

Press Release

du Announces Second Quarter 2011 Results

- *Revenue increase of 28% year on year*
- *51% growth year on year in net profit before royalty*

Dubai, 03 August 2011 – Emirates Integrated Telecommunications Company PJSC (“du”) today announced its financial results for the second quarter of 2011.

Highlights for the quarter:

- **Revenues of AED 2,172 million increased by 28%** compared to Q2 10 and increased 7% over Q1 11.
- **Mobile revenue increased by AED 87 million quarter on quarter, or AED 404 million year on year, representing 32% growth** compared to Q2 10 to AED 1,664 million.
- **Post-paid mobile customer base contributed 44% of the growth in mobile revenues during Q2** (excluding inbound roaming and handset revenue). 31% of this contribution can be attributed to growth in ARPU.
- **Mobile data revenues increased 74%** year on year to 151 million in Q2 2011 (9% of mobile revenues).
- **171,100 net active¹ mobile customers added** during the quarter, taking the total to 4,775,900.
- **25% growth in du’s fixed line customer base** from 499,900 lines in Q2 10 to 623,600 lines in Q2 11, with 42,100 lines added during the quarter.
- **EBITDA² grew 52% to AED 689 million** from AED 454 million in Q2 10.
- **Net profit before royalty increased 51%** year on year to AED 414 million from AED 275 million in Q2 10.
- **Third consecutive quarter of positive cash flow.**

Osman Sultan, du’s Chief Executive Officer, said, “We continue to achieve strong revenue growth, as a result the breadth and quality of our products and services offerings. Testament to this is the contribution of high value post-paid customers to revenue growth this quarter. Customers such as these can only be retained through effective customer service, which is an area we have been heavily investing in this year, through the implementation of an extensive customer excellence programme.

“Further testament to the strength of our offering is the fact that more than a quarter of the growth in mobile revenue can be attributed to an increase in ARPU, driven by increased usage by our customers.

¹ 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.

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

“During the second quarter, we also announced the completion of a new club loan facility of \$200m coupled with the repayment of the three billion Dirham syndicated loan. These announcements reinforced our focused and well-executed finance strategy, which enables us to tap the most efficient resources available to our company, and ultimately fund our growth in order to optimise shareholders return.”

Q2 2011 results analysis

Total combined revenues for Q2 11 improved to AED 2,172 million compared to AED 1,703 million for Q2 10, representing year on year growth of 28%, a reflection of the strong and sustained mobile customer growth over the past twelve months. Quarter on quarter, revenues increased 7% compared to the previous quarter.

Continued acquisition of market share

Based on the data published by the Telecommunications Regulatory Authority ('TRA') and competitor disclosures, at the end of July, du had gained a 44% market share. Q2 has again demonstrated that du continued to be the provider of choice for the majority of new mobile customers in the UAE with 171,100 added during the quarter, reaching a total of approximately 4,775,900 active mobile customers at quarter end.

Strong mobile revenue growth

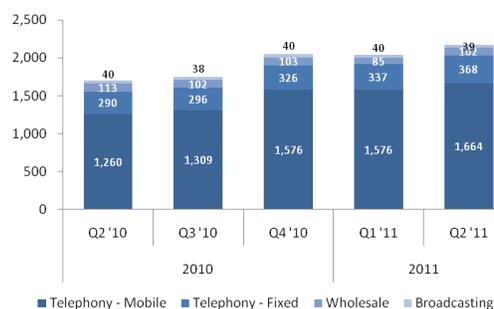
Increased ARPU, especially from post-paid users, customer growth and growing data usage were the key drivers behind du's strong sustained mobile revenues, reaching AED 1,664 million, up 32% compared to Q2 10 (AED 1,260 million) and up 6% versus Q1 11 (AED 1,576 million).

Growing contribution from post-paid customers

Most notably, the post paid mobile customer base contributed 44% of the growth in mobile revenues during Q2 11.

du's continued strategy and investment to attract and retain high-end mobile users resulted in a further 17,000 post-paid customers being added during the

Revenue growth (AED million)



Market share

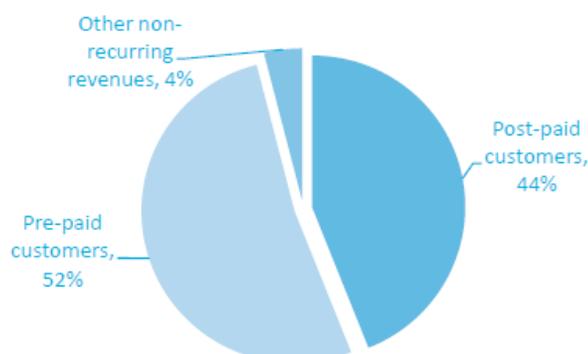


Source: TRA Market statistics, Etisalat Quarterly financial report, July 2011

Mobile & Fixed Customer Growth (thousand)



Mobile Growth Composition



quarter bringing the total to 323,400, equal to 7% of the mobile customer base.

Mobile ARPU remained steady, at AED 118 for the quarter, up from AED 111 during the second quarter of 2010.

Sustained data usage as percentage of revenue

Data usage is becoming a significant component of du's mobile revenues, representing approximately 9.1% of mobile revenues. Mobile data revenues increased by 74% year on year from AED 87 million in Q2 2010 to AED 151 million in Q2 2011.

