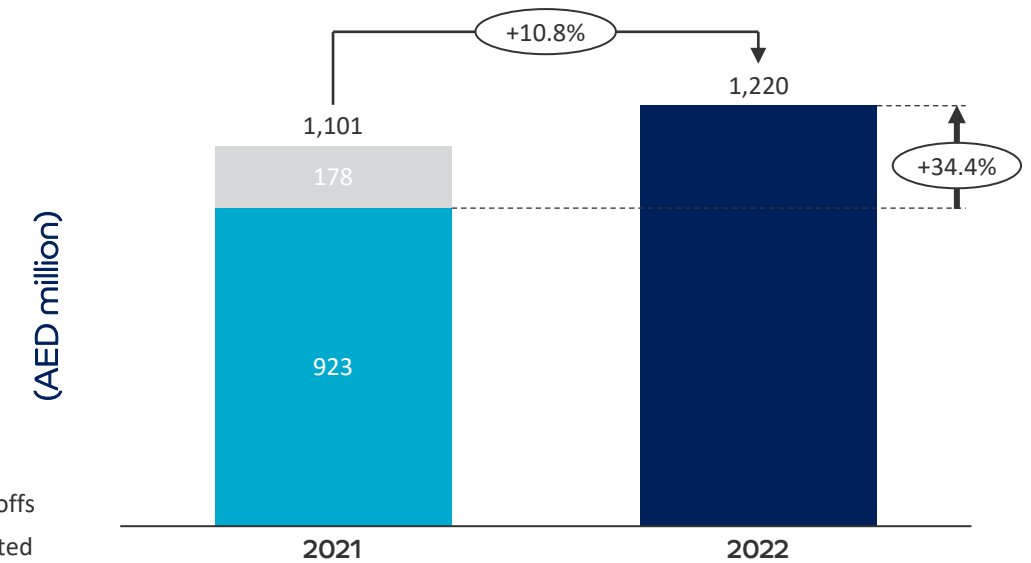
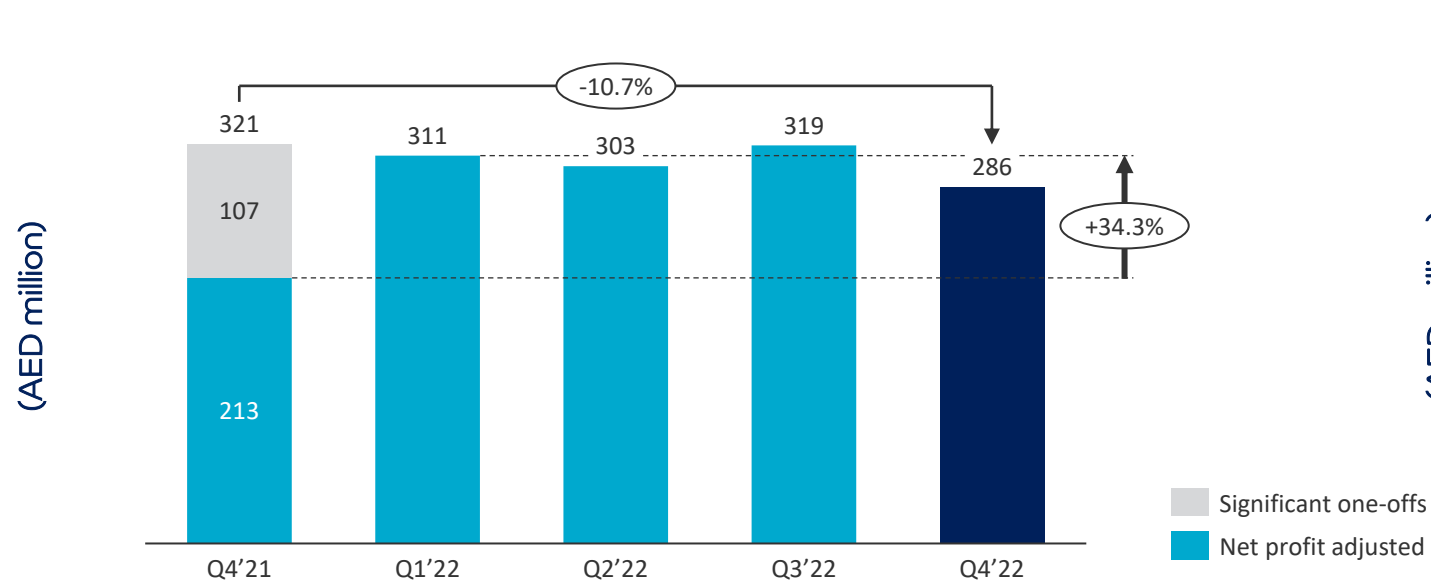
Double digit growth in EBITDA and margin improvement



