

Full-year and Q4 2023 results

Emirates Integrated Telecommunications Company PJSC

14 February 2023



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Agenda

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

2023 highlights

Sustainable and profitable growth

Macro update

- Positive macro economic environment puts the UAE in a privileged position
 - Population growth
 - High tourism activity
 - Well-managed inflation
 - PMI ahead of pre-pandemic levels
 - GDP growth expected to be above 3%
- Robust non-oil sector growth
- UAE government's pro-growth strategies

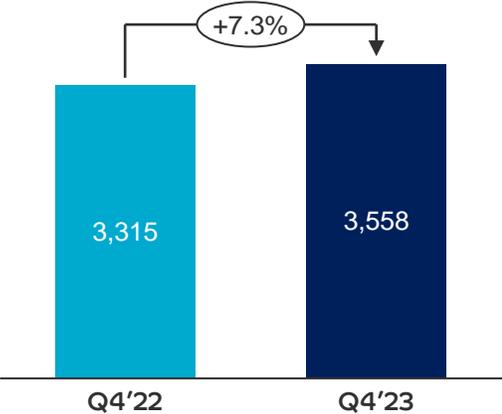
Company update

- Commercial highlights
 - Power Plan continuation
 - Esaad card and National day promotions
 - Successful iPhone 15 launch
- Customer experience
 - Digital-first approach
 - Retail transformation
- Network
 - Mobile: improvement in Outdoor / Indoor coverage
 - Fixed: continued roll-out of fibre throughout the country
- New royalty regime

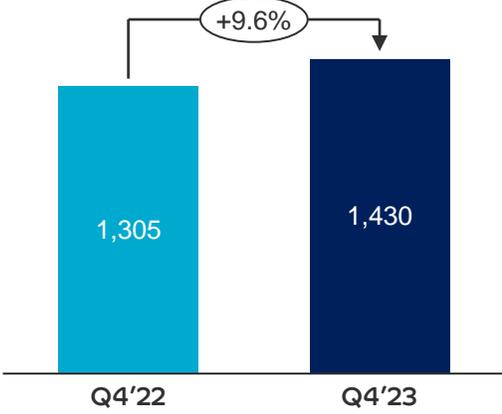
2023 highlights

Financial performance

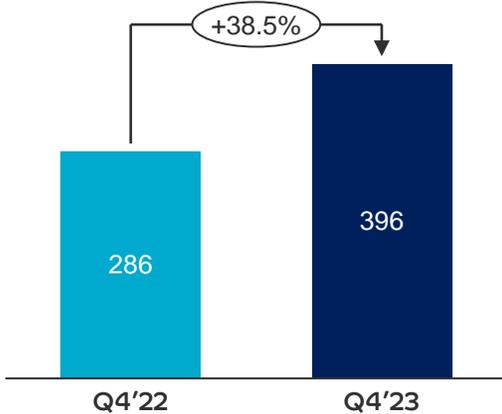
Revenues
(AED million)



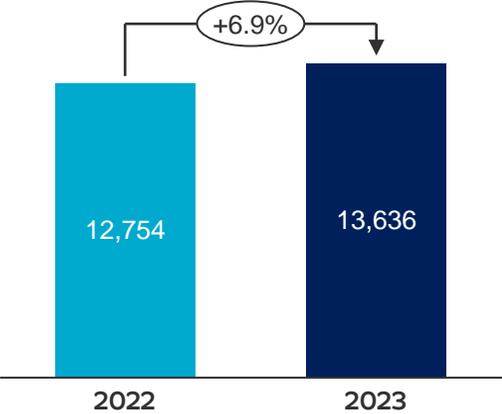
EBITDA
(AED million)



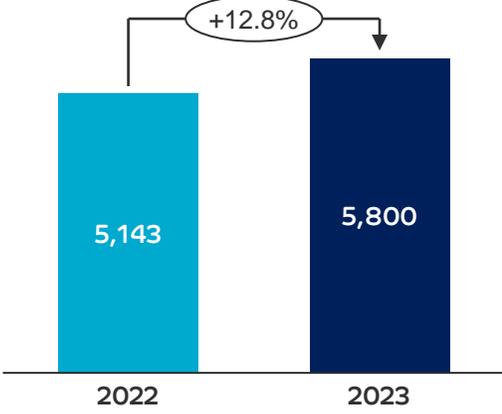
Net profit
(AED million)



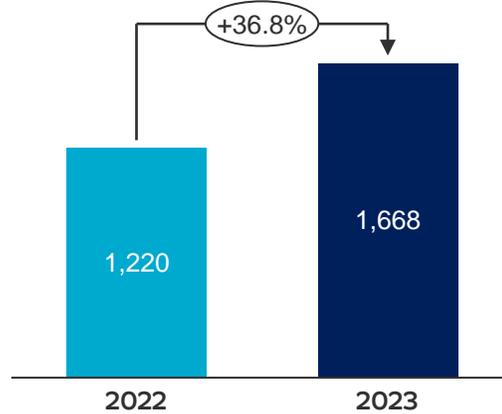
Revenues
(AED million)



EBITDA
(AED million)



Net profit
(AED million)



