

Press Release

du Announces full year 2012 Results

- *Net profit before royalty increased 55.81% to AED 2.82 billion*
 - *Proposed second dividend payment of AED 0.30 per share*
 - *Revenues of AED 10.16 billion; a 14.71% increase*

Dubai, 19 February 2013 – Emirates Integrated Telecommunications Company PJSC ("du") today announced its financial results for the full year and the fourth quarter of 2012, reporting the sixth consecutive year of strong performance for the company. du also announced that it is proposing its second dividend payment to shareholders.

Highlights for the full year 2012:

- **Like for like Revenues¹ of AED 10.16 billion achieved;** a 14.71% increase versus 2011 (AED 8.85 billion).
- **EBITDA² increased 37.10%** to AED 3.99 billion versus 2011 (AED 2.92 billion).
- **Net profit before royalty grew by 55.81%** year on year to AED 2.82 billion versus 2011 (AED 1.81 billion).
- **Net profit after royalty³** stood at AED 1.98 billion up from AED 1.10 billion in 2011, reflecting the royalty payable to the UAE Federal Government for the year ended 31 December 2012 of 5% of revenues and 17.5% of net profit. This resulted in a royalty payment of AED 844 million, compared to AED 715 million in 2011.
 - **Earnings per share increased 79% from AED 0.24 to AED 0.43**
- **Free Cash Flow⁴ reached AED 1.75 billion** up from AED 1.38 billion in 2011.
- **Proposed second dividend payment of AED 0.30 per share,** representing a yield of 8.60%.

Highlights for the fourth quarter:

- **Like for like revenues for the fourth quarter reached AED 2.74 billion,** a 13.55% increase on Q4 2011 (AED 2.41 billion) and a 8.64% increase on Q3 2012 (AED 2.52 billion).
- **EBITDA grew 38.59%** versus Q4 2011 (AED 848 million) to AED 1.18 billion and grew 22.84% compared to Q3 2012 (AED 957 million).
- **496,628 net active mobile customers added** during the fourth quarter, bringing the total mobile customer base to 6,457,288.
- **Sustained momentum in postpaid active mobile customer net additions** with 37,216 added in Q4 2012 bringing the total to 513,025, up 41.41% on Q4 2011 (362,803) and representing 7.94% of the total mobile customer base.
- **678 basis points increase in data contribution** to mobile revenues, increasing from 17.03% in Q4 2011 to 23.81% in Q4 2012.
- **Net profit before royalty increased by 71.39%** year on year to AED 852 million in Q4 2012 versus AED 497 million in Q4 2011, representing a 30.38% increase over the previous quarter of AED 654 million.

¹ In the financial statements revenue is reported 3.11% lower due to the change in accounting treatment of upfront discounts offered on scratch cards, calling cards and SIM cards. Previously this had been accounted for under cost of sales. There is no effect on EBITDA due to the change in accounting treatment.

² du calculates EBITDA as operating profits before interest, depreciation, amortisation, impairment charges, non-operational income and expenses and royalty.

³ For the purposes of the full year 2012 results du has applied the revenue royalty to 100% of revenue excluding broadcasting and certain allowable deductions.

⁴ Free cash flow is defined as cash generated from operating activities less net cash used in investing activities.



- **Net profit after royalty⁵ grew by 125.80%** year on year to AED 994 million in Q4 2012, a 204.06% increase on Q3 2012.

Ahmad Bin Byat, Chairman of du, said: "With pride, I can report another year of strong performance across all areas of our business.

"We are delighted that the Board of Directors has recommended the payment of a second dividend. The proposed cash dividend of AED 0.30 per share for 2012 (subject to shareholder approval at our Annual General Meeting in March 2013). We have always reiterated our commitment to shareholder value creation and I believe that this demonstrates our ability to deliver on our commitments. In just six years we have established strong fundamentals, significant market share and a coherent strategy for the future of the business, all creating sustainable value for our shareholders.

"Our successes have come against a backdrop of challenges. Globally, the sector is experiencing increasing pressure on core revenues. Competition has intensified and become more complex. Despite these challenges, we again recorded a record year in terms of revenue and net profit and I am proud that by the end of 2012 we served 48.7% of the UAE mobile market⁶."

"Our strong performance is reflected in our net profit before royalty, which was comfortably up on 2011 at AED 2.82 billion. Net profit after royalty was AED 1.98 billion and we welcomed the Ministry of Finance's decision to provide us with visibility for subsequent years, giving us a sustained period of certainty in terms of our liability with respect to royalties payable to the Federal Government until 2016.

