



# EITC Q2 2024 results

Analyst call  
July 23, 2024

Fahad Al Hassawi, CEO  
Kais Ben Hamida, CFO

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# Company highlights

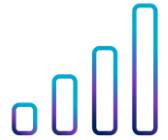
Q2 2024

Fahad Al Hassawi, CEO

# Q2'24 key takeaways



Strong operational and financial performance and confidence in the outlook



## **Strong revenues growth**

in both our core business  
and beyond



## **Strategic partnership in ICT**

Contributing to the diversification  
of our revenue stream



## **Robust profitability**

driven by our focus on  
value creation



## **Guidance revised up**

highlighting confidence in  
executing our strategy



# Q2'24 highlights

Operational and financial momentum



**Fixed subscriber base growth**

**12.7%**

**Commercial momentum**  
and supportive environment

**Revenues growth**

With growth in both service and “other revenues”

**7.3%**

**Strong cash generation**

Moderating **Capex**

**EBITDA margin**

Topline growth and efficient resource management

**43.7%**

**Mobile subscriber base**

**8.2 m**



**Net profit growth**

Focus on creating value to shareholders

**46.3%**



# Q2'24 environment and business highlights



Supportive economic context and important milestones reached

## Key messages



### **Resilient UAE economy**

PMI in expansionary territory, robust non-oil indicators, 2024 forecasted GDP growth of 3.5%<sup>(1)</sup>, Sustained population growth and tourism activity



### **New hyperscale cloud and AI offer**

Deployment of Oracle enables du to provide more than 100 Oracle Cloud Infrastructure services for the UAE government and GREs



### **New innovative offerings**

UAE pass integration for e-Sim, du Smart Car, Home Wireless gaming plan, etc...



### **du brand: a strong asset**

du brand climbs to become the 3rd strongest brand in the UAE and 7<sup>th</sup> in the Middle East

(1) Source: International Monetary Fund, Apr 2024



# Financial highlights

Q2 2024

Kais Ben Hamida, CFO

# Q2'24 financial highlights



Strong and profitable growth

Revenues driven by **strong growth in mobile and “other revenues”**

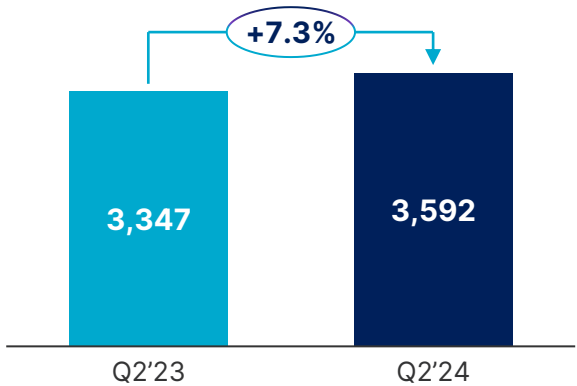
**Service revenues growth** primarily driven by robust growth in subscriber base and mix

**“Other revenues”** growth driven by **ICT and interconnect** revenues

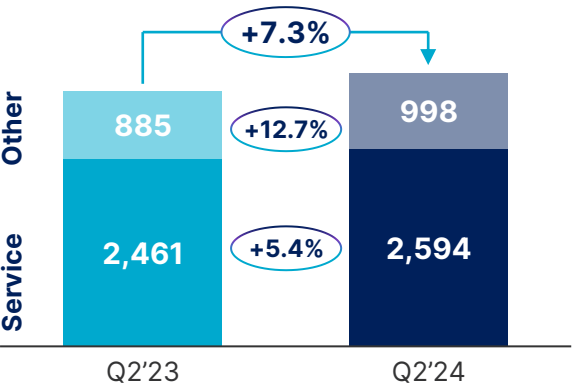
**EBITDA growth** affected by Q2'23 one-off. On a normalised basis, high single digit EBITDA growth, over 1 point margin improvement y-o-y