- Growth in **service revenues** and improvement of the **revenue mix** contributed to increase gross profit through both the revenue growth and the expansion of margin supporting the EBITDA growth
- **Cost savings** initiatives **mitigate increase** in **Indirect costs** include: resources optimization, contract re-negotiation and automation
- Quarterly EBITDA continued its **sequential growth** quarter over quarter
- Quarterly EBITDA **grew 5%** on a **reported** basis and **11.4%** on a **comparable** basis
- Annual EBITDA grew by **12%** on a **reported** basis and **17.6%** on a **comparable** basis
- EBITDA margin increased by **1 point**

Financial review

Strong growth in net profit



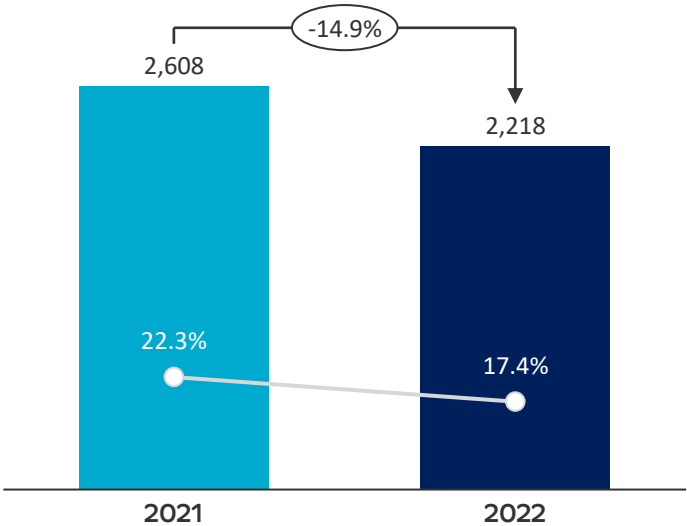
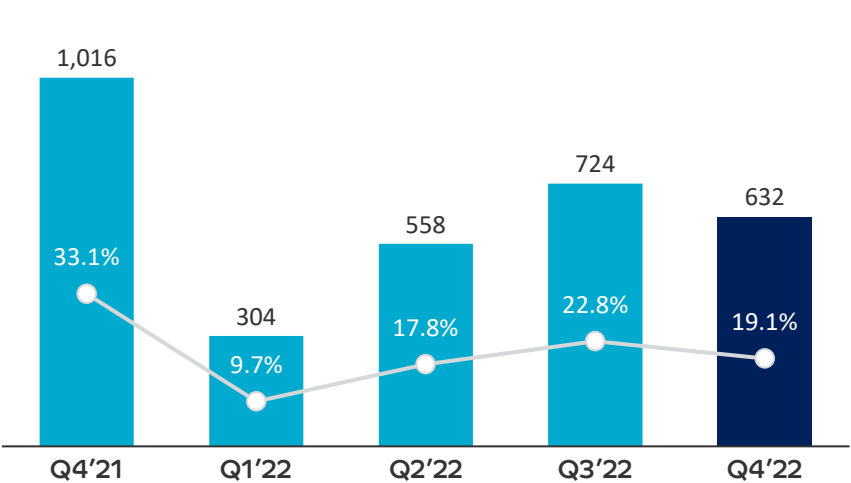
- Quarterly net profit grew at 34.3% on a comparable basis

- Full-year net profit increased by 10.8% on a reported basis and 32.1% on a comparable basis
 - Higher EBITDA, lower net finance costs, partially offset by...
 - ... higher depreciation and royalty charges