"The next few years will present us with challenges and opportunities but I am confident that our hard work will continue to see our business go from strength to strength. We have put in place a strategic programme that maps out how we intend to navigate the challenges presented by our evolving sector and make the most of the opportunities they present.

"We are all looking forward to the challenges that lie ahead and to delivering even greater value to you in 2013."

Osman Sultan, du's Chief Executive Officer, commented, "It is a pleasure to be able to announce that 2012 delivered another record year of revenues and profitability for our shareholders.

"In 2012 we achieved like for like revenues of AED 10.16 billion, an increase of 14.71% on 2011. We acquired 1,241,251 net new mobile customers and our overall market share now stands at 48.7%. One of the biggest stories of the year was data. The rapid adoption of smartphones and tablets has continued and consequently growth in mobile data revenues has been significant, increasing by 74.00% on 2011 and taking overall data revenues to AED 1.76 billion for 2012, representing significantly greater percentage of mobile service revenues, at 22.44% than it did in 2011 when data revenues stood at AED 1.01 billion.

"As a result of our robust revenue performance and operational efficiencies, 2012 has seen healthy levels of profitability. EBITDA growth for the year reached AED 3.99 billion, 37.10%, representing an EBITDA margin of 39.37% for 2012. Net profit before royalty grew by 55.81% to reach AED 2.82 billion in 2012. The Federal Government confirmed the royalty charge for 2012 at 5% of revenue and 17.5% of net profit, resulting in net profit after royalty of AED 1.98 billion.

"Sustained investment in infrastructure is an essential part of the ongoing development of our capabilities and in 2012 we invested more than AED 1.72 billion in our network and IT. During the year we benefited

⁵ Provisioning for 2012 royalty was made at 50%. The company has also taken a charge in line with the Federal Government's recent decision on royalties.

⁶ Source: Estimate based on Telecommunications Regulatory Authority ('TRA') and competitor reports.

from favourable market conditions to secure financing amounting to \$700 million at competitive rates. These loan facilities will provide us with the resource and financial flexibility to meet short and medium term capital expenditure requirements.

"Optimising operational efficiencies remained a key strategic driver in 2012, with efficiency improvements focused largely on network and IT outsourcing to optimise resources, streamline operations and ultimately deliver an enhanced service experience to our customers. We also took a more granular approach to market segmentation to identify and meet the differing needs of our customers, successfully launching a number of market-leading propositions to address the diverse value and service capability requirements of our prepaid, postpaid and enterprise customers.

"2012 was a year that saw us consolidating the achievements of the previous five years and implementing a strategy to ensure our company's continued success. We have finished the year with a strong balance sheet, a positive outlook for the future, and subject to shareholder approval, we will again pay dividends to our shareholders for 2012."

Full Year 2012 results analysis

du delivered a robust revenue performance in 2012. Full year revenues for the year grew 14.71% on a like for like basis to AED 10.16 billion compared to AED 8.85 billion in 2011. The company's strong performance can largely be attributed to initiatives outlined in the company's strategic efficiency programme, the foundations of which were laid during the year.

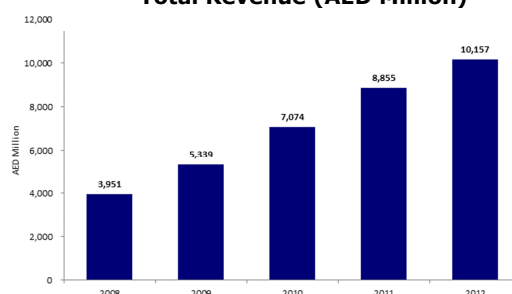
du retained its position as operator of choice for the majority of new mobile customers in the UAE in 2012, with 1,241,251 net mobile customers added during the year, reaching a total of approximately 6,457,288 at year end, which du estimates to represent 48.7% of the market, according to data published by the Telecommunications Regulatory Authority ('TRA') and competitor reports at the end of 2012.

