

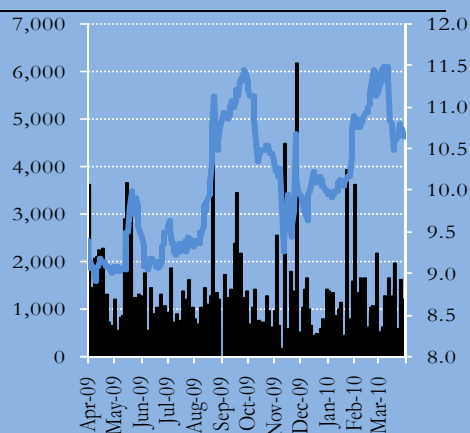
Market Data

Bloomberg:	ETISALAT UH
Reuters:	ETELAD
CMP (19 Apr. 2010):	AED 10.55
O/S (mn):	7,906.1
Market Cap (AED mn):	83,409.8
Market Cap (US\$ mn):	22,708.9
Price/EPS 2010e (x):	9.2
Price/BV 2010e (x):	2.0

Price Performance 1-Yr

High (AED):	11.5
Low (AED):	8.9
Average Volume (000):	1,048.1

Share Price Performance



Source: Zanya & Global Research

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Emirates Telecommunications Corporation – 1Q-2010 Review

- **Emirates Telecommunications Corporation (Etisalat)** reported a Y-o-Y decline of 8.4% in its 1Q-2010 net profit which declined from AED2.18bn in 1Q-2009 to AED1.99 in Q1-2010. The company's consolidated revenue grew by 5% Y-o-Y from AED7.56bn in 1Q-2009 to AED7.94bn in 1Q-2010. On Q-o-Q basis, the group's total revenue declined by 8.9% while net profit grew marginally by 0.24% in 1Q-2010.
- In 1Q-2010, its operating expenses grew by 25.5% Y-o-Y to AED4.33bn. Operating expenses as a percentage of total revenue grew to 54.5% in 1Q-2010 from 45.6% in 1Q-2009. Among major cost components, interconnect costs went up by 45.8% Y-o-Y to AED980.8mn, depreciation increased by 79% to AED510.8mn and other operating expenses increased by 26.4% to AED1,362.4mn.
- During 1Q-2010, the company made significant amount of savings on its finance costs which witnessed a Y-o-Y decline of 84.1% to AED9.8mn. Its finance income grew from AED184mn in 1Q-2009 to AED281.7mn in 1Q-2010.
- The company's total assets grew by 5.7% from AED71.4bn at the end of 2009 to AED75.4bn at the end of 1Q-2010. In 1Q-2010, the company's revenue from UAE declined by 2.07% Y-o-Y to AED5.96bn.

Financial Highlights

(AED mn)	1Q-2010	4Q-2009	QoQ	1Q-2009	YoY
Sales Revenue	7,944.8	8,723.8	-8.9%	7,565.5	5.0%
Net Profit	1,994.5	1,989.7	0.2%	2,177.9	-8.4%
EPS (AED)	0.25	0.28	-10.7%	0.28	-10.7%

Source: Company Results and Global Research

- The company's mobile subscribers in the UAE declined to 7.71mn at the end of 1Q-2010 which was at 7.74mn at the end of 2009. Fixed line subscribers reached 1.3mn while Etisalat's Internet subscriber base grew to 1.38mn from 1.33mn at the end of 2009.
- In Feb. 2010, the group acquired additional 18% equity in Atlantique Telecom, increasing its total stake to 100%, for a consideration of AED276mn (US\$75mn).
- In March 2010, the group also increased its equity stake in Zanzibar Telecom by 14%, increasing its total shareholding to 65%, for a consideration of AED58.9mn (US\$16mn).

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