Financial review

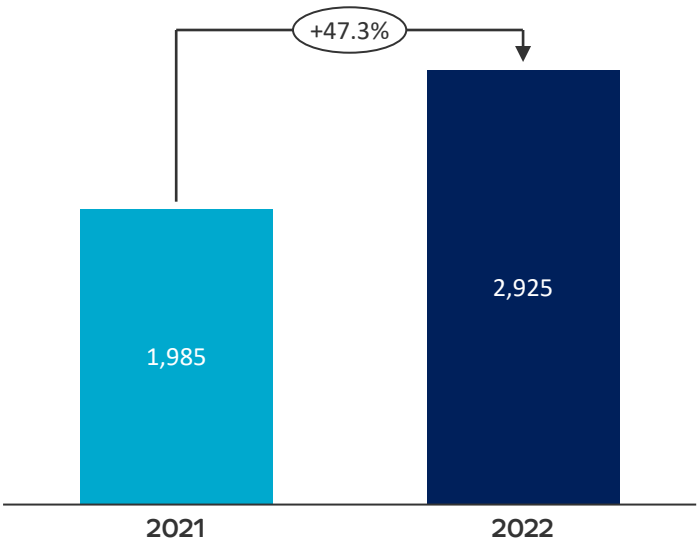
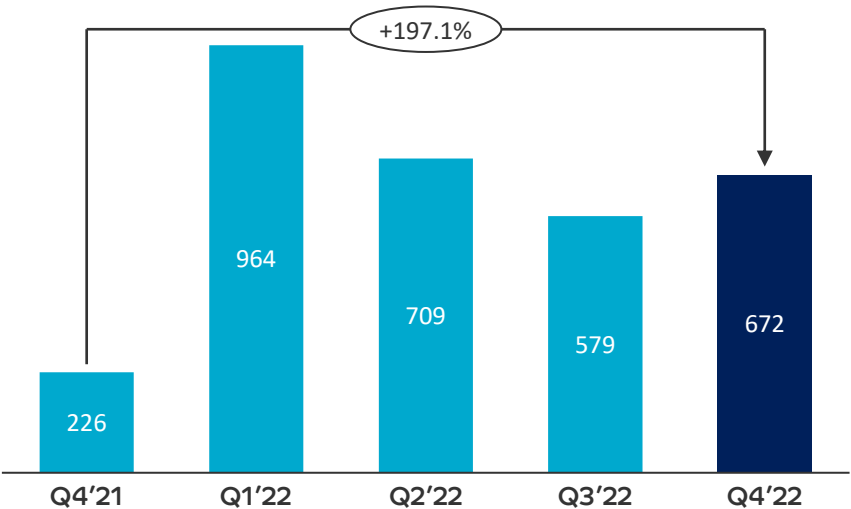
Start of Capex normalization and strong growth in operating free cash flow

Capex (AED million)



- Capex moderating:
 - 5G covers 94% of population
 - Continuous fibre deployment
 - Continued transformation of IT and network infrastructure

Operating free cash flow (AED million)

