

du announces Q3 2013 financial results

Net profit after royalty up 45% year on year to AED 474 million

Dubai, 31 October 2013 – Emirates Integrated Telecommunications Company PJSC ("du") today announced its financial results for the third quarter of 2013.

Financial highlights for the quarter:

- **Revenues¹ increased 8.03%** year on year to AED 2.64 billion, up from AED 2.45 billion in Q3 2012
- **Mobile revenue increased 9.70%** year on year to AED 2.05 billion, up from AED 1.87 billion in Q3 2012
 - **Mobile data revenue increased 34.45%** year on year to AED 616 million from AED 458 million in Q3 2012
- **Fixed revenues increased 8.68%** year on year to AED 439 million from AED 404 million in Q3 2012
- **EBITDA increased by 11.16%** year on year to reach AED 1.06 billion, up from AED 957 million in Q3 2012, with an **EBITDA margin of 40.25%** in Q3 2013 compared to 39.12% in Q3 2012
- **Net profit after royalty² increased 45.09%** year on year, reaching AED 474 million compared to AED 327 million in Q3 2012

Customer highlights for the quarter:

- **Total mobile customer base** reaches 6,895,710 active mobile customers; a 15.69% increase in customers from Q3 2012 (which had a total of 5,960,660)
 - **Postpaid mobile customers** now represent 9.1% of the mobile customer base, up from 8.0% in Q3 2012 and 8.9% in Q2 2013
 - **Prepaid mobile customers increased to 6,269,073**, a 14.30% increase from Q3 2012
- **Fixed line subscribers increased to 587,835**, a 5.93% increase from Q3 2012

Osman Sultan, Chief Executive Officer, said, "The results for the third quarter of 2013 are positive, with a healthy increase in net profit of 45% after royalty. Growth during the quarter was driven by progress made in the data segment and a continuing strategy of attracting high-value customers. We remain concentrated on fostering innovation and bringing a competitive set of products to the market, with particular focus on data centric services."

"In keeping with du's long term strategy and the firm's commitment to attracting talent and enabling the company to mature to its next phase, we have made two significant appointments to our executive management team in the last quarter. We are delighted to announce the appointment of Ahmad Mokhles, who has taken up the role of Executive Vice President, Consumer and Digital Business. Ahmad joins du from AsiaCell Iraq, where he held the position of Chief Commercial Officer. Additionally, we welcome Hany Aly who has been appointed Executive Vice President, Enterprise Business and who was previously with Vodafone Egypt where he was Chief Business Officer.

¹ Like for like revenues based on the change in accounting treatment reported at full year 2012. There is no effect on EBITDA due to the change in accounting treatment.

² Q3 2013 provision for royalty was made at a rate of 7.5% of the total licensed revenue excluding broadcasting revenue and other allowable deductions, plus 20.0% of the net profit for the year before distribution and after deducting 7.5% of the total adjusted licensed revenue.

We look forward to working with both Ahmad and Hany who bring a wealth of sector expertise and who will undoubtedly contribute in helping du achieve its strategic objectives going forward.



"I remain optimistic about our future prospects and I am proud to retain our position as the operator of choice."

Profit & Loss Summary

(AED m)	Q3'13	Q3'12	YoY change	Q2'13	QoQ change
Revenue	2,643	2,447	8.0%	2,660	(0.6%)
EBITDA	1,064	957	11.2%	1,094	(2.7%)
EBITDA Margin	40.2%	39.1%	1.1 basis points	41.1%	(0.9) basis points
Net profit before royalty	768	654	17.4%	778	(1.3%)
Net profit margin	29%	26.7%	2.3 basis points	29.2%	(0.2) basis points

Balance Sheet Summary

(AED m)	AS of 30 September 2013	AS of 30 June 2013
Cash & Cash Equivalents	3,086	2,812
Total Assets	13,988	13,624
Total Liabilities	7,416	6,522
Net Cash	182	170
Total Equity	6,572	7,102

Cash Flow Summary

(AED m)	Q3 2013	Q2 2013
Operating & investing cash	796	(109)
Financing	(522)	(1,028)
Net change in cash	274	(1,137)
Ending cash balance	3,086	2,812

Customer Summary

(000s)	Q3'13	Q3 '12	YoY change	Q2'13	QoQ change
Mobile customers	6,896	5,961	15.7%	6,654	3.6%
Fixed line customers	588	555	5.9%	578	1.7%
Telephony	245	222	10.5%	239	2.5%
Broadband	151	136	11.3%	148	2.4%
TV	128	120	6.6%	126	1.8%
Call Select	64	72	(17.5)%	66	(2.9)%

Q3 2013 results analysis

Total revenues for Q3 2013 remained stable at AED 2.64 billion, representing an increase of 8.0% year on year, up from AED 2.45 billion in Q3 2012. In Q2 2013 total revenues stood at AED 2.66 billion, representing a quarterly decrease of 0.6% as compared to the current quarter.

