

Q1 2024 results

Emirates Integrated Telecommunications Company PJSC

30 April 2024



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Agenda

- Highlights
- Operating review
- Financial review
- Appendix

Q1 2024 key takeaways

- Outstanding profitability
- Launch of “du Pay” an important step towards diversifying business activities
- New royalty and corporate tax regime in place
- Guidance re-affirmed highlighting confidence in executing our strategy

Q1 2024 highlights

Supportive macro environment and continued commercial momentum

Macro update

- Comforting macro UAE data amid a volatile global environment
 - Strong March UAE PMI reading
 - UAE GDP forecasted to grow by 4.2% in 2024 from an estimated 3.1% in 2023 ⁽¹⁾
 - Oil GDP forecasted to grow 2.9% in 2024 from an estimated 3.9% contraction in 2023 ⁽¹⁾
 - Non-oil GDP growth forecasted to remain robust at 4.7% in 2024 from an estimated 5.9% in 2023 ⁽¹⁾
 - Inflation in the UAE continues moderating
 - 18.4% ⁽²⁾ growth in international visitors to Dubai in Jan-Feb'24

Company update

- Continuation of the commercial momentum
- Network
 - Mobile: further improvement in 5G Outdoor / Indoor coverage
 - Fixed: 23,000 additional homes passed in the quarter
- Election of **4 new Board members**
- Cancellation of the AED 1.8 billion **Term Loan facility**
- Financial services
 - du Pay launched on April 1st

(1) Source: Central bank of the UAE
(2) Source: Department of Economy and Tourism