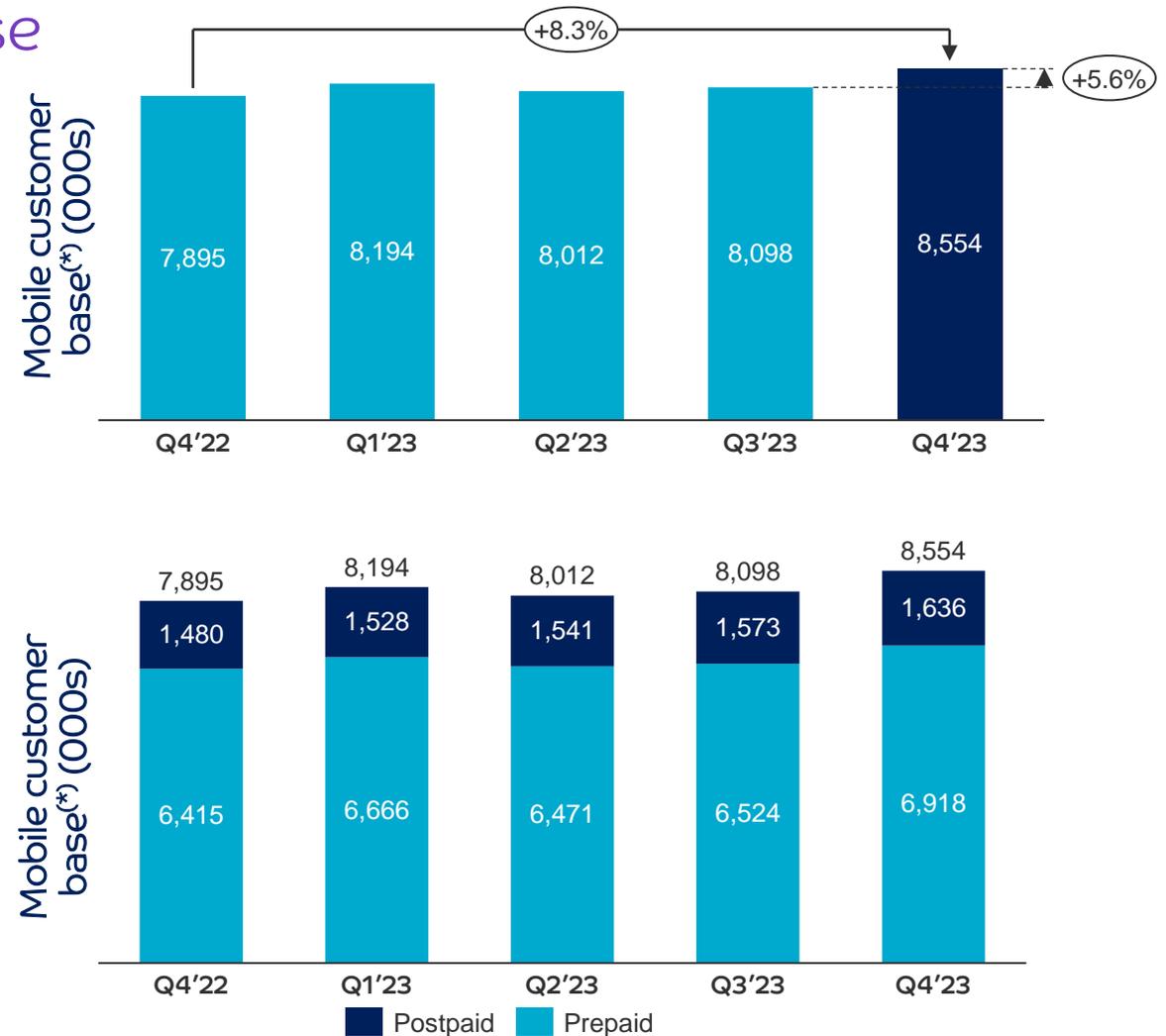
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Operating review

+8.3% growth of mobile customer base

- Significant **growth** of the **mobile subscriber base** year-over-year (8.3%) and quarter-over-quarter (5.6%) driven by seasonality and commercial momentum
- **Postpaid** customer base growth (10.5% year-on-year and 4.0% qoq) driven by our data centric plans and attractive offers
 - Esaad and Fazaa promotions, unlimited power plans
 - Roaming benefits for high value plans, data carry forward and special international calling tariffs
- **Increase** in **Prepaid** customer base (7.8% year-on-year and 6.0% qoq) driven by increased tourism activity and promotional campaigns
 - General Directorate of Residency and Foreigners Affairs (GDRFA) collaboration (tourists SIMs)
 - Ministry of Human Resources & Emiratization (MoHRE) partnership
 - Alo WiFi solutions targeting workers accommodation owners
 - National day promotion