**Net profit growth** reflecting mainly higher EBITDA and new royalty regime

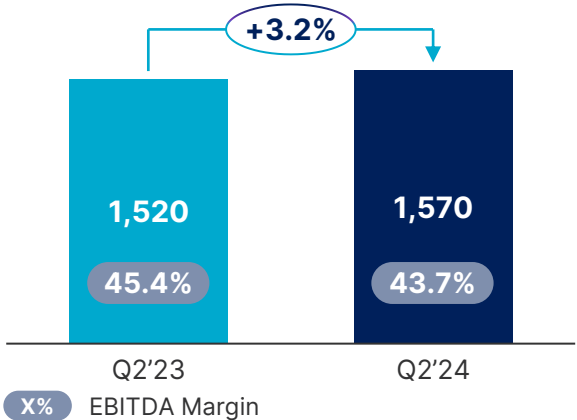
Revenues (AED million)



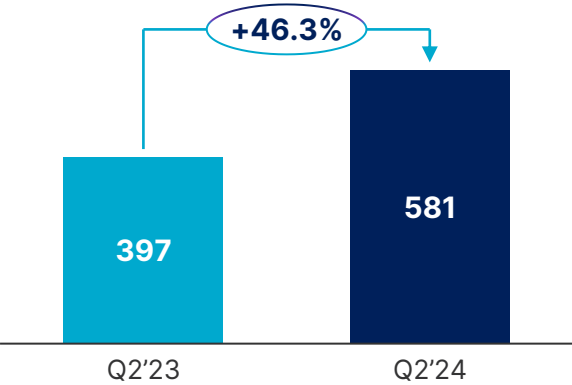
Revenues breakdown (AED million)



EBITDA (AED million) and margin (%)



Net profit (AED million)





# Q2'24 financial highlights



## Strong cash generation and healthy balance sheet

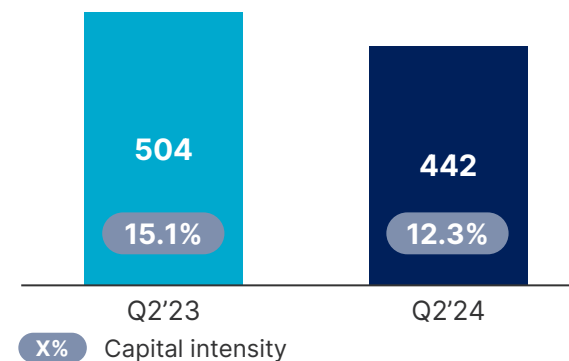
**Capex** slightly down y-o-y reflecting spending normalisation

**Operating cash flow** reflects EBITDA and Capex evolution

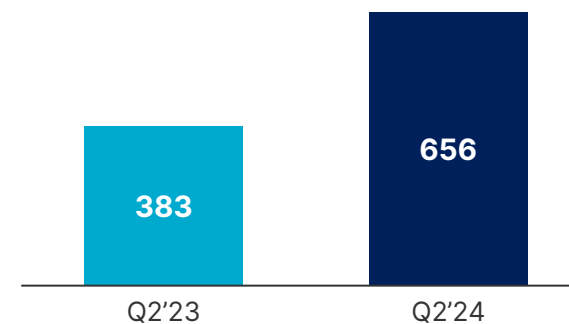
**Solid Net cash** position supported by strong cash generation

**Strong liquidity** and unleveraged balance sheet

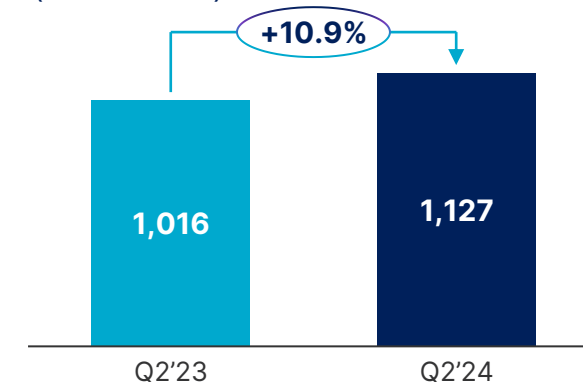
Capex (AED million) and capital intensity (%)