Q1 2024 highlights

Launch of du Pay

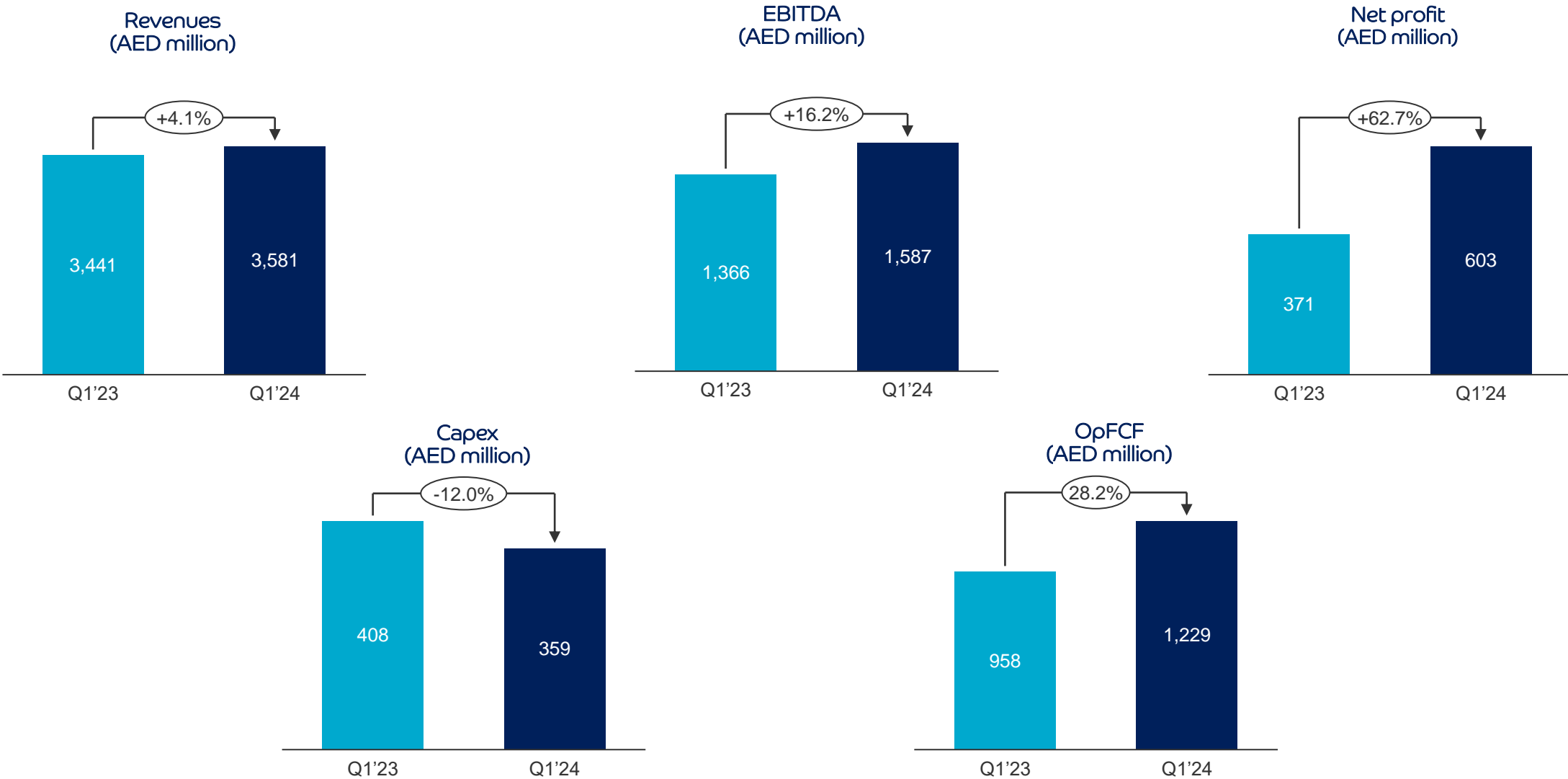


- Du Pay launched on April 1st set to boost the transition towards a cashless economy and support the national digitalization agenda
- Exceptional convenience, inclusiveness, and security for all users
- Fully digital solution to simplify financial transactions with an app in six languages
- Services: International money transfers, peer-to-peer (P2P) transfers, bill payments, salary deposits through an IBAN
- The app is set to introduce additional features increasing its payment versatility



Q1 2024 highlights

Financial Performance



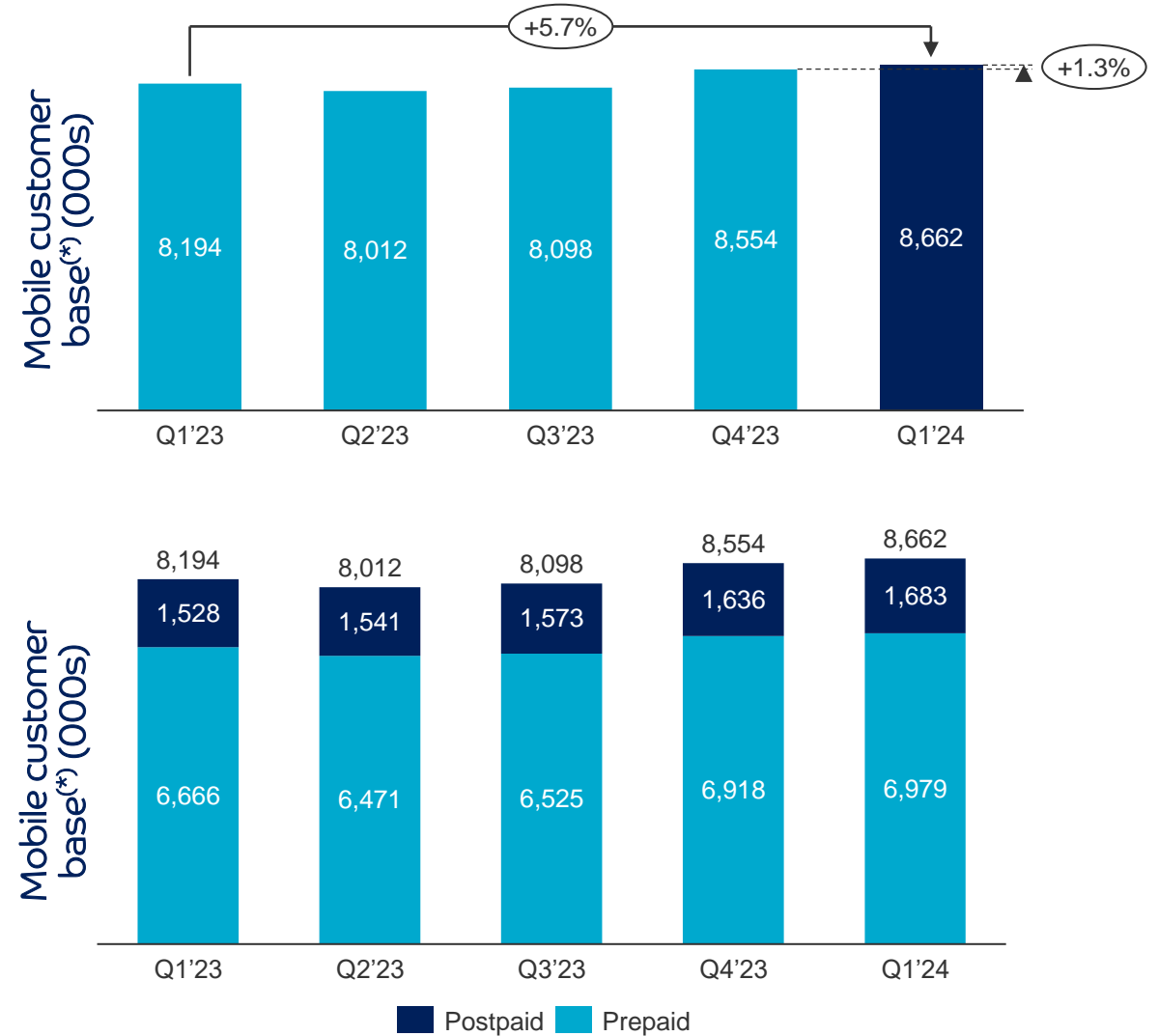
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Operating review