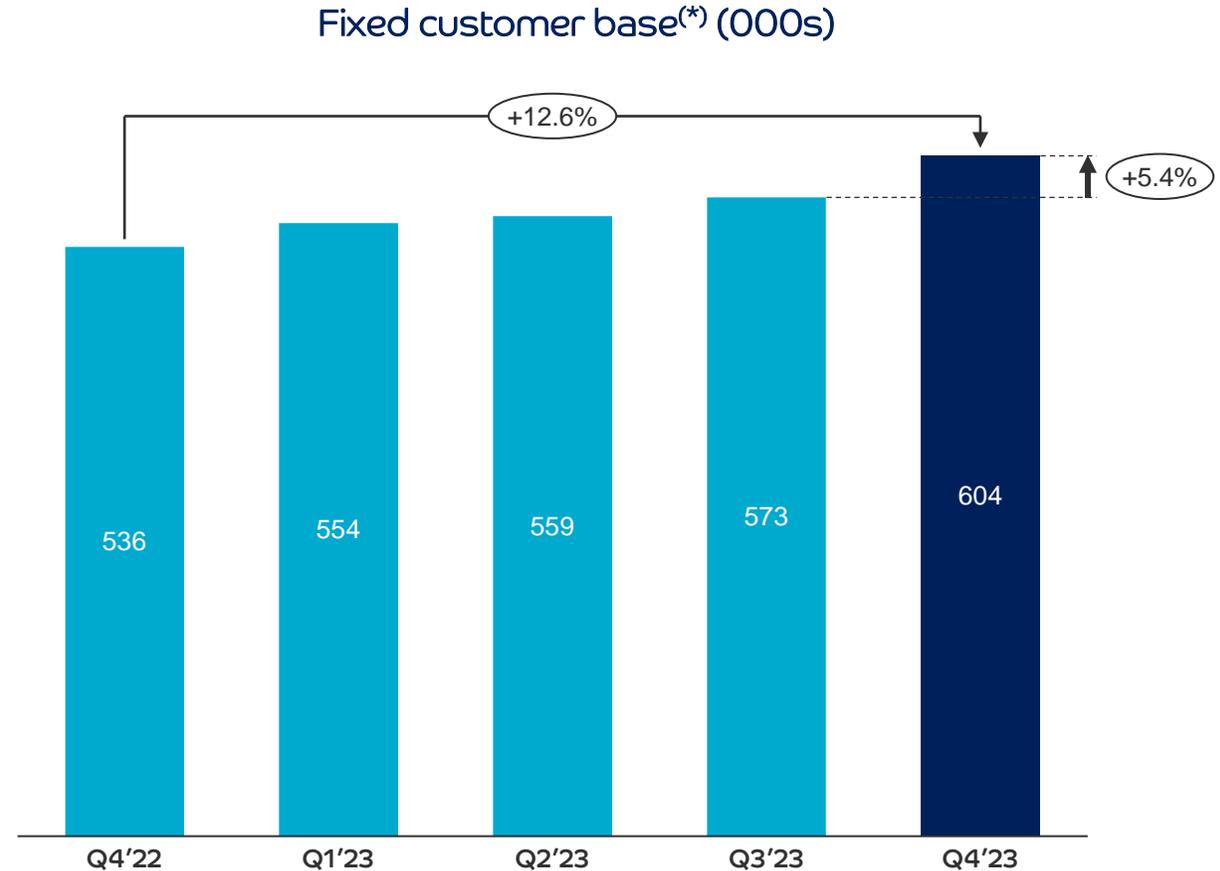


(*) Mobile customer base as per TDRA definition: a customer is accounted in the base if the customer has made, in the last 90 days, a traffic activity

Operating review

+12.6% growth in fixed customer base

- Consistent subscriber base growth throughout the year solidifying prior year gains
 - Unique content offering
 - Introduction of Business starter 5G/Office Wireless for SME
 - Continued traction of home wireless



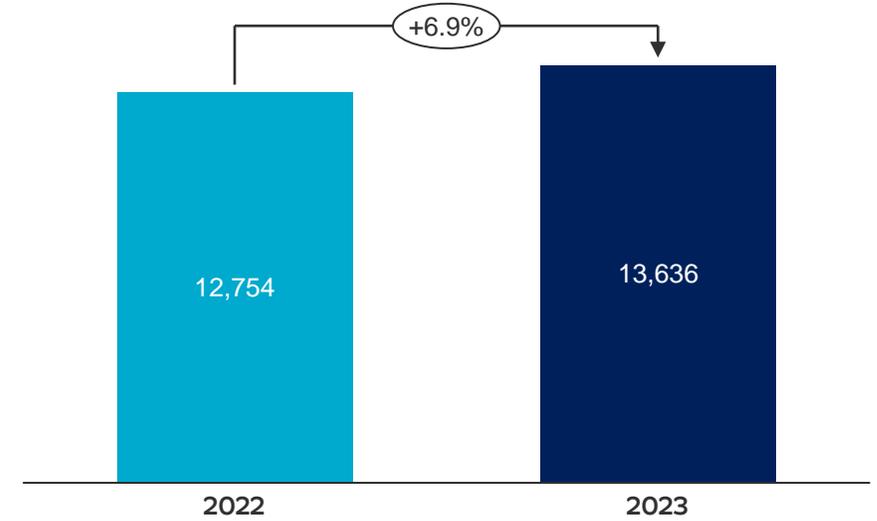
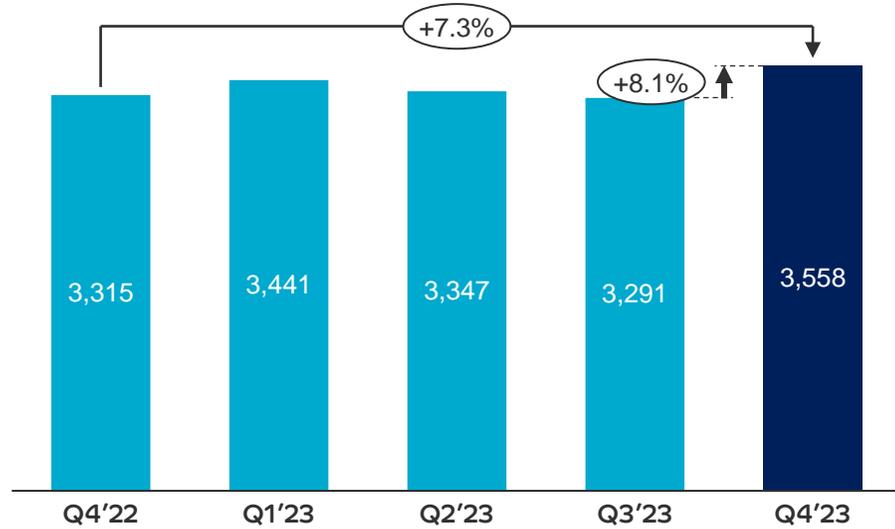
(*) Fixed customer base are unique consumer subscribers having active subscription plan (having access to service)

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Financial review

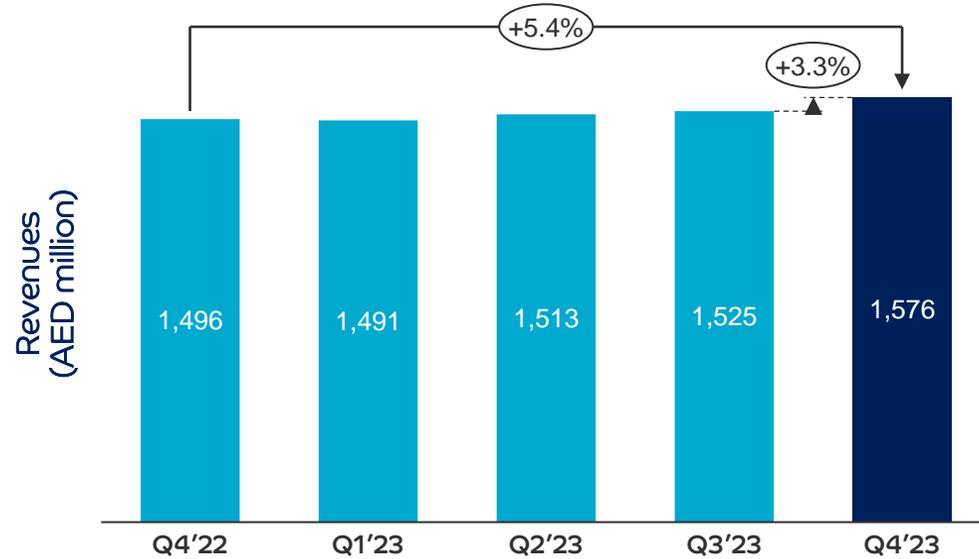
Strong revenue growth in Q4 and full-year