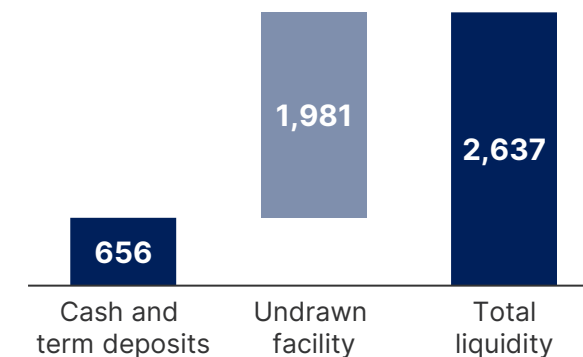
Cash and bank balances (AED million)



Operating Free Cash Flow <sup>(1)</sup> (AED million)



Total liquidity (AED million)



(1) Operating free cash flow is EBITDA minus Capex



# Segment highlights

Q2 2024

Kais Ben Hamida, CFO

# Mobile segment



Growing subscriber base and favourable mix



**Total subscriber base** up 2.9% to 8.2 million subscribers



**Postpaid customer base** 11.3% y-o-y growth to 1.7 million subscribers driven by innovative solutions for enterprises and successful consumer offers

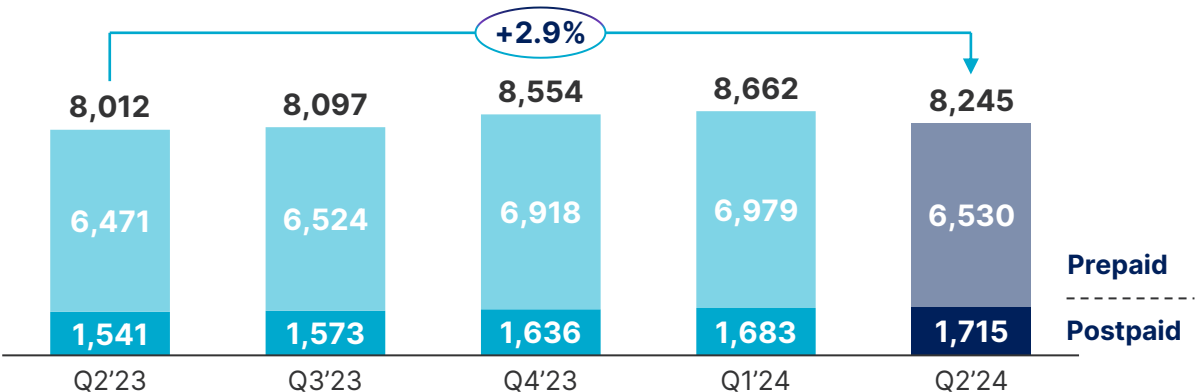


**Prepaid customer base** of 6.5 million customers with growth in voice and data offers partly offset by a normalized tourist activity