Mobile and fixed line revenues

Mobile revenues increased 9.7% year on year, reaching AED 2.05 billion in Q3 2013. The increase is driven by data revenues and the postpaid segment.

The company remains focused on innovation and improving service experience to retain high value customers across all segments.

During the third quarter of 2013, du added 241,805 new mobile customers to its base. The company is proud to now serve a total of approximately 6,895,710 active mobile customers. According to the Telecommunications Regulatory Authority ('TRA') and competitor reports, du's market share remains stable at 46.4%.

The Company continues to make progress in retaining high-end mobile users, with the postpaid segment remaining a key focus for du. In Q3 2013, a total of 626,637 postpaid users now represent 9.1% of the total mobile customer base, increasing from 6.2% last quarter.

Mobile ARPU³ fell to AED 97 in Q3 2013, from AED 99 in Q2 2013.

Fixed line revenues for Q3 2013 increased to AED 439 million, representing a healthy growth of 8.7% from Q3 2012 (AED 404 million) and an increase of 5.5% (AED 416 million) as compared to Q2 2013.

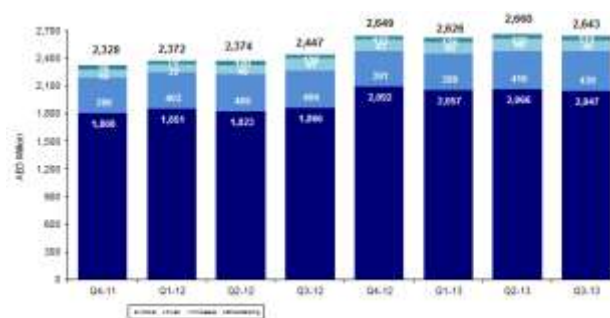
Broadcast revenues increased 12.0% from the same period last year, to reach AED 46.4 million in Q3 2013, compared to AED 41.5 in Q3 2012.

Data revenues continue to grow

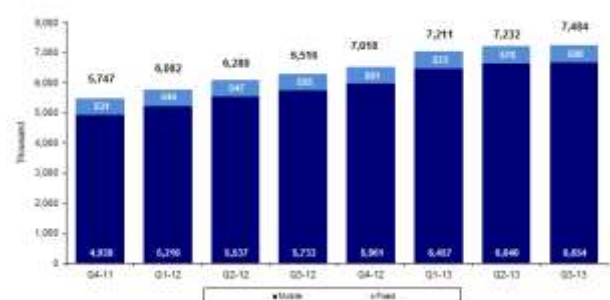
The company continues to focus on increasing revenues from the data segment. In Q3 2013, data revenues increased 34.5 % year on year to reach AED 616 million.

This continues to reflect global sector trends, with data usage increasing due to the rapid adoption of smartphones and tablets. Quarter on quarter, data revenues increased 7.5%, up from AED 573 million in Q2 2013.

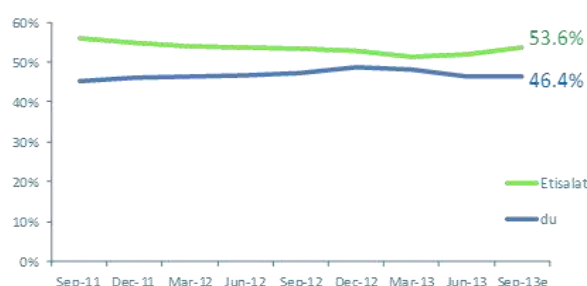
Total Revenue (AED million)



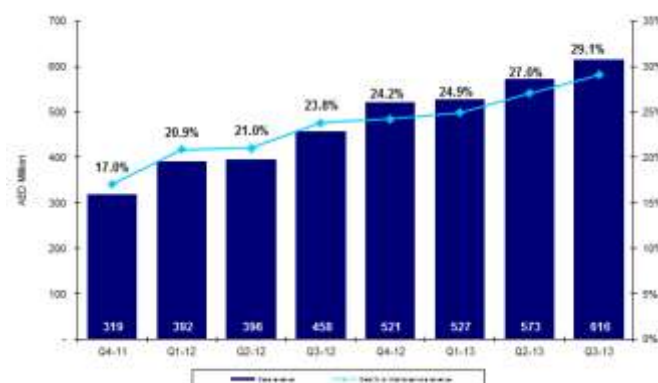
Mobile and Fixed Customer base



Market Share



Mobile Data (AED million)



³ 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.