- Quarterly revenues grew by 7.3% year-on-year and 8.1% qoq as a result of both higher “service revenues” and “other revenues”
- Full-year revenues grew by 6.9% driven by dynamic commercial momentum fuelled further by a favorable macro-economic environment including higher tourism activity

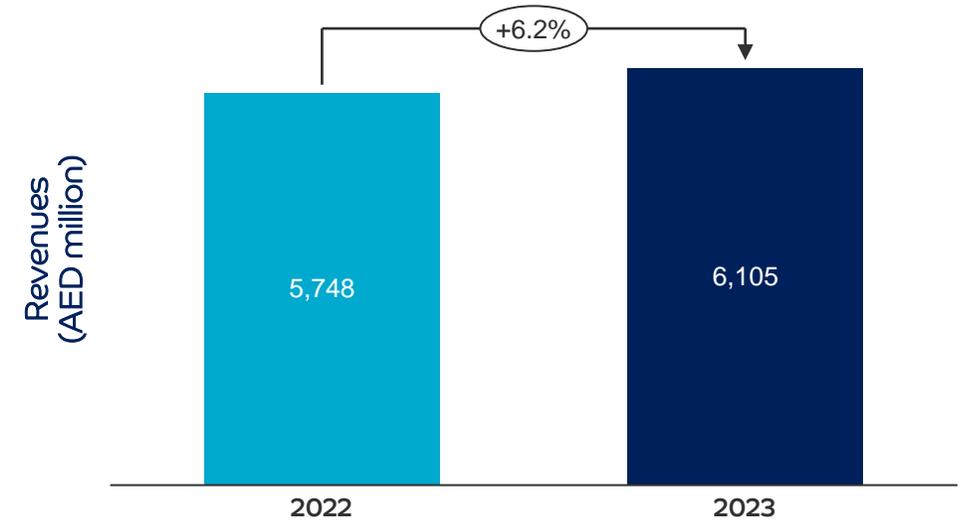
Financial review

Mobile revenues are growing sequentially and annually



Quarterly Mobile revenues grew 5.4% year-on-year

- Growth driven by **postpaid** revenues in both enterprise and consumer segments
- **Prepaid** revenues maintained its **stability** despite challenges from VoIP technologies

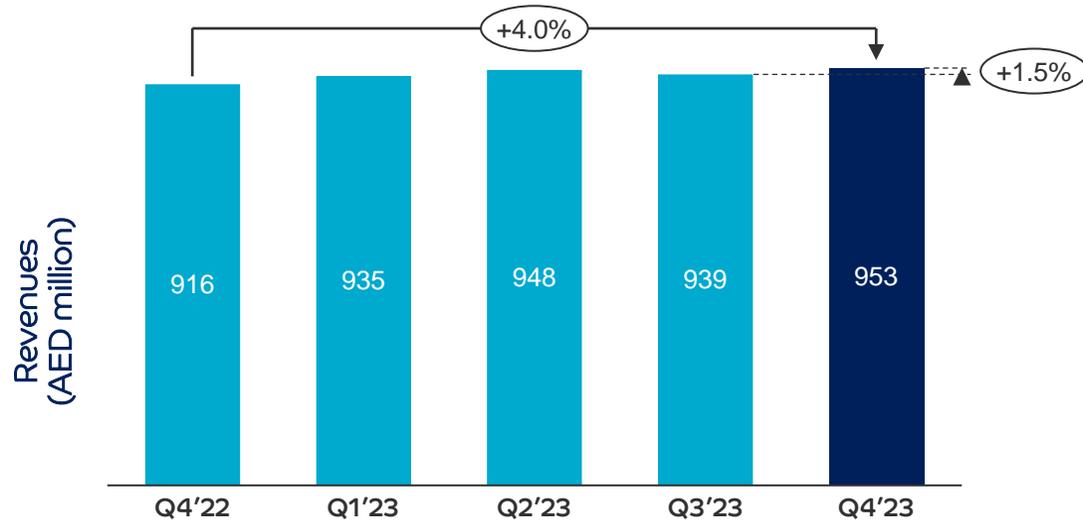


Mobile revenues grew 6.2% on a full-year basis

- Postpaid segment was main growth driver
 - Increase in consumer and enterprise subscribers
- Stable prepaid revenues

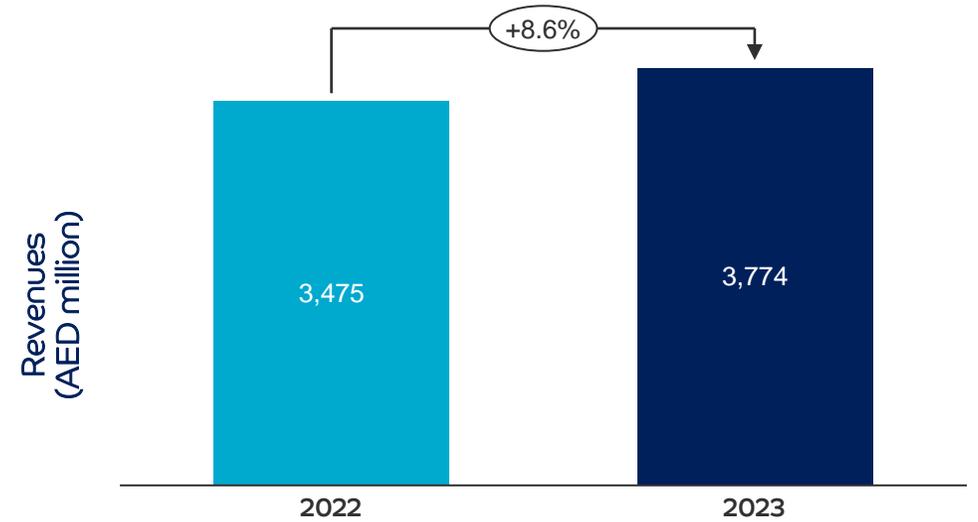
Financial review

Sustained growth in fixed revenues



Quarterly Fixed services revenues grew 4.0% year-on-year

- Healthy performance of fixed revenues, with disciplined execution of our broadband strategy
 - Primarily driven by enterprise and Home Wireless