5.7% growth of mobile customer base

- Strong net addition of 108,000 subscribers over the quarter to 8.7 million subscribers
- 5.7% YoY growth in mobile subscriber base mainly driven by growth in postpaid
- Postpaid growth (+10.1% YoY / +2.9% QoQ) mainly driven by enterprise and consumer Power plan data
- Prepaid segment (+4.7% YoY / +0.9% QoQ) growth mainly driven by the success of the Alo, Easy plans & Flexi prepaid offers

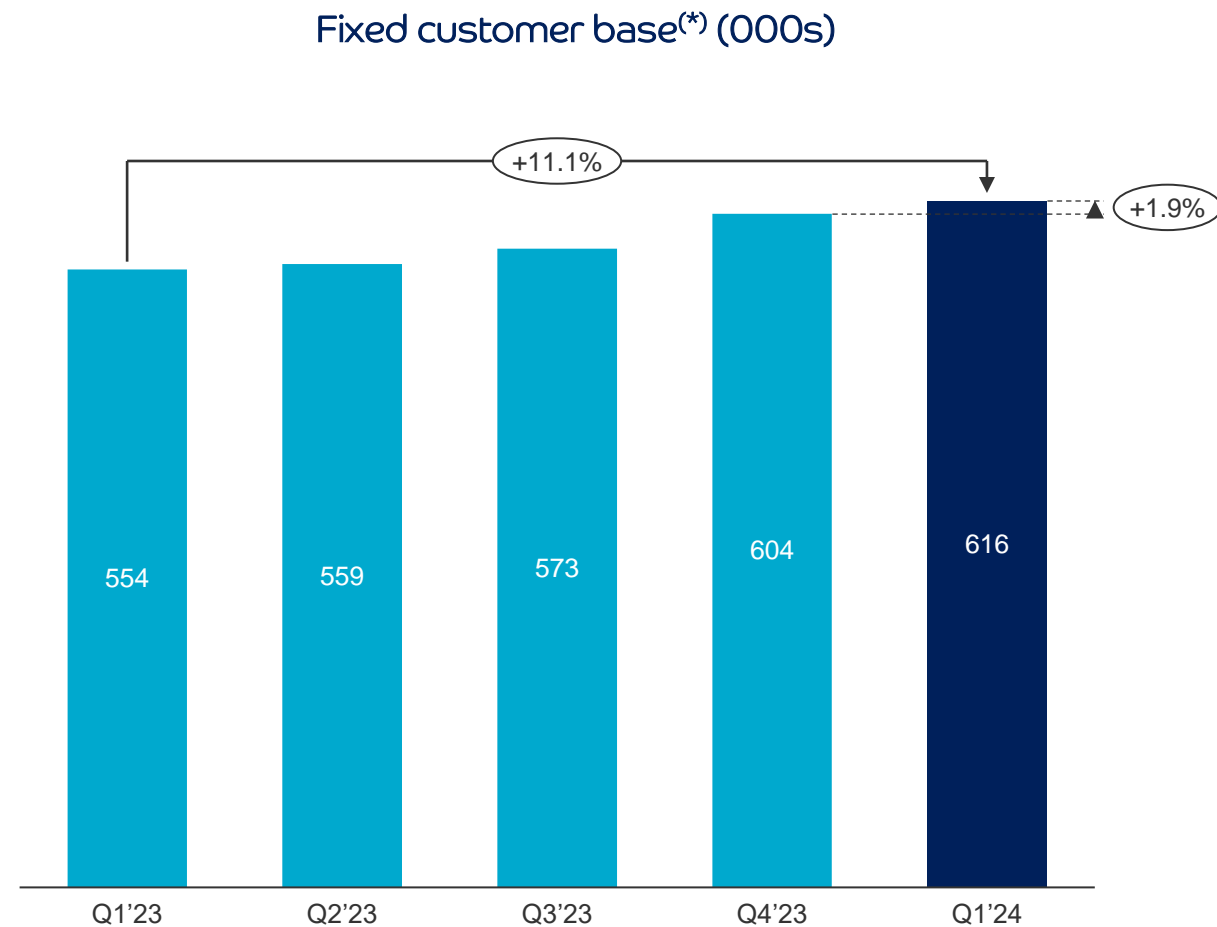


(*) Mobile customer base as per TDRA definition: A customer is accounted in the base if the customer has made, in the last 90 days, a traffic activity

Operating review

11.1% growth in fixed customer base

- Q1 net additions of 12,000 subscribers over the quarter to 616,000 subscribers
- 11.1% subscriber base growth YoY driven by
 - the continuing success of our **Home Wireless** product
 - sustained growth in Fibre subscription



