

## **Press Release**

### **du Announces First Quarter 2011 Results**

- *272,000 mobile customers join du in first quarter*
  - Revenue increase of 29% year on year
- 112% growth year on year in net profit before royalty

**Dubai, 25 April 2011** – Emirates Integrated Telecommunications Company PJSC ("du") today announced its financial results for the first quarter of 2011.

#### **Highlights for the first quarter:**

- **272,000 net active<sup>1</sup> mobile subscribers added** during the quarter, taking the total to 4,604,800.
- **Mobile data revenues almost doubled** from AED 59 million in Q1 2010 to 141 million in Q1 2011 (9% of mobile revenues).
- **Revenues of AED 2,038 million increased by 29%** compared to Q1 10 (AED 1,580 million) and were comparable with Q4 10
- **Gross margin of AED 1,317 million grew by 26%** compared with Q1 10 (AED 1,042 million).
- **EBITDA<sup>2</sup> of AED 621 million grew 69.4%** versus Q1 10 (AED 366 million).
- **Net profit before royalty increased 112%** year on year to AED 412 million versus AED 194 million in Q1 10.
- **Sustained momentum in post paid active mobile subscriber additions** with 46,400 added during the quarter bringing the total to 306,400 (7% of total base), up 87% vs. Q1 10 and 18% vs. Q4 10.
- **27.3% growth in du's fixed line subscriber base** from 456,700 lines in Q1 10 to 581,500 lines in Q1 11, with 20,700 lines added during the quarter.
- **Second consecutive quarter of positive cash flow.**
- **AED 477 million of capital invested** in further infrastructure development.

**Osman Sultan, du's Chief Executive Officer, said,** "We have delivered continued strong performance in first quarter of 2011, particularly taking into account seasonality and a shorter

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<sup>1</sup> Defined by the Telecommunications Regulatory Authority as a customer that has sent or received a call, or sent an SMS or MMS within the last 90 days.

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

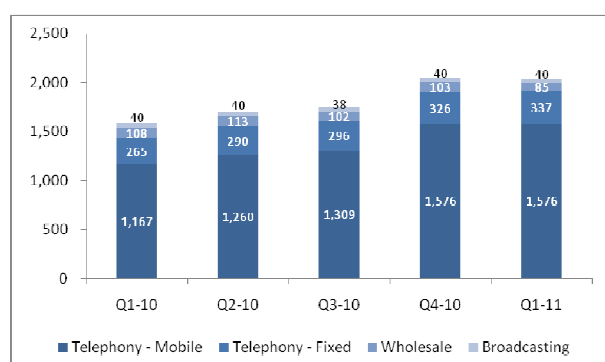
quarter. Year on year growth remains strong, and we enter the year in a robust position. Beyond our solid financial performance, we have continued to attract new customers; indeed, we added more customers than any of the quarters in 2010. There is no better gauge of the strength of our offering than strong uptake in market share.”

“We are witnessing significant rates of growth in mobile data usage, which represents an increasing proportion of our mobile revenues. We believe the product and service offerings that du is renowned for developing and bringing to market will support ongoing growth in this area.”

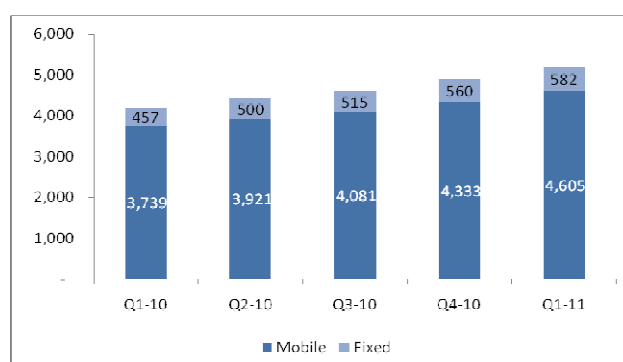
“In line with our previous practice, we have decided to continue to provision for royalty at 50%. We believe this is a prudent approach, until we are advised of the rate for this year by the Federal Government.”

## Q1 2011 results analysis

**Revenue Growth (Millions)**



**Mobile & Fixed Subscriber Growth (Thousands)**

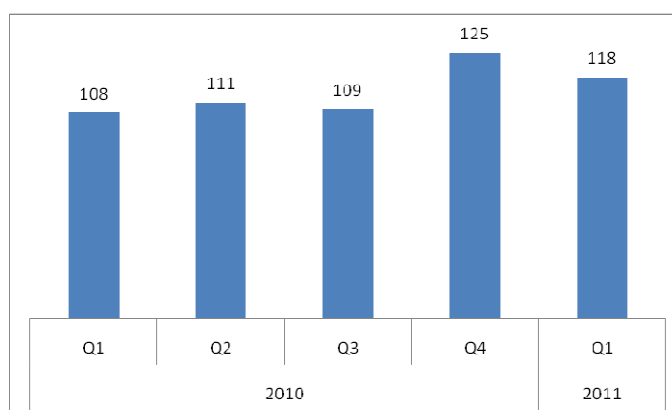


Total combined revenues for Q1 11 improved to AED 2,038 million compared to AED 1,580 million for Q1 10, representing year on year growth of 29%, a reflection of the strong and sustained mobile subscriber growth over the past twelve months. Quarter on quarter, revenues were almost flat as a result of the seasonal peak during the fourth quarter driven by numerous festivals which in 2010 included EID Al-Adha, Diwali, Christmas and a traditionally busy conference period.