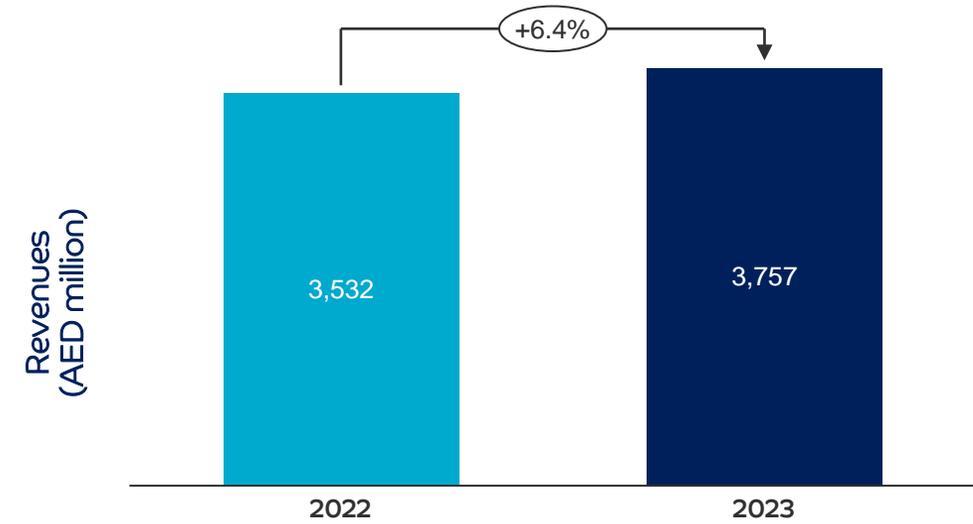
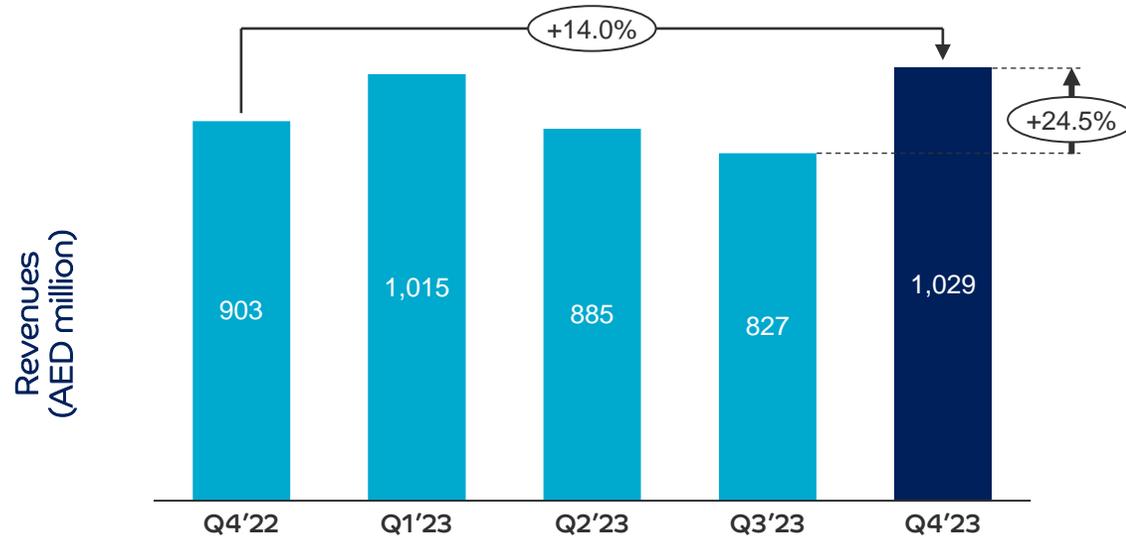


Fixed service revenues grew 8.6% on a full-year basis

- Consistent growth trajectory, solidifying the substantial growth witnessed in previous years
 - Sustained growth in the Enterprise segment, extension of the Home Wireless solution to small & medium sized enterprises

Financial review

Strong rebound in "Other revenues"



Other revenues jumped by 14% year-on-year in Q4'23

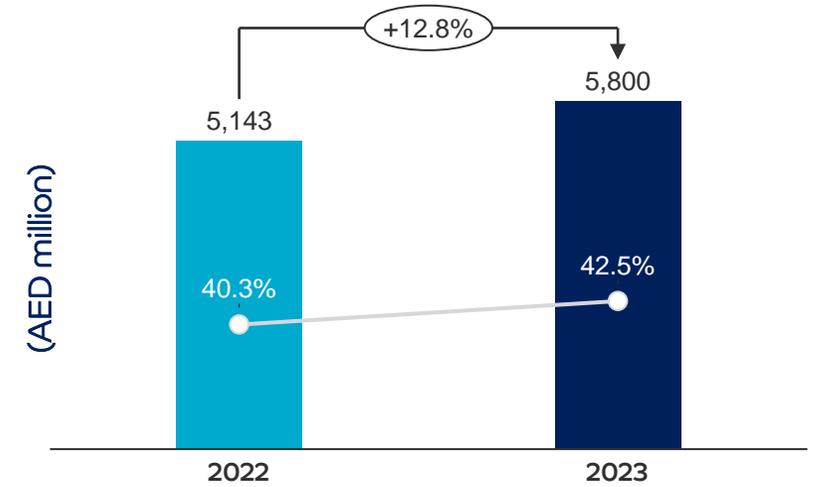
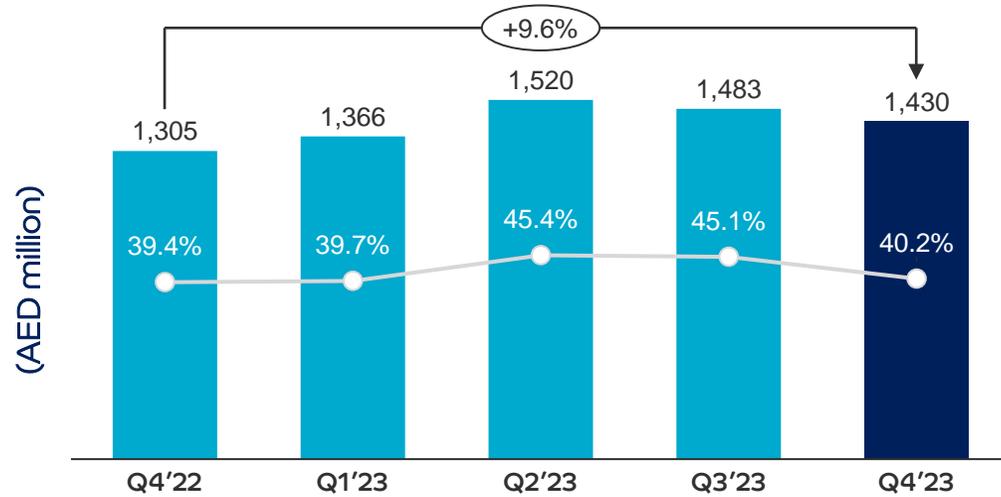
- Equipment revenues boosted by launch of iPhone 15 handsets (resolution of supply chain issues)
- Seasonality effect
- Healthy growth in ICT due to demand for data centre and cloud services