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

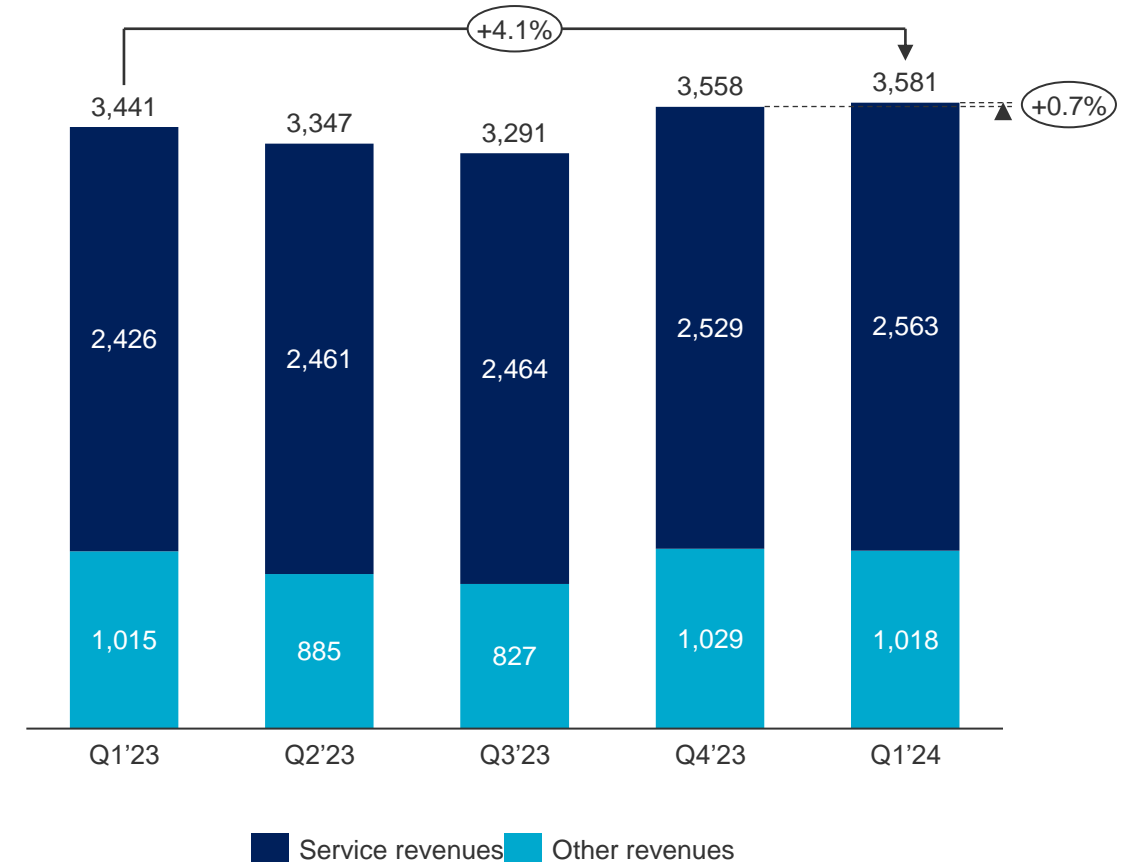
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Financial review

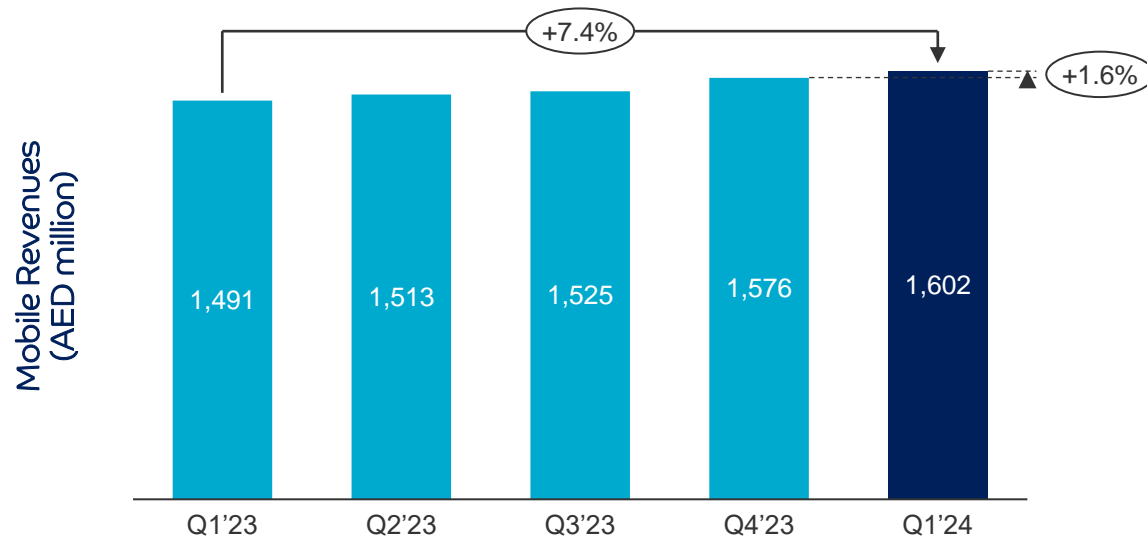
Revenues

- Revenues: +4.1% YoY (+0.7% QoQ)
 - Service revenues grew 5.6% YoY mainly driven by growth in Mobile revenues reflecting our continuous commercial momentum
 - Other revenues remained broadly stable YoY