Significant contribution from high-value postpaid segment

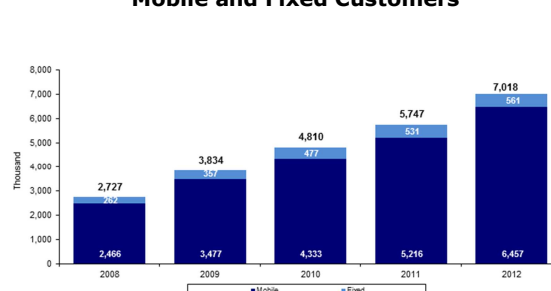
Mobile revenues grew by 15.95% to reach AED 7.93 billion in 2012, up from AED 6.84 billion in 2011, driven by strong customer additions across all segments, with a notable increase in the number of high-value postpaid customers. Our efforts to refocus our consumer and enterprise propositions and bring more targeted products to the market resulted in a 41.41% year on year increase in our postpaid customer base to 513,025, with this high value segment now representing 7.94% of the mobile subscriber base.

du's fixed line business, including fixed telephony, TV and broadband, generated AED 1.62 billion in revenues in 2012, a 9.76% year on year increase (AED 1.48

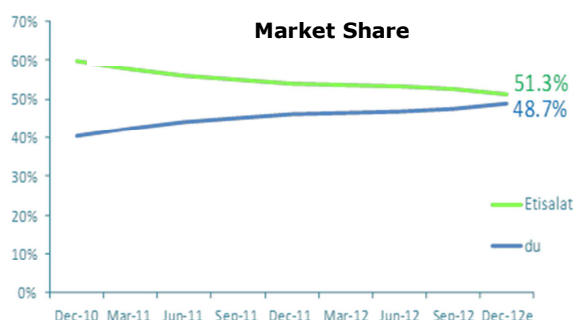
Total Revenue (AED Million)



Mobile and Fixed Customers



Market Share



billion), of approximately 29,752 (net line additions) during 2012⁷.

Focus on optimising efficiencies

Sustained tight control on costs throughout the year reduced overheads by 2.86% as a percentage of revenue on the previous year. Total overheads for 2012 stood at AED 2.89 billion, 28.54% of revenue, a decrease on 2011 when overheads were AED 2.98 billion. In line with our strategic programme, 2012 has seen an increased focus on optimising efficiencies across all areas of the business, resulting in a positive impact on our cost base.

EBITDA grew 37.10% year on year to reach AED 3.99 billion, up from AED 2.92 billion in 2011. EBITDA margins for the year were 39.37%, up 643 basis points from 32.94% in 2011.

Solid growth in net profit before royalty

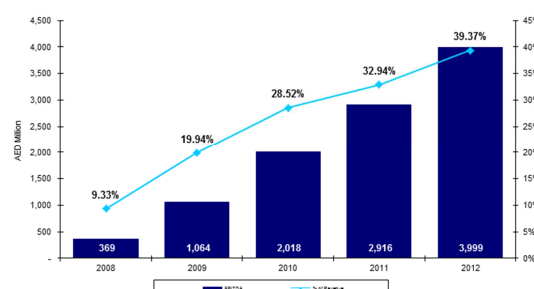
Net profit before royalty reached AED 2.82 billion in 2012, a 55.81% increase on AED 1.81 billion in 2011. The UAE Federal Government confirmed royalty payments for 2012 at 5% of revenues and 17.5% of profit, taking du's net profit after royalty to AED 1.98 billion.

Furthermore, the Ministry of Finance advised on du's royalty schedule for the subsequent years until 2016, providing the company and its shareholders with transparency for the next five years.

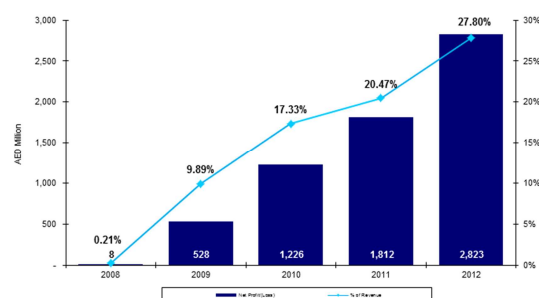
du was free cash flow positive again in 2012, ending the year with AED 1.75 billion in free cash flow, a healthy increase on 2011 and a strong demonstration of the company's continued ability to generate cash.

Earnings per share increased from AED 0.24 to AED 0.43. We invested AED 1.72 billion through our capital expenditure programme in 2012, a 33.29% increase on AED 1.29 billion in 2011.

EBITDA (AED Million)



Net Profit Before Royalty (AED Million)



⁷ du's fixed line business includes fixed telephony, TV and broadband. These are the number of lines/contracts, not number of customer accounts. In case of multiple products on the same contract, a line is counted against each service.

Q4 2012 results analysis

Total combined revenues for Q4 2012 increased to AED 2.74 billion compared to AED 2.41 billion for Q4 2011, representing year on year growth of 13.55%, a reflection of the strong mobile customer additions over the past twelve months. Quarter on quarter, revenues increased 8.64% compared to Q3 2012.