Other revenues grew 6.4% on full-year basis

- Growing revenues from ICT services
 - Healthy demand for data centre and cloud services
- Higher equipment revenues driven by increase in demand for 5G enabled handsets
- Strong growth in inbound roaming due to higher tourism activity

Financial review

Double digit growth in annual EBITDA and sizeable margin improvement

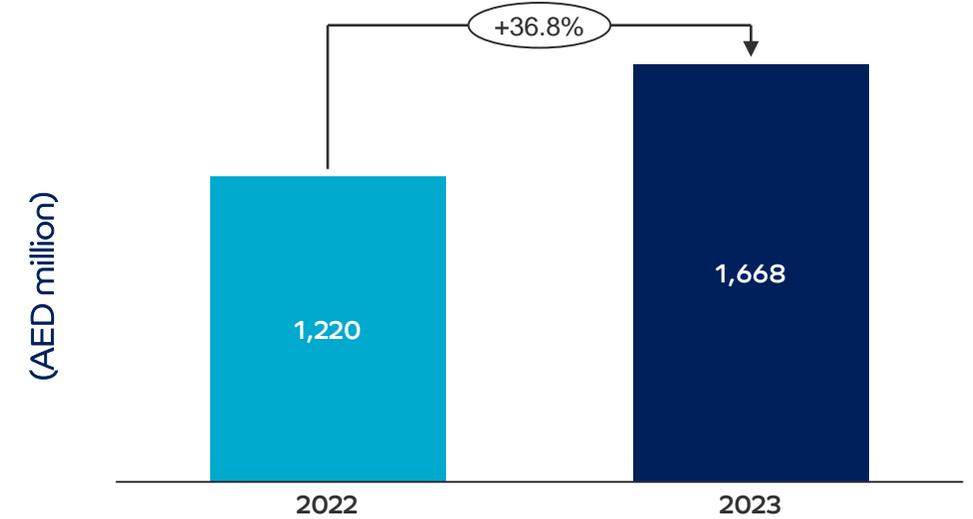
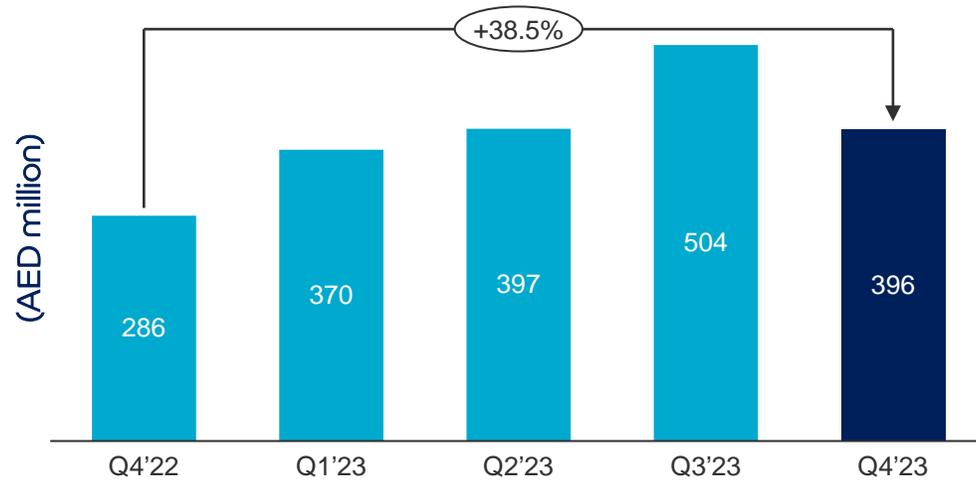


- Quarterly EBITDA grew 9.6% year on year
- Revenue mix and cost efficiencies drive margin increase

- Annual EBITDA grew by 12.8%
- Growth in service revenues, improvement of the revenue mix and cost optimisation

Financial review

Stellar growth in net profit



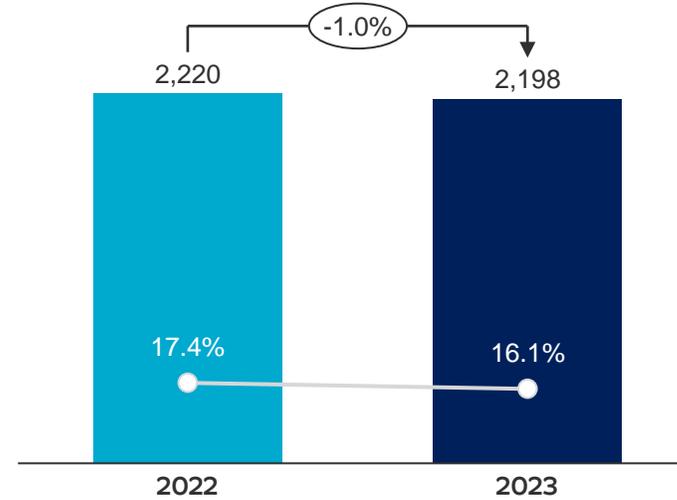
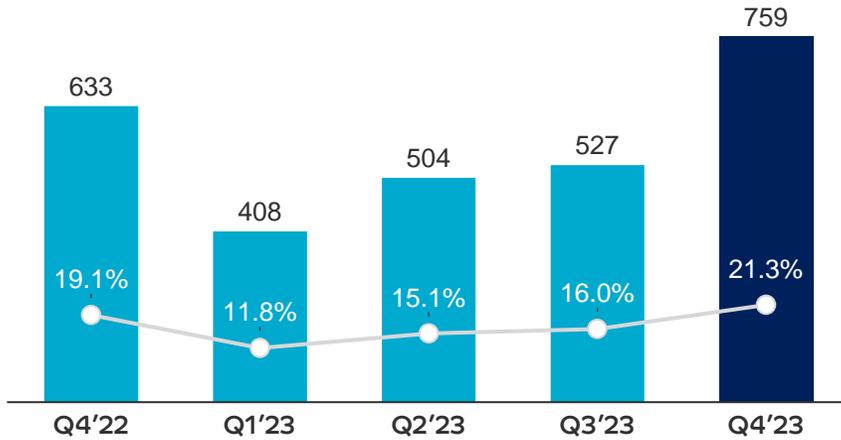
- Quarterly net profit grew at **38.5%** driven by EBITDA growth
- Q3 net profit was positively impacted by one-off reversals of AED 87m