Based on the data published by the Telecommunications Regulatory Authority (‘TRA’) at the end of December, du had gained a 40% market share. Q1 has again demonstrated that du continued to be the provider of choice for the majority of new mobile subscribers in the UAE with 272,000 added during the quarter, reaching a total of approximately 4,604,800 active mobile subscribers at quarter end.

Subscriber growth and growing data usage were the key drivers behind du’s strong sustained mobile revenues, reaching AED 1,576 million, up 35% compared to Q1 10 (AED 1,167 million) and flat versus Q4 10 (AED 1,576 million) despite fewer days and seasonality. du’s continued strategy and investment to attract and retain high-end mobile users is working with a

**Average Revenue Per User (ARPU) (AED)**

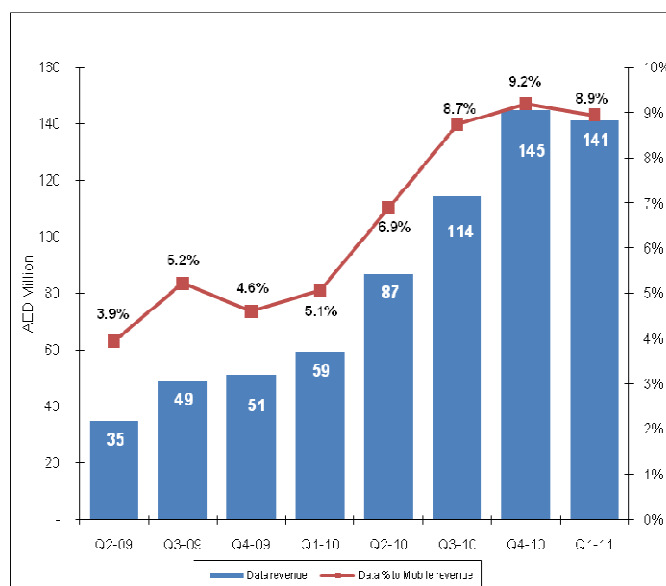


further 46,400 post-paid subscribers added during the quarter bringing the total to 306,400, equal to 7% of the mobile subscriber base. Mobile ARPU remained steady, at AED 118 for the quarter, up from AED 108 during the first quarter of 2010.

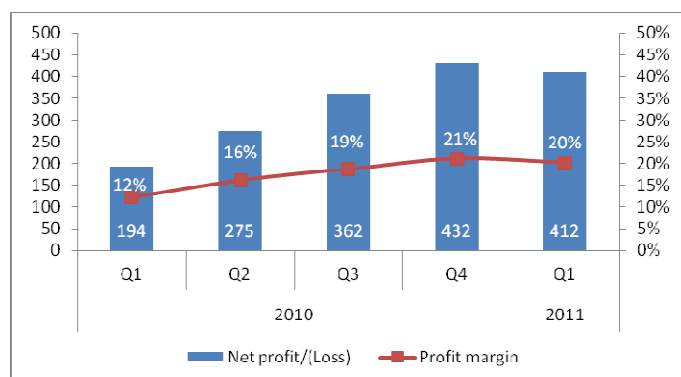
### Mobile Data Revenues

Data usage is becoming a significant component of du's mobile revenues, representing approximately 9% of mobile revenues, almost double that during the first quarter of 2010. Mobile data revenues more than doubled from AED 59 million in Q1 2010 to AED 141 million in Q1 2011.

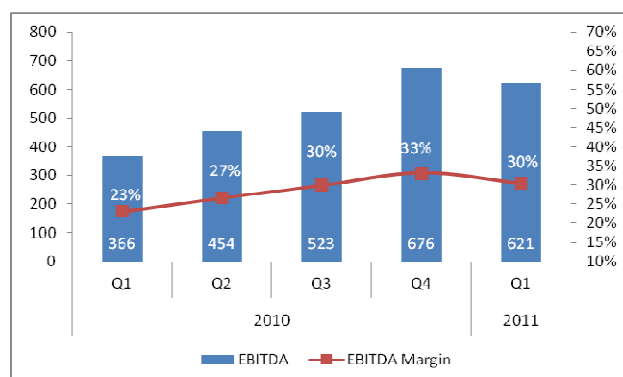
Revenues for du's fixed business, including fixed telephony, TV and Broadband, amounted to AED 337 million, a 27% year on year increase (Q1 10: AED 265 million) and a 3% quarter on quarter increase (Q4 10: AED 326 million), reflecting approximately 581,500 lines<sup>3</sup>.