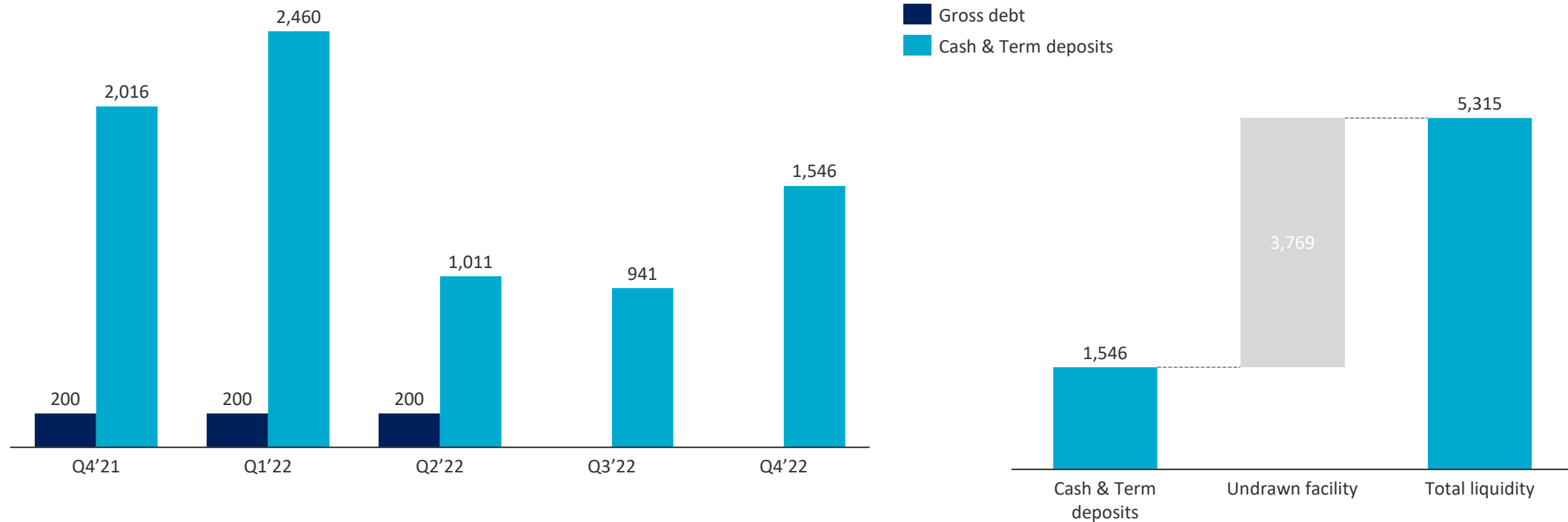


- Significant improvement in Operating free cash flow: 47% due to a combination of EBITDA improvement and Capex moderation

Financial review

Unleveraged balance sheet and strong liquidity position

(AED million)



- Strong balance sheet and healthy cash generated from our operations allow us to:
 - support the long-term needs of our business
 - maintain a regular and generous dividend distribution.
- Robust liquidity in excess of AED 5.3 billion

Outlook

2023

- We will continue to offer innovative products and develop new revenue streams
 - Differentiate through segmented and innovative offerings
 - Cater for the digital lifestyle needs of our customers
 - Enable advanced non-core solutions for our customers
- Move to digital-first and offer an outstanding customer experience
 - Adopt a digital-first approach in our products, services and channels
 - Radically simplify our product portfolio
 - Digitalise our customer journeys end-to-end across all touchpoints
- Deliver best-in-class digital IT and state-of-the-art technology
 - Deploy the best gigabit network for mobile and fixed services
 - Deploy an IT stack which is quick to change and easy to maintain
 - Unlock value from advanced analytics use cases

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Appendix

Operating KPI

	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2021 Full-year	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2022 Full-year
Mobile customers ('000s), of which	6,784	6,565	6,451	7,253	7,253	7,489	7,418	7,402	7,895	7,895
Postpaid	1,313	1,285	1,298	1,337	1,337	1,371	1,395	1,427	1,480	1,480
Prepaid	5,471	5,280	5,153	5,916	5,916	6,118	6,022	5,975	6,415	6,415
Net-adds ('000s), of which	126	-219	-114	802	595	237	-72	-16	494	643
Postpaid	41	-27	13	39	66	34	24	32	53	143
Prepaid	85	-191	-127	763	529	202	-96	-48	441	500
Mobile ARPU (AED)	87	88	90	91		88	87	88	90	
Broadband customers ('000s)	248	279	331	391	391	439	474	511	537	537
<i>Net-adds ('000s)</i>	<i>13</i>	<i>31</i>	<i>52</i>	<i>59</i>	<i>155</i>	<i>48</i>	<i>35</i>	<i>37</i>	<i>27</i>	<i>146</i>

Appendix

P&L

AED million	2021 Q4	2022 Q4	2021 Full-year	2022 Full-year
Revenues	3,070	3,315	11,682	12,754
Direct costs	-1,186	-1,189	-4,408	-4,535
Indirect costs	-772	-823	-2,812	-3,078
Other income	130	1	131	2
EBITDA	1,242	1,305	4,592	5,143
<i>margin</i>	<i>40.5%</i>	<i>39.4%</i>	<i>39.3%</i>	<i>40.3%</i>
Depreciation, amortization	-447	-477	-1,658	-1,761
Goodwill impairment	0	0	0	0
Depreciation of right-of-use assets	-93	-88	-368	-351
EBIT	703	739	2,567	3,031
Net finance costs	-3	10	4	11
Interest expense on lease liabilities	-20	-17	-83	-71
Income from associates	-1	-2	-6	-8
Gain/loss on disposal of associates	0	0	0	0
Profit before federal royalty	679	730	2,483	2,963
Federal royalty	-359	-444	-1,382	-1,744
Net profit	321	286	1,101	1,220