- Full-year net profit increased by **36.8%**
 - Higher EBITDA, lower net finance costs, partially offset by higher depreciation and royalty charges

Financial review

Continuation of Capex normalisation and remarkable growth in operating free cash flow

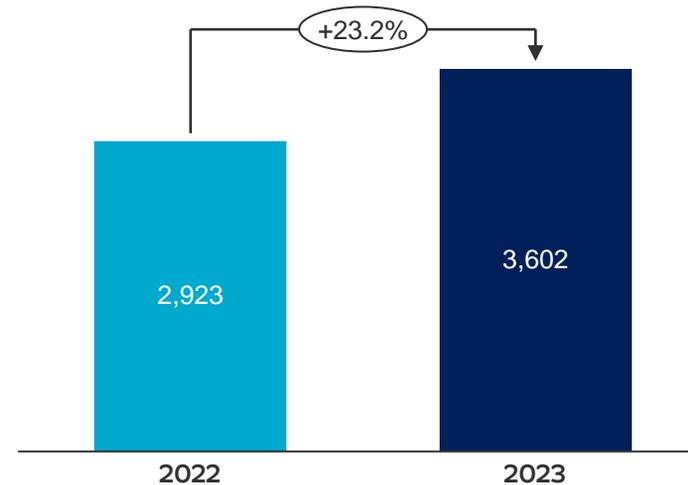
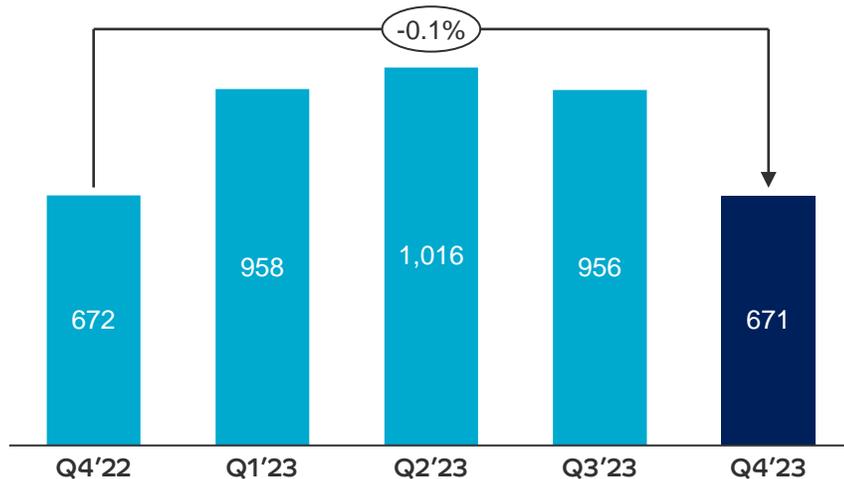
Capex (AED million) and Capital intensity



- Capex Stable

- Focus on enhancing indoor 5G coverage: 5G covers 98.5% of population
- IT and infrastructure transformation
- Expansion of Fibre network

Operating free cash flow (AED million)



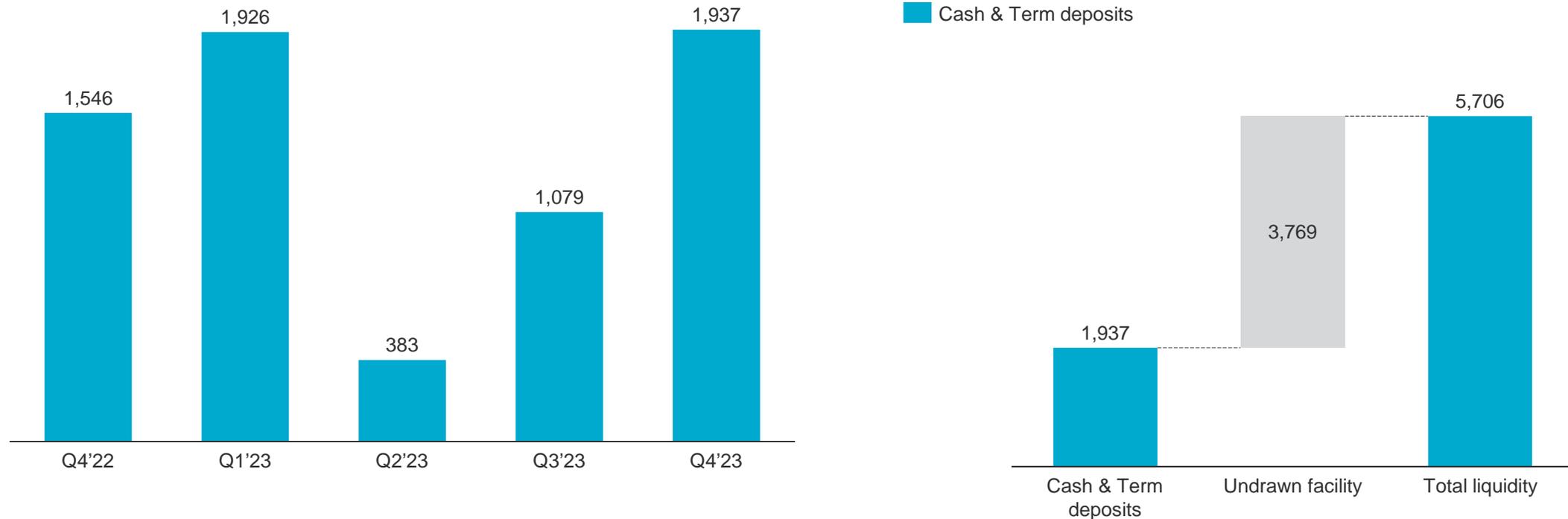
- Significant improvement in Operating free cash flow