### Net Profit before Royalty (AED Millions)



### EBITDA<sup>4</sup> (AED Millions)



Total overheads increased quarter on quarter to AED 696 million, compared to AED 631 million in Q4 10. This has arisen due certain one off credits in Q4 and IFRS treatment adjustment of end of service gratuities coupled with additional one off charges being incurred in Q1 11.

During the first quarter, EBITDA grew by 69% year on year, however decreased slightly quarter on quarter by 8% to AED 621 million compared to AED 366 million and AED 675 million respectively.

<sup>3</sup> 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.

<sup>4</sup> du calculates EBITDA as operating profits before interest, depreciation, amortisation, impairment charges, non-operational income and expenses and royalty.

EBITDA margins also improved to 30% in Q1 11, up from 23% in Q1 10, decreasing slightly on the previous quarter (33%).

du's Q1 11 net profit before royalty of AED 412 million represents an increase of 112% over the AED 194 million reported for Q1 10, and a 5% decrease quarter on quarter.

du's capital expenditure programme remains focused and is expected to reach AED 1.7 billion in 2011, with AED 477 million accounted for during Q1 2011. The investments continue to be primarily focused on building out the Company's mobile network, accounting for over 52% of the Q1 spend.

## **Products & Services**

Product and service initiatives during the first quarter included:

### **Mobile**

- Introduced a new Real Mobile Broadband Internet Key (a USB modem) to enable customers to take advantage of the recently launched 42 Mbps mobile broadband offering.
- Expanded post-paid offerings with the introduction of the new Elite Super Plans. The Elite Super 100, Elite Super 250, Elite Super 500 and Elite Super 750 Plans provide additional bonuses and benefits to our customers.
- Launched 'Her Business Super Plan' – a new and vibrant mobile plan that has been specifically tailored to the requirements of modern-day business women in the UAE, providing benefits such as bundled calling minutes, free national data, shopping rewards, and other components.
- Partnered with ENOC and EPPCO to provide special mobile offers throughout the shopping festival season.
- Launched a new Health Text service addressing some of the most common but chronic health issues prevalent in the UAE. The service will provide tips, suggestions, factoids and advice for leading a better and healthy lifestyle, and is beginning with QuitSmoke.
- Secured a new Point of Presence offering in partnership with Saudi Telecom for seamless inter-office connectivity between the United Arab Emirates and Kingdom of Saudi Arabia.
- Announced a partnership with ADCB, to offer SME clients the latest smart phone, the iPhone 4, for just AED 199 when they open an ADCB BusinessEdge account.

### **Fixed**

- Enhanced the Company's business offering with launch of a partnership with Batelco, to provide customers with state-of-the-art, secure inter-office VPN and Ethernet connectivity between the UAE and Bahrain.
- Launched voice hubbing services, to establish du as the Middle East's carrier partner of choice in delivering quality international voice and data services. The service leverages voice bilateral agreements between du and more than 100 major global carriers, to aggregate large volumes of traffic to key destinations.
- Invested \$50 million in, and announced the partial activation of, the new Europe India Gateway (EIG) cable system, which will provide greater resilience for du's customers by enhancing international capacity; reducing the chances of submarine cuts disrupting Internet, data and voice services; offering redundancy backup; as well as contributing to greater capacity in the region.
- Gained access to FEWA's Dark Fibre Network to support du's network expansion plans, a stepping stone in extending the reach of du's fixed services to Northern Emirates to allow individuals and businesses to enjoy du's home and business fixed services.

- Launched a half-price offer on movies and the first 3D movie for Video on Demand users.

- Ends -

## About du

**du**, a leading integrated telecommunications service provider in the UAE, launched mobile telecommunication services in February 2007 across the UAE, in addition to internet and pay TV services that du provides in some of the free zones of Dubai. Call Select, du's nationwide fixed line services for voice telephony, was launched in July 2007. By the end of 2010, du had approximately 4 million mobile customers.

Among du's many firsts is its historic Number Booking Campaign for both individuals and business, Pay by the Second billing system, Mobile TV, Mobile Payments, first of its kind 'WoW' recharge card (which offers customers the choice between more credit, more time and now 'more international' recharge option with additional credit on international calls) and Self Care.

For business customers, du business offers include Closed Business User Group and preferred International Destinations. du Broadcast Services division brings scalable media technology platforms and telecommunication solutions to the broadcast community through its world class teleport (Samacom) and Master Control Room (MCR) facilities.

du products and services for consumers and business are available through du's retail network, currently comprising over 30 du shops located in strategic locations across the UAE, more than 3000 authorized dealers or through du e-shop, accessible at <http://www.du.ae/en/where-to-buy/eshop.html>. du shops are a "one stop shop" for mobile service, carrier select and the payment of the service bills.

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 by public shareholders. It is listed on the Dubai Financial Market (DFM) and trades under the name du.

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