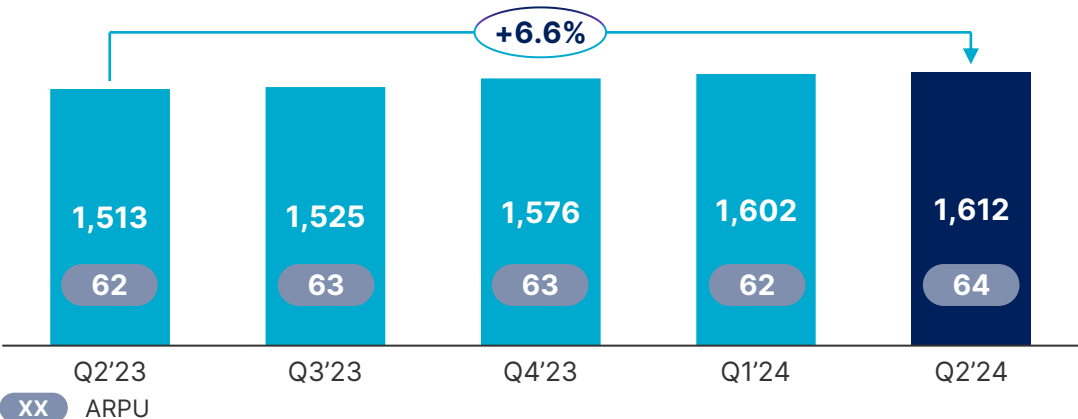


Mobile y-o-y **revenues growth** driven by subscriber base growth and favourable mix

Mobile subscriber base (thousand)



Mobile revenues (AED million) and ARPU (AED)



# Fixed segment

Sustained success of our offers



**Subscriber base up 12.7%** with strong net-additions over the quarter



**Revenues up 3.5%** mainly driven by home wireless and enterprise broadband



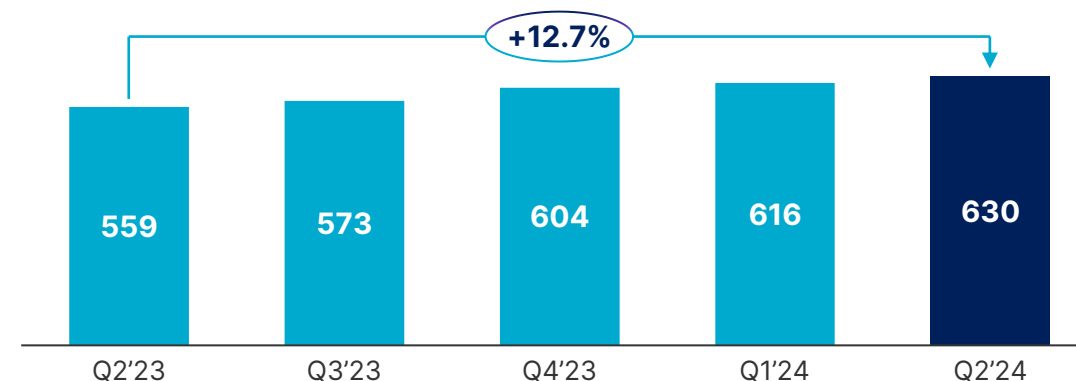
**Launch of Home Wireless Gaming** unlimited gaming offer



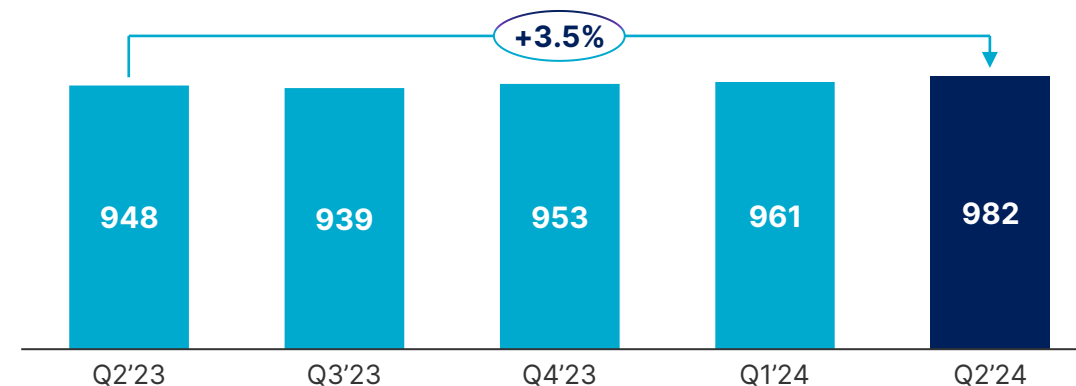
Continued **expansion of the Fibre network**



Fixed subscriber base (thousand)



Fixed revenues (AED million)