Appendix

Cash flow statement

AED million	2021 Q4	2022 Q4	2021 Full-year	2022 Full-year
Net profit	321	286	1,101	1,220
Adjustments for non cash items				
Finance costs	9	1	24	15
Finance income	-7	-13	-28	-34
Impairment of investments	0	8	0	8
Income from associates	1	2	6	8
Depreciation of property, plant and equipment	383	383	1,420	1,492
Impairment of property, plant & equipment, intangible assets	22	60	60	116
(Gain) loss on disposal of property, plant and equipment	0	0	0	1
Amortization of intangible assets	41	34	178	154
Depreciation of right-of-use assets	93	88	368	351
Interest expense on lease liabilities	20	17	83	71
Provision for EOSB	3	8	24	24
Release of EOSB	0	0	-28	0
Provision for impairment of trade receivable	38	54	153	168
Provision for impairment of contract assets	9	8	25	27
Provision for inventory obsolescence	-5	-1	-9	-5
Provision for impairment on term deposits	0	0	0	0
Unwinding of discount on asset retirement obligation	-6	2	0	7
	601	653	2,275	2,403
Change in working capital				
(Increase)/Decrease in Inventories	2	-45	12	-31
(Increase)/Decrease in Trade & other receivables	-253	3	-458	-289
Increase/(Decrease) in Trade & other payables	435	441	1,502	1,807
(Increase)/Decrease in Contract assets	89	65	-95	13
Increase/(Decrease) in Contract liabilities	137	-40	132	0
(Increase)/Decrease in Due from related parties	-4	-25	91	-46
Increase/(Decrease) in Due to related parties	5	0	2	-1
	411	400	1,185	1,453
Cash generated from operations	1,333	1,340	4,561	5,076
Royalty paid (net)	0	0	-1,507	-1,413
Payment of employees' end of service benefits	-6	-6	-22	-40
Net cash generated from operating activities	1,327	1,333	3,031	3,623

	2021 Q4	2022 Q4	2021 Full-year	2022 Full-year
Purchase of property, plant and equipment	-375	-559	-1,869	-2,288
Purchase of intangible assets	-74	-95	-129	-277
Proceeds from disposals of property, plant and equipment	1	0	1	0
Interest received	2	8	32	25
Margin on guarantee released	0	0	0	0
Term deposit released (placed)	-475	25	655	700
Net cash used in investing activities	-921	-620	-1,310	-1,839
Borrowings drawdown	0	0	200	0
Borrowings repayment	0	0	0	-200
Payment of borrowing fees	0	0	-18	0
Repayment of lease liabilities	-72	-66	-252	-283
Dividends paid	0	0	-1,133	-997
Interest paid	2	0	-7	-3
Interest paid on lease liabilities	-20	-17	-83	-71
Net cash used in financing activities	-90	-83	-1,293	-1,554
Net change in cash and cash equivalents	316	630	428	230

Appendix

Balance sheet

AED million	As at 31-Dec-21	As at 31-Dec-22
Property, plant and equipment	9,068	9,426
Right-of-use assets	1,650	1,416
Intangible assets	446	549
Goodwill	413	413
Lease receivable	139	125
Associates	24	8
Financial assets	18	5
Derivatives financial instruments	0	0
Trade receivables	83	237
Contract assets	273	201
	12,116	12,379
Inventories	58	95
Trade receivables	1,325	1,106
Other receivables	503	434
Deferred fees	0	0
Prepaid expenses	133	138
Lease receivable	16	17
Derivatives financial instruments	0	0
Contract assets	463	759
Due from related parties	49	95
	2,548	2,645
Term deposits	1,374	675
Cash and cash equivalent	641	871
	2,016	1,546
	16,679	16,570

AED million	As at 31-Dec-21	As at 31-Dec-22
Share capital	4,533	4,533
Share premium	232	232
Retained earnings	1,748	1,878
Statutory reserves	2,018	2,127
	8,532	8,770
Borrowings - non-current	0	0
Borrowings - current	200	0
	200	0
Lease liabilities - non-current	1,553	1,321
Lease liabilities - current	672	738
Contract liabilities - non-current	247	218
Contract liabilities - current	439	467
Provisions for decommissioning	199	209
Due to related parties	7	6
	3,116	2,959
Trade payables	1,376	1,453
Other payables	1,717	1,359
Accrued federal royalty	1,500	1,830
Provision for employees' end of service benefits	238	197
Dividends payable	0	0
Deferred revenues	0	0
	4,831	4,840
	16,679	16,570

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