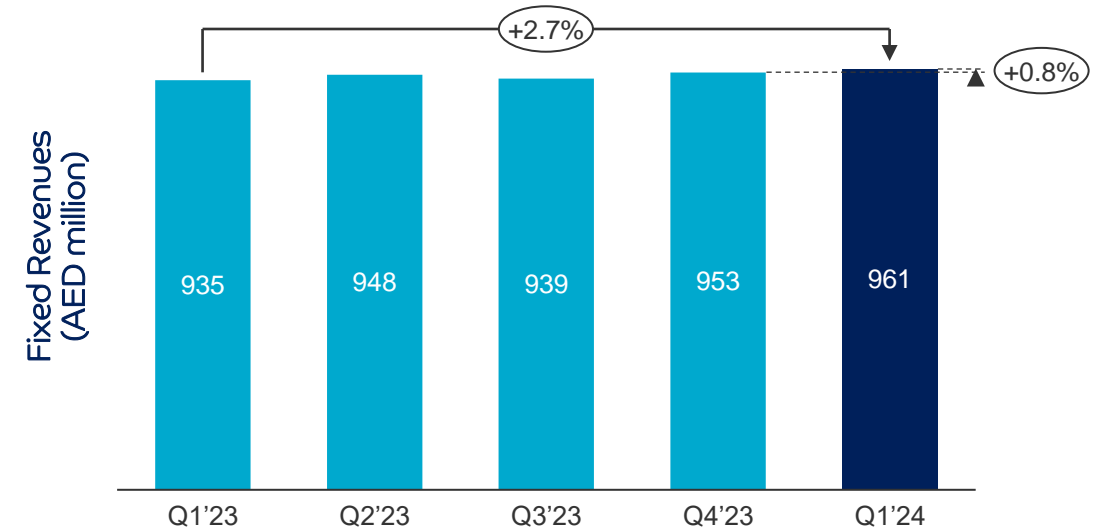
Financial review

Service revenues



Mobile revenues grew 7.4% YoY driven by higher customer base, and a more favorable mix:

- Postpaid driven by enterprise postpaid plans and consumer Power plan
- Prepaid continue to grow driven by the increase in the base of Easy and Flexi prepaid as well as Alo plan customers



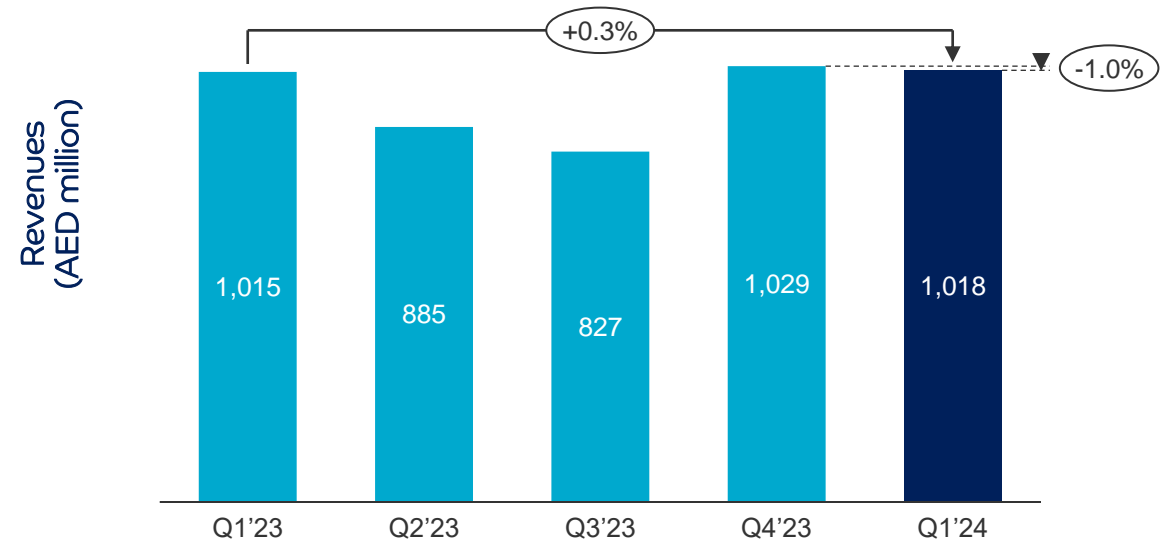
Fixed revenues grew 2.7% YoY

- Driven by increase in enterprise connectivity and home wireless base
- Fibre revenues impacted by the beIN contract termination