Strong customer additions

du recorded strong net customer additions during the fourth quarter, with 496,628 new mobile customers joining du. Along with the launch of iPhone 5 and a number of successful promotions for our prepaid and postpaid customer bases⁸ this figure reflects the company's ongoing efforts to enhance services and deliver targeted products to the market.

In addition to customer growth across segments, an increase in data volumes and stronger ARPU⁹ played a significant role in du's continued growth in mobile revenues, which reached AED 2.18 billion for the quarter, up 15.42% on Q4 2011 (AED 1.89 billion) and up 12.50% on the previous quarter (AED 1.94 billion).

Considerable increase in high-value postpaid customers

du's continued focus on increasing the share of high-value postpaid mobile customers resulted in a 7.94% contribution to total mobile customers during the quarter, with a further 37,216 net postpaid customers choosing to join du in Q4 2012.

56.28% of the year on year growth in mobile revenues during Q4 2012 was driven by the high-value postpaid mobile customer base. 26.73% of this contribution can be attributed to growth in ARPU compared to Q4 2011.

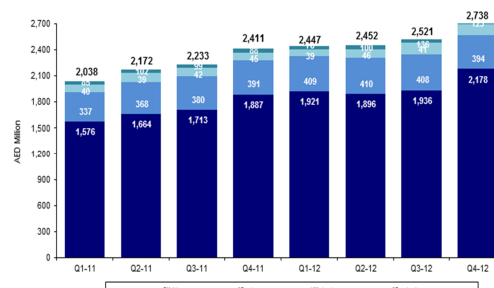
Our revenue generated from the postpaid segment now represents 25.35% of mobile revenues, a considerable increase as a proportion of total mobile revenues.

Mobile ARPU for the quarter increased from AED 110 in the third quarter to AED 117 in Q4 2012.

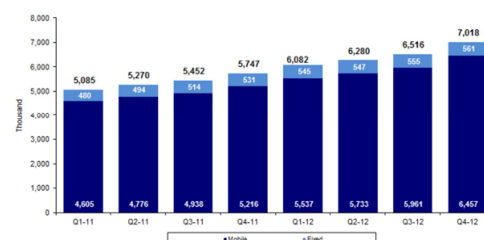
Continued growth in mobile data revenues

Data usage will continue to represent an increasingly significant portion of du's mobile revenues, contributing to approximately 23.81% of mobile revenues for

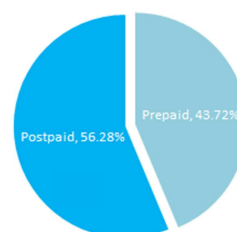
Revenue by Segment (Million)



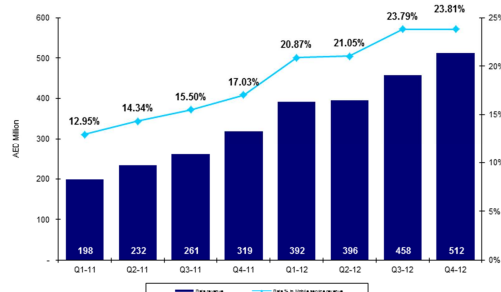
Mobile and Fixed Customer Growth



Mobile Revenue Growth Composition



Mobile Data Revenue (AED Million)



⁸ A recharge promotion for our prepaid customers gave 100% bonus on all denominations of recharge for More International top-up. du launched Number Privileged Plan, for 100 AED/month (includes 100 minutes, 100 texts and 100MB), allowing the customer to choose a special number.

⁹ ARPU is defined as average revenue per user and is calculated by total mobile revenue divided by the average number of customers for the quarter.

the quarter. Mobile data revenues increased by 60.62% year on year, from AED 319 million in Q4 2011 to AED 512 million in Q4 2012.

Revenues for du's fixed line business, including fixed telephony, TV and Broadband, were AED 394 million, a 9.76% year on year increase, up from AED 391 million in Q4 2011 and a 3.31% quarter on quarter decrease from AED 408 million.

Overheads in Q4 2012 were positively impacted in a number of areas, including the ongoing focus on controlling costs, a reclassification of expenses in the quarter¹⁰, and the improved recovery of old bad debts. Total overheads for the quarter reached AED 645 million, representing 23.55% as a percentage of revenue, a decrease on the same period a year ago (33.73% in Q4 2011) and a 14.24% decrease on the third quarter.