- EBITDA improvement and normalization of capex since its peak in 2021

Financial review

Robust balance sheet and strong liquidity position

(AED million)



- Strong balance sheet and healthy cash generated from our operations allow us to continue investing in our business
- Robust liquidity in excess of AED 5.7 billion
- Significant growth in dividends distributions to 34 filis in 2023, a 42% increase year-on-year

Outlook

2024 priorities and guidance

2024 key priorities

- Generate profitable growth in the core (fixed and mobile connectivity) and non-core (ICT and others)
- Continue managing efficiently the business to improve margins
- Push further the digitalization through reinforcing our digital-first approach and offering an outstanding customer experience
- Continue the implementation of our IT transformation delivering best-in-class digital IT and state-of-the-art technology
- Invest and create value to our shareholders

2024 guidance

- Mid-single digit growth of our full-year 2024 revenues on a year-on-year basis
- Improvement of our full-year 2024 EBITDA margin on a year-on-year basis

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Operating KPI

	2022	2022	2022	2022	2022	2023	2023	2023	2023	2023
	Q1	Q2	Q3	Q4	Full-year	Q1	Q2	Q3	Q4	Full-year
Mobile customers ('000s), of which	7,489	7,418	7,402	7,895	7,895	8,194	8,011	8,097	8,554	8,554
Postpaid	1,371	1,395	1,427	1,480	1,480	1,528	1,541	1,573	1,636	1,636
Prepaid	6,118	6,022	5,975	6,415	6,415	6,666	6,470	6,524	6,918	6,918
Net-adds ('000s), of which	237	-72	-16	494	643	299	-182	86	456	658
Postpaid	34	24	32	53	143	48	13	32	63	156
Prepaid	202	-96	-48	441	500	251	-195	54	393	502
Broadband customers ('000s)	439	473	510	536	536	554	559	573	604	604
Net-adds ('000s)	48	35	37	27	146	18	5	14	31	68

Mobile customer base as per TDRA definition: a customer is accounted in the base if the customer has made, in the last 90 days, a traffic activity

Appendix

P&L

AED million	2022 Q4	2023 Q4	2022 Full-year	2023 Full-year
Revenues	3,315	3,558	12,754	13,636
Direct costs	-1,189	-1,265	-4,535	-4,671
Indirect costs	-823	-863	-3,078	-3,167
Other income	1	0	2	1
EBITDA	1,305	1,430	5,143	5,800
<i>Margin</i>	39.4%	40.2%	40.3%	42.5%
Depreciation, amortization	-477	-440	-1,761	-1,753
Depreciation of right-of-use assets	-88	-98	-351	-445
EBIT	739	893	3,031	3,601
Net finance income	10	17	11	39
Interest expense on lease liabilities	-17	-17	-71	-79
Loss from joint-venture & associates	-2	-1	-8	-3
Profit before federal royalty	730	892	2,963	3,558
Federal royalty	-444	-496	-1,744	-1,891
Net profit	286	396	1,220	1,668

Appendix

Cash flow statement

AED million	2022 Q4	2023 Q4	2022 FY	2023 FY
Net profit	286	396	1,220	1,668
Adjustments for non-cash items	653	602	2,403	2,534
Change in working capital	400	907	1,453	1,943
Cash generated from operations	1,340	1,905	5,076	6,144
Royalty paid (net)	-	-	(1,413)	(1,688)
Payment of employees' end of service benefits	(6)	(9)	(40)	(31)
Net cash generated from operating activities	1,333	1,896	3,623	4,425
Purchase of property, plant and equipment	(559)	(501)	(2,288)	(1,900)
Purchase of intangible assets	(95)	(103)	(277)	(328)
Interest received	8	3	25	45
Term deposit released (placed)	25	(700)	700	(652)
Net cash used in investing activities	(620)	(1,301)	(1,839)	(2,834)
Borrowings repayment	-	-	(200)	-
Repayment of lease liabilities	(66)	184	(283)	(594)
Dividends paid	-	-	(997)	(1,179)
Interest paid	-	(1)	(3)	(1)
Interest paid on lease liabilities	(17)	62	(71)	(79)
Net cash used in financing activities	(83)	245	(1,554)	(1,852)
Net change in cash and cash equivalents	630	840	230	(261)

Appendix

Balance sheet

AED million	As at 31-Dec-22	As at 31-Dec-23
Property, plant and equipment	9,426	9,723
Right-of-use assets	1,416	1,597
Intangible assets	549	698
Goodwill	413	413
Lease receivable	125	110
Associates	8	5
Financial assets	5	3
Trade receivables, contract assets & other assets	240	257
Contract costs	199	222
	12,379	13,028
Inventories	95	102
Trade receivables, contract assets & other assets	2,154	2,224
Lease receivable	17	18
Contract costs	284	342
Due from related parties	95	53
	2,645	2,739
Term deposits	675	1,327
Cash and cash equivalent	871	610
	1,546	1,937
	16,570	17,704

AED million	As at 31-Dec-22	As at 31-Dec-23
Share capital	4,533	4,533
Share premium	232	232
Retained earnings	1,878	2,227
Statutory reserves	2,127	2,251
	8,770	9,243
Lease liabilities - non-current	1,321	1,455
Contract liabilities - non-current	218	217
	1,539	1,673
Lease liabilities - current	738	650
Contract liabilities - current	467	466
	1,205	1,115
Trade payables	2,812	3,214
Accrued federal royalty	1,830	2,033
Provision for employees' end of service benefits	197	209
Dividends payable	0	0
Provisions for decommissioning	209	211
Due to related parties	6	6
	5,055	5,673
	16,570	17,704



Emirates Integrated Telecommunications Company PJSC