Financial review

Other revenues

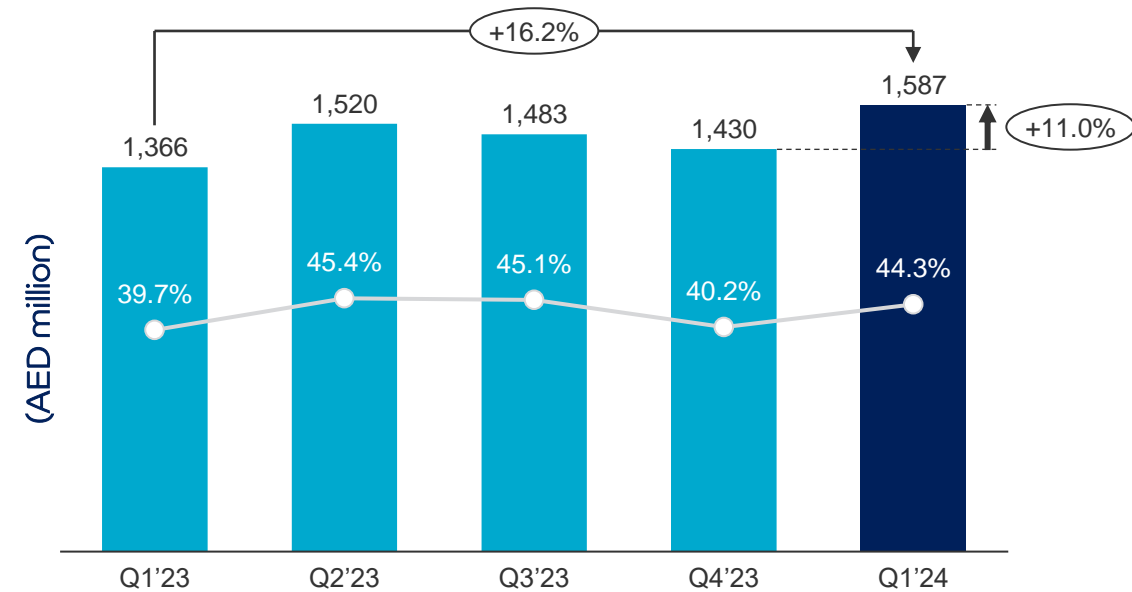
- Other revenues remained broadly stable YoY:
 - Higher interconnect revenues, reflecting an increase in incoming traffic as a result of the higher mobile base
 - Higher revenues from inbound roaming
 - Offset by reduction in hubbing revenues



Financial review

Strong improvement of EBITDA

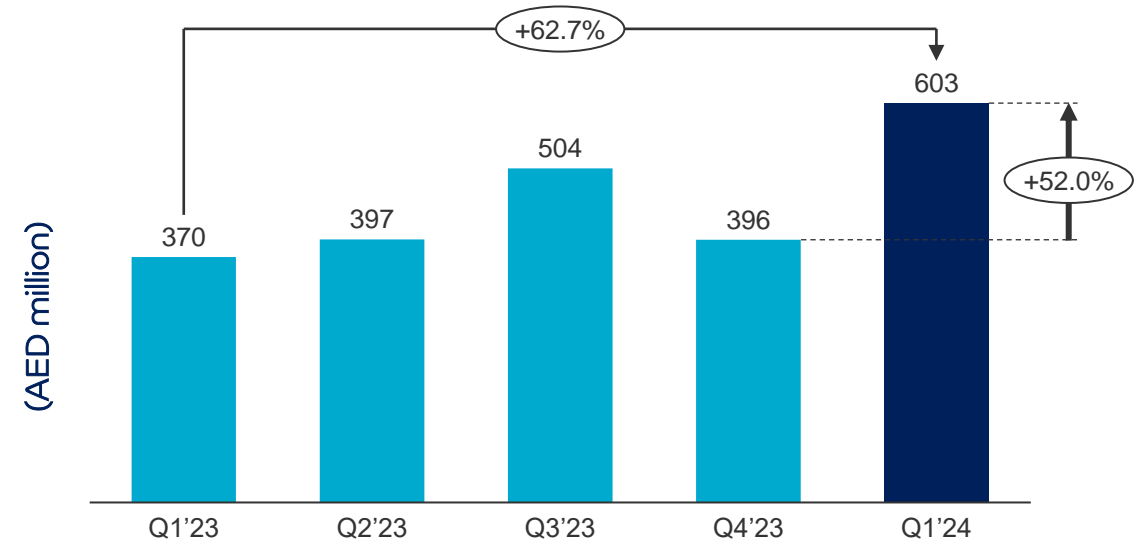
- EBITDA grew by 16.2% YoY du to:
 - Increase in gross margin mainly driven by
 - higher revenues in mobile and fixed segments
 - improved revenue mix (increase in power plans)
 - termination of beIN contract
 - Sustained opex control