# Other revenues



Growing our “beyond the core” activities



**Strong growth** y-o-y driven by ICT and interconnect business



**Growth** driven by higher customer base and non-recurring revenues in ICT

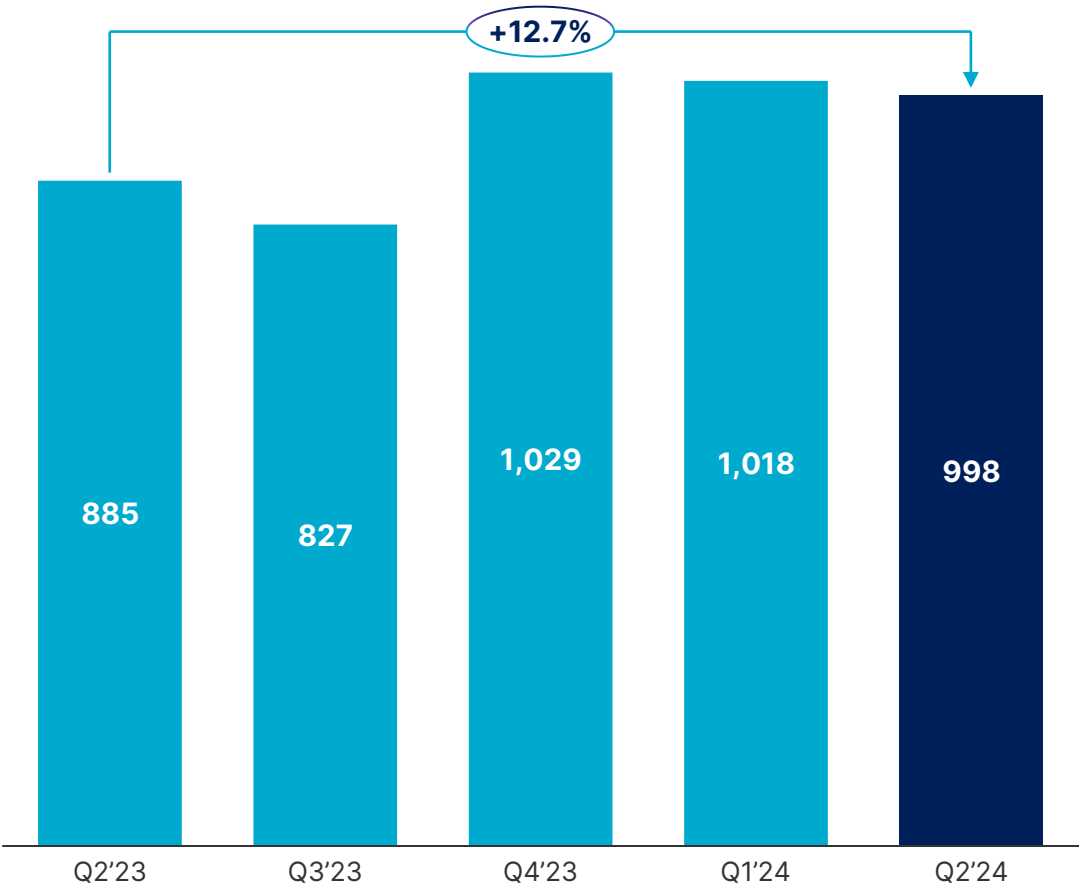


The first full quarter of **du Pay** has exceeded **our** expectations



**Strong ICT pipeline**, well aligned with the UAE vision

Other revenues (million)







# Priorities and Guidance

Q2 2024

Fahad Al Hassawi, CEO

# 2024 priorities and guidance



Confidence in momentum and the execution of our strategy

## 2024 priorities



Generate **profitable growth** in core and non-core



**Continue managing the business** efficiently to improve margins



Push further **the digitalisation** 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



### Revenues

2024 year-on-year growth

**5-7%**

### EBITDA Margin

2024

Above  
**43%**

(2023: 42.5%)