Sustainable net profit growth

The company registered a strong net profit after royalty⁴ reaching AED 474 million in Q3 2013, up from AED 327 million in Q3 2012, representing a 45.1% growth year on year. Quarterly, net profit after royalty remained stable at AED 474 million, representing a 0.1% increase from Q2 2013.

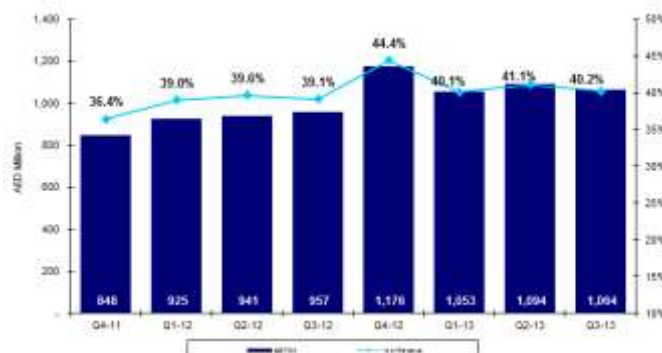
Net profit before royalty increased 17.4% year on year to AED 768 million in Q3 2013, up from AED 654 million in Q3 2012. Net profit before royalty was AED 778 in Q2 2013.

In Q3 2013, EBITDA increased 11.2% year on year, to reach AED 1,064 million, up from AED 957 million in Q3 2012. Quarter on quarter, EBITDA decreased 2.7% from AED 1,094 million in Q2 2013. EBITDA margins are healthy at 40.2% in Q3 2013, compared to 39.1% in Q3 2012 and 41.1% in Q2 2013, representing a year on year growth of 1.1% and a marginal quarterly decrease of 0.9%.

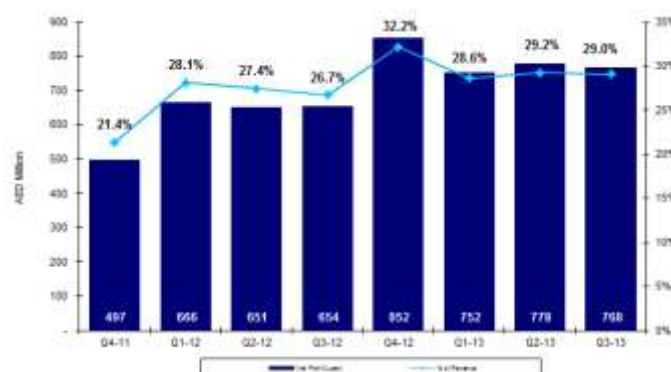
Total overheads for the quarter remained stable at AED 718 million. As a percentage of revenue, overheads are 27.2%, representing a decrease of 3.6% over the same period a year ago, (30.7% in Q3 2012) and a quarterly increase of 0.9% (26.3% in Q2 2013). Quarterly increase in overheads is attributed to the increase of bad debts during the summer months of Q3 2013.

As expected of a maturing company, du continues to invest to enhance its services and performance. AED 188 million was invested during Q3 2013, with a focus on the LTE business.

EBITDA (AED million)



Net Profit Before Royalty (AED million)



⁴ du has applied revenue royalty to 100% of revenue excluding broadcasting and certain allowable deductions.

Product & Service initiatives during the third quarter

- Launched "The Business Plan," a data-centric mobile plan for UAE businesses with free data units, bundled flexible minutes, and free calls, available in four denominations.
- Entered into a strategic alliance with Google™ and launched its new Business Super 600-G Plan for SMBs featuring AdWords benefits: an exciting session to discover the world of online advertising, Account setup, Campaign management of Google AdWords credit worth AED750.
- Joined Vodafone, Zain and Zajil to launch "MEETS," a high-bandwidth regional cable system catering to regional and international ICT companies to provide connectivity to new areas and end customers.
- Launched the 'more data' offer, providing prepaid customers up to 200 free national and international minutes when recharging the WoW line
- Introduced "The Executive Plan Plus" for executives and SMB owners in partnership with Air Miles, allowing customers to earn Air Miles when they sign up to the new plan. Other benefits included in the plan are: a Gold mobile number, a free smartphone worth AED2,749, free LTE service and 100% discount on calls to customer's Closed User Group (CUG).
- Launched Voice Select National, a new fixed line service offering best rates to mobile lines, free national calls, bundles and discounts.

- 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 had 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.

du is 39.5 per cent owned by Emirates Investment Authority, 20.08 per cent 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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