Financial review

Outstanding growth in net profit

- 62.7% increase in net profit mainly due to higher EBITDA

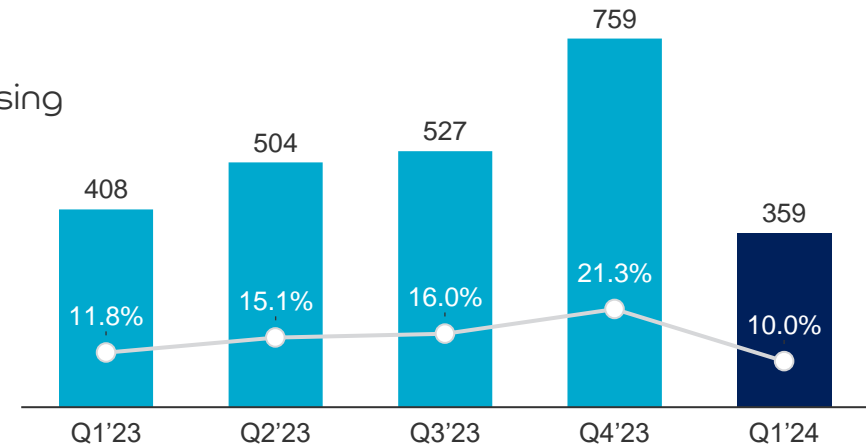


Financial review

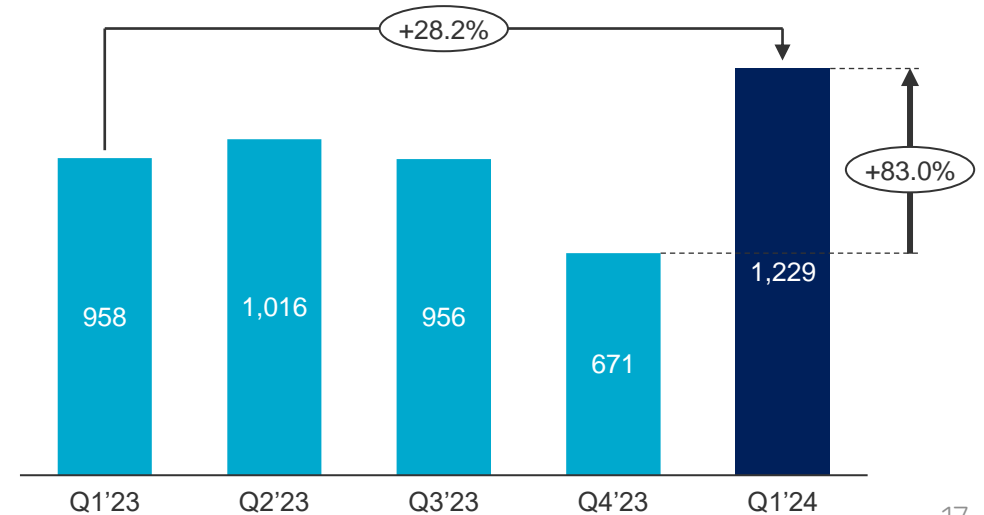
Capex and operating free cash flow

- Capex moderating on a YoY basis with Q1 reflecting the typical capex phasing
- Capex deployment for :
 - 5G (covers 98.5% of population)
 - Continuous fibre deployment
 - Continued transformation of IT and network infrastructure
- Higher operating free cash flow (+28.2%)
 - EBITDA improvement
 - Capex decrease

Capex (AED million)



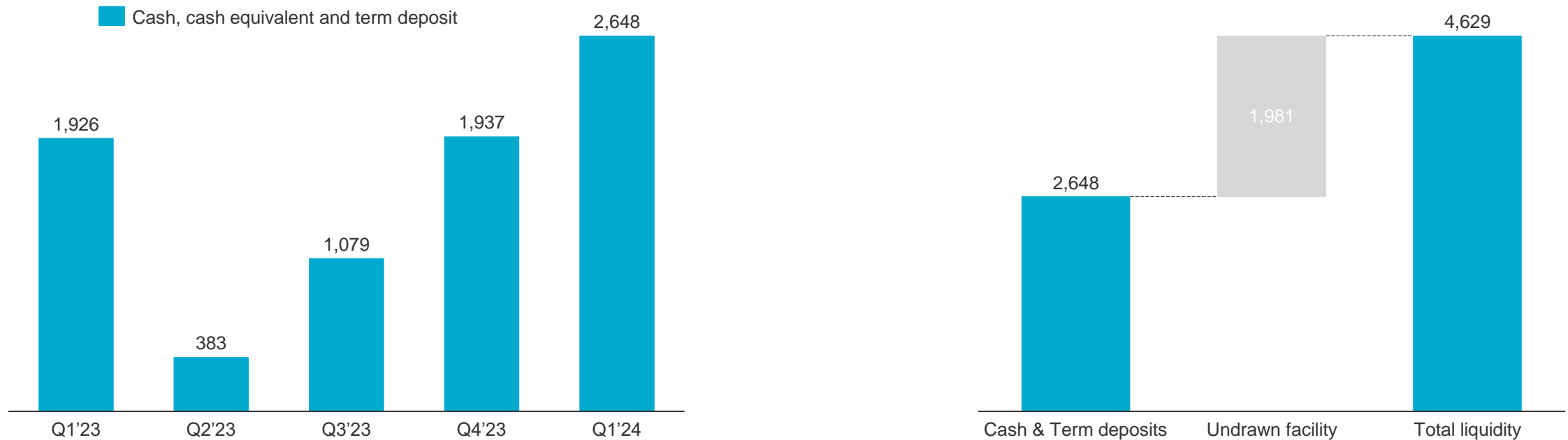
Operating free cash flow (AED million)