Q&A



# Appendix

# Appendix

## Operational KPIs



	2023 Q2	2023 Q3	2023 Q4	2023 FY	2024 Q1	2024 Q2
<b>Mobile customers (thousand)</b>	<b>8,012</b>	<b>8,098</b>	<b>8,554</b>	<b>8,554</b>	<b>8,662</b>	<b>8,245</b>
of which prepaid	6,471	6,524	6,918	6,918	6,979	6,530
of which postpaid	1,541	1,573	1,636	1,636	1,683	1,715
<b>Mobile customers net-adds (thousand)</b>	<b>-182</b>	<b>86</b>	<b>456</b>	<b>658</b>	<b>108</b>	<b>-417</b>
of which prepaid	-195	54	393	502	61	-449
of which postpaid	13	32	63	156	47	32
<b>Mobile ARPU (AED)</b>	62	63	63	62	62	64
<b>Fixed customers (thousand)</b>	<b>559</b>	<b>573</b>	<b>604</b>	<b>604</b>	<b>616</b>	<b>630</b>
<b>Fixed customers net-adds year over year (thousand)</b>	5	14	31	68	12	15

- 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
- Net adds are calculated quarter-over-quarter except for the full year, which is net adds for the entire year
- ARPU is calculated as monthly average revenues divides by average subscriber base



# Appendix



## P&L

AED million	2024 Q2	2023 Q2	Change %	2024 H1	2023 H1	Change %
<b>Revenues</b>	<b>3,592</b>	<b>3,347</b>	<b>7.3%</b>	<b>7,174</b>	<b>6,787</b>	<b>5.7%</b>
Cost of sales	(1,229)	(1,061)	15.8%	(2,455)	(2,351)	4.5%
Operational expenses	(794)	(765)	3.7%	(1,561)	(1,550)	0.7%
<b>EBITDA</b>	<b>1,570</b>	<b>1,520</b>	<b>3.2%</b>	<b>3,157</b>	<b>2,886</b>	<b>9.4%</b>
EBITDA margin	43.7%	45.4%	-1.7pp	44.0%	42.5%	+1.5pp
Depreciation, amortisation and Impairment <sup>(1)</sup>	(547)	(623)	-12.2%	(1,084)	(1,153)	-6.0%
Net finance income (expense)	8	1	n.m	25	13	92.3%
<b>Net profit before royalty and tax</b>	<b>1,030</b>	<b>898</b>	<b>14.8%</b>	<b>2,099</b>	<b>1,747</b>	<b>20.2%</b>
Federal Royalty	(392)	(501)	-21.8%	(798)	(979)	-18.5%
Tax	(58)	-	n.m	(117)	-	n.m
<b>Net Profit</b>	<b>581</b>	<b>397</b>	<b>46.3%</b>	<b>1,184</b>	<b>768</b>	<b>54.2%</b>

n.m: not meaningful

(1) Depreciation, amortisation and impairment of property, plant and equipment, Depreciation of right-of-use assets, Amortisation of intangible assets and interest expense on lease liabilities

# Appendix

## Balance Sheet



AED million	2024 Jun	2023 Dec
<b>Non-current assets</b>		
Property, plant and equipment	9,603	9,723
Right-of-use assets	1,504	1,597
Intangible assets and goodwill	1,167	1,111
Lease receivable	101	110
Investment	3	5
Financial asset at fair value	3	3
Trade receivables, contract assets and other assets	265	257
Contract cost	314	222
<b>Total non-current assets</b>	<b>12,961</b>	<b>13,028</b>

AED million	2024 Jun	2023 Dec
<b>Current assets</b>		
Deferred fees	155	0
Inventories	183	102
Lease receivable	19	18
Trade receivables, contract assets and other assets	1,947	2,106
Contract cost	328	342
Due from related parties	48	53
Prepayments	134	118
Term deposits, cash and bank balances	656	1,937
<b>Total current assets</b>	<b>3,469</b>	<b>4,676</b>
<b>Total assets</b>	<b>16,430</b>	<b>17,704</b>