Revenues for du's fixed business, including fixed telephony, TV and Broadband, amounted to AED 368 million, a 27% year on year increase (Q2 10: AED 290 million) and a 9.2% quarter on quarter increase (Q1 11: AED 337 million), reflecting approximately 623,600 lines³.

Investment in customer excellence programme

Total overheads stood at AED 763 million, compared to AED 696 million in Q1 11. This increase has arisen partially due to investments in du's customer excellence programme in the second quarter, as we continue to develop and improve the 'customer experience', in order to continue attracting and retaining high value customers.

Increased EBITDA margin

During the second quarter, EBITDA grew by 52% year on year, and increased 11% quarter on quarter to AED 689 million compared to AED 454 million and AED 621 million respectively. EBITDA margins also improved to 32% in Q2 11, up from 27% in Q2 10, and up 2% compared to the previous quarter (30%).

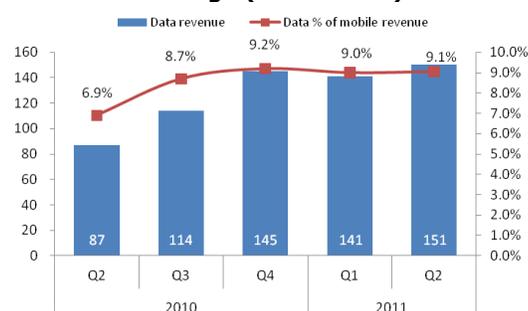
Sustained net profit margin

du's Q2 11 net profit before royalty of AED 414 million represents an increase of 51% over the AED 275 million reported for Q2 10, and a 0.5% increase quarter on quarter.

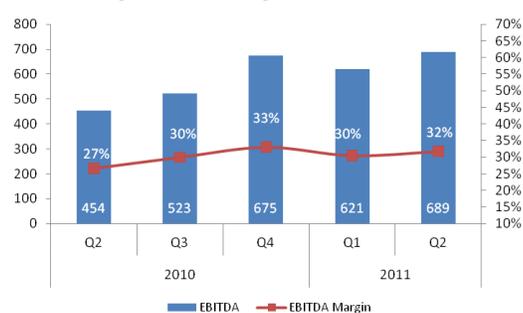
Mobile - Average Revenue Per User (AED)



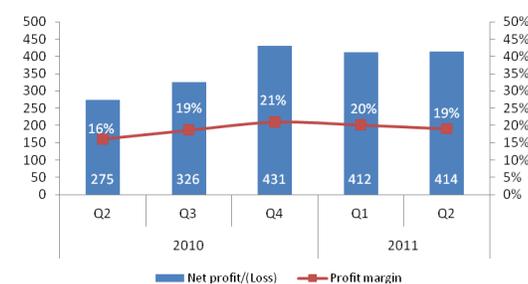
Mobile Data Usage (AED million)



EBITDA (AED million)



Net Profit Before Royalty (AED million)



³ 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.



The Company's capital expenditure programme remains focused and is expected to reach AED 1.6 billion in 2011, with AED 214 million accounted for during Q2 2011. The investments continue to be primarily focused on building out the Company's mobile network, accounting for over 37% of the Q2 spend.

Product & Service initiatives during the quarter

Product and service initiatives during the second quarter included:

Mobile

- Entered into an agreement with Emirates Post under which bill payments and other services of du will be available at all Post Offices in the UAE.
- Launched new offer – 'Passport' – the first of its kind in the GCC. The offer aims to further enhance the simplicity and the affordability of roaming outgoing call rates in order to ease their customer's peace of mind when travelling abroad.
- Launched the new 'Number Privilege Plan', following the introduction of the new Elite Super Plans, enabling post paid mobile users to have their own exclusive special lifetime mobile number just by signing up to the Elite Super Plan for a year.
- Conducted and completed first pilot on Long Term Evolution (LTE) on its mobile network, supporting mobile broadband speeds upto 150 Mbps.

Fixed

- Signed a three-year agreement with Cisco for network support and optimisation services, to support existing and future infrastructure growth.
- Signed a services agreement with Verizon to allow du to offer a comprehensive suite of managed services to Dubai-based global enterprise customers. The services include Private Internet Protocol (PIP), Ethernet Private Line Service (EPL), Ethernet Virtual Private Line Service (EVPL) and more.
- Entered into a strategic collaboration with Etihad Rail which sees du provide its consultation and technical know-how on telecom solutions thereby boosting Etihad Rail's overall integrated communications solutions and enhance du's reach across the UAE to remote areas.
- Launched a new calling plan – 'Business Phone Plus' – for companies with non-du business landline services across the UAE, offering up to an astonishing 70% savings on the current spend.
- Secured a \$220 million loan facility – Signed a new club financing deal for a \$220 million three year loan facility as part of du's ongoing capital optimisation programme.
- Announced plans to set up a 100% Emirati managed Customer Care Centre, which is to be located in Fujairah. The first-of-its-kind in the country, this initiative is being undertaken to create new job opportunities in Fujairah and surrounding Emirates, encouraging UAE Nationals to build their career in the area of customer care.

- 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 Q2 2011, du had approximately 4.7 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.

For more information, please contact:

Media/Analysts – English

James Hawksworth
Capital MS&L
+971 55 2111 658
du@capitalmsl.com

Media - Arabic

Nahed Ashour
Capital MS&L
+971 55 488 4988