Financial review

Unleveraged balance sheet and strong liquidity position

(AED millions)



- Strong and debt free 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 of AED 4.6 billion despite the cancellation of the Term loan facility of AED 1.8bn in March 2024

Financial review

2024 key 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

Q&A



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Operating KPI

	2023	2023	2023	2023	2023	2024
	Q1	Q2	Q3	Q4	Full-year	Q1
Mobile customers ('000s), of which	8,194	8,011	8,097	8,554	8,554	8,662
Postpaid	1,528	1,541	1,573	1,636	1,636	1,683
Prepaid	6,666	6,470	6,524	6,918	6,918	6,979
Net-adds ('000s), of which	299	-182	86	456	658	108
Postpaid	48	13	32	63	156	47
Prepaid	251	-195	54	393	502	61
Mobile ARPU (AED) ⁽¹⁾	62	62	63	63	-	62
Broadband customers ('000s)	554	559	573	604	604	616
Net-adds ('000s)	18	5	14	31	68	18

(1) Mobile ARPU ("Average Revenue Per User") calculated as total mobile revenue divided by the total mobile subscribers

Appendix

P&L

	2023	2024
AED million	Q1	Q1
Revenues	3,441	3,581
Direct costs	-1,289	-1,226
Indirect costs	-785	-769
Other income	0	1
EBITDA	1,366	1,587
<i>Margin</i>	39.7%	44.3%
Depreciation, amortization	-419	-430
Depreciation of right-of-use assets	-94	-91
EBIT	853	1,066
Net finance income	14	20
Interest expense on lease liabilities	-18	-16
Loss from joint-venture & associates	-1	-2
Profit before federal royalty and Corporate Income tax	849	1,068
Federal royalty and Corporate Income tax	-478	-465
Net profit	370	603

Appendix

Cash flow statement

AED million	2023 Q1	2024 Q1
Net profit	370	603
Adjustments for non-cash items	602	1,059
Change in working capital	64	(328)
Cash generated from operations	1,036	1,335
Royalty paid (net)	-	-
Payment of employees' end of service benefits	(7)	(5)
Net cash generated from operating activities	1,030	1,330
Purchase of property, plant and equipment	(489)	(328)
Purchase of intangible assets	(68)	(119)
Interest received	7	12
Term deposit released (placed)	100	(228)
Net cash used in investing activities	(450)	(663)
Borrowings repayment	-	-
Repayment of lease liabilities	(82)	(168)
Dividends paid	-	-
Interest paid	-	(1)
Interest paid on lease liabilities	(18)	(16)
Net cash used in financing activities	(99)	(185)
Net change in cash and cash equivalents	480	483

Appendix

Balance sheet

AED million	As at 31-Dec-23	As at 31-Mar-24
Property, plant and equipment	9,723	9,625
Right-of-use assets	1,597	1,533
Intangible assets	698	723
Goodwill	413	413
Lease receivable	110	101
Associates	5	4
Financial assets	3	6
Trade receivables, contract assets & other assets	257	288
Contract costs	222	298
	13,028	12,990
Inventories	102	251
Lease receivable	18	18
Contract costs	342	310
Due from related parties	53	32
Trade receivables, contract assets & other assets	2,224	2,237
	2,739	2,849
Term deposits	1,327	1,554
Cash and cash equivalent	610	1,093
	1,937	2,648
Total assets	17,704	18,487

AED million	As at 31-Dec-23	As at 31-Dec-23
Share capital	4,533	4,533
Share premium	232	232
Retained earnings	2,227	1,878
Statutory reserves	2,251	2,253
	9,243	8,897
Lease liabilities - non-current	1,455	1,365
Contract liabilities - non-current	217	216
	1,673	1,582
Lease liabilities - current	650	594
Contract liabilities - current	466	457
	1,115	1,051
Trade payables	3,214	3,135
Accrued federal royalty	2,033	2,439
Provision for employees' end of service benefits	208	211
Dividends payable	0	952
Provisions for decommissioning	211	213
Due to related parties	6	8
	5,673	6,958
Total equity and liabilities	17,704	18,487