# Appendix

## Balance Sheet



AED million	2024 Jun	2023 Dec
<b>Equity</b>		
Share capital	4,533	4,533
Share premium	232	232
Other reserves	2,251	2,251
Retained earnings	2,459	2,227
<b>Total equity</b>	<b>9,475</b>	<b>9,243</b>
<b>Non-current liabilities</b>		
Lease liabilities	1,338	1,455
Contract liabilities	209	217
Provision for employees' end of service benefits	214	208
Other provisions	215	211
<b>Total non-current liabilities</b>	<b>1,976</b>	<b>2,092</b>

AED million	2024 Jun	2023 Dec
<b>Current liabilities</b>		
Trade and other payables	3,018	5,247
Federal royalty on profit and corporate income tax	915	-
Lease liabilities	546	650
Contract liabilities	491	466
Due to related parties	9	6
<b>Total current liabilities</b>	<b>4,979</b>	<b>6,369</b>
<b>Total equity and liabilities</b>	<b>16,430</b>	<b>17,704</b>

# Appendix



## Cash flow statement

AED million	2024 Q2	2023 Q2	AED million	2024 Q2	2023 Q2
<b>Net profit</b>	<b>581</b>	<b>397</b>	Dividend paid	(952)	(589)
Adjustment for non-cash items	1,074	711	Repayment of lease liabilities	(141)	(46)
Change in working capital	(148)	202	Interest paid on lease liabilities	(16)	(27)
<b>Cash generated from operations</b>	<b>1,507</b>	<b>1,310</b>	<b>Net cash used in financing activities</b>	<b>(1,109)</b>	<b>(662)</b>
Royalty paid	(1,929)	(1,688)	<b>Net decrease in cash and cash equivalent</b>	<b>(513)</b>	<b>(968)</b>
Payment of employees end of service benefit	(5)	(5)	Cash and cash equivalent at 1 April	1,091	1,349
<b>Net cash generated from operating activities</b>	<b>(427)</b>	<b>(382)</b>	<b>Cash and cash equivalent at 30 June<sup>(1)</sup></b>	<b>578</b>	<b>381</b>
Purchase of property, plant and equipment	(436)	(438)			
Purchase of intangible assets	(72)	(87)			
Interest received	51	27			
Term deposit matured	1,480	575			
<b>Net cash generated in investing activities</b>	<b>1,023</b>	<b>77</b>			

(1) Cash and cash equivalent excludes restricted cash

# Appendix



## Cash flow statement

AED million	2024 H1	2023 H1	AED million	2024 H1	2023 H1
<b>Net profit</b>	<b>1,184</b>	<b>768</b>	Dividend paid	(952)	(589)
Adjustment for non-cash items	2,134	1,313	Repayment of lease liabilities	(309)	(128)
Change in working capital	(476)	266	Interest paid on lease liabilities	(32)	(45)
<b>Cash generated from operations</b>	<b>2,842</b>	<b>2,347</b>	<b>Net cash used in financing activities</b>	<b>(1,293)</b>	<b>(762)</b>
Royalty paid	(1,929)	(1,688)	<b>Net decrease in cash and cash equivalent</b>	<b>(29)</b>	<b>(488)</b>
Payment of employees end of service benefit	(9)	(12)	Cash and cash equivalent at 1 Jan	608	869
<b>Net cash generated from operating activities</b>	<b>903</b>	<b>647</b>	<b>Cash and cash equivalent at 30 June</b>	<b>578</b>	<b>381</b>
Purchase of property, plant and equipment	(764)	(927)			
Purchase of intangible assets	(191)	(155)			
Interest received	62	34			
Term deposit matured	1,252	675			
<b>Net cash generated/ (used) in investing activities</b>	<b>360</b>	<b>(374)</b>			





# Thank you



**Contact:**

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**Upcoming events:**

Meet us at the EFG Hermes 10th Annual  
Conference in London on Sept 11th and 12th