Sustained growth in profitability

EBITDA grew by 38.59% year on year during the fourth quarter, and increased 22.84% quarter on quarter to AED 1.18 billion compared to AED 848 million and AED 957 million respectively. EBITDA margins improved to 42.93% during the quarter, up 776 percentage points from 35.18% in Q4 2011, and up by 496 percentage points compared to the previous quarter (37.97%).

Net profit before royalty grew by 71.39% year on year from AED 497 million during Q4 2011 to AED 852 million during Q4 2012. Quarterly net profit before royalty increased by 30.38% from AED 654 million in Q3 2012.

The Company continues to invest in optimising efficiencies and enhancing its proposition across all areas of the business, with AED 622 million invested in capital expenditure during Q4 2012.

Free Cash Flow for the fourth quarter was AED 521 million.

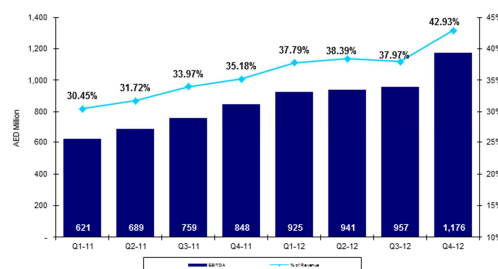
Products & Services

Product, service and promotion initiatives during the fourth quarter included:

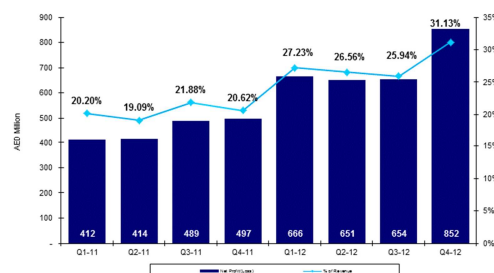
Mobile

- Launched Data Portal: A first in the world real-time data portal, where customers can manage, monitor and purchase data on the go. The portal also offers an enhanced experience and offers no 'bill shock' for data users on postpaid
- Launched the 'Special Number' campaign; obtained by subscribing to an Emirati 100 or Elite Super 100 Plan
- Launched iPhone 5 and Samsung Galaxy Tab 8.9 LTE with customised data packages
- Named 'Best Enterprise Service' for du's Executive Plan at The Telecoms World Awards
- Enhanced our SME service offering by launching the Business Optimiser plan specially designed for SMEs and The Entrepreneur Plan in collaboration with Dubai SME and Microsoft

EBITDA (AED Million)



Net Profit Before Royalty (AED Million)



¹⁰ Reclassification of expenses in the quarter applies to operating expenditure, cost of marketing and cost of sales.



- Expanded partnership with Heliocentris to further reduce carbon emissions from mobile network base stations
- Successfully tested two new technologies to boost customer experience for the 4G LTE network

Fixed

- Announced the launch of datamena, a carrier-neutral transit and content hub, in partnership with Equinix
- Awarded Telco Broadcast Project of the Year for datamena at Broadcast Pro ME Awards

Emirates

- Took du Live! to the next level by signing a deal with Flash for sponsorship of du Arena and du Forum
- TRA requirements: Carried out the 'My Number My Identity' campaign to register all du customers

Other

- Awarded LEED® green building certification for the Fujairah Retail shop
- Partnered with Qualys to deliver cloud-based vulnerability management and policy compliance solutions in the United Arab Emirates

- Ends -

About du

We opened for business in 2006. We offer mobile and fixed telephony, broadband connectivity and IPTV services to individuals, homes and businesses. We also provide carrier services for businesses and satellite up/downlink services for TV broadcasters.

As a rapidly-growing enterprise, we have over 2,000 people working to enhance and expand our bouquet of service offerings. Our people come from over 60 countries - we mirror the rich cultural diversity of our nation, while being able to serve our customers in a variety of languages.

Over 50% of our senior management team and customer-facing employees are UAE nationals, and we remain committed to providing fulfilling opportunities for quality talent in a cosmopolitan working environment.

By the end of Q4 2012, more than 50,000 businesses have chosen to use our services. In a survey conducted by ARC Chart, we were named the Best Mobile Broadband Network 2012 in the Middle East and Africa region. We also ranked first in MENA's Standard & Poor's/Hawkamah Environmental, Social and Corporate Governance Index in 2011.

du is 39.5 percent owned by Emirates Investment Authority, 19.75 percent by Mubadala Development Company PJSC, 19.5 percent by Emirates Communications and Technology LLC and the remaining stake is owned by public shareholders. du is listed on the Dubai Financial Market (DFM) and trades under the name 'du'.

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