

Emirates Integrated Telecommunications Co PJSC (DU)

Current Price	Target Price	Upside/Downside (%)	Rating
AED 10.10	AED 10.25	+1.5%	HOLD

2Q25 Net Profit in line with our estimate

- DU's revenue grew 8.6% YOY to AED 3.9 Bn in 2Q25, primarily driven by a growth in service and non-service revenue. The growth in revenue is due to the continued momentum in core business and successful execution of revenue diversification strategy.
- Mobile Services revenue rose 7.7% YOY to AED 1.7 Bn in 2Q25 due to growth prepaid customer base attributable to success of Alo and expansion of retail presence additionally, postpaid customer base increased due to enterprises.
- Fixed service revenue grew 10.1% YOY to AED 1.1 Bn in 2Q25, attributable to ongoing expansion in Home Wireless and Fibre customer base.
- Other revenues increased 8.8% YOY to 1.1 Bn in 2Q25 driven by growth in higher inbound roaming and interconnection revenue, supported by expanded Mobile base, higher handset sales, and growth in ICT revenues.
- EBITDA rose 16.4% YOY to AED 1.8 Bn in 2Q25 with an EBITDA Margin of 46.8% in 2Q25 compared to 43.7% in 2Q24. The growth and margin expansion of EBITDA is attributable stronger gross margin, mainly benefiting by a more favourable mix, with continued migration toward unlimited data plans.
- Net profit grew significantly by 25.1% YOY to AED 727 Mn in 2Q25.
- DU's Capex amounted to AED 545 Mn in 2Q25 with a capex intensity of 14.0%.
- DU's mobile subscriber base grew 10.8% YOY to 9.1 Mn in 2Q25, mainly driven by 9.8% YOY growth in postpaid customers to 1.9 Mn owing to healthy increase in the enterprise segment.
- Prepaid consumers grew 11.1% YOY to 7.3 Mn in 2Q25.
- Operating free cash flow grew 13.8% YOY to AED 1.3 Bn in 2Q25.

Earnings Call Summary

- Du expanded its fibre infrastructure of 505 Km and added new fibre ducts during 1H25 to fulfil the increasing demand for high-speed connectivity.
- The Company went online with the hyperscale data centre in collaboration with Microsoft, progressing its capabilities in AI-ready digital infrastructure.
- Du has not experienced any significant impact on its operations from the current geopolitical situation.
- The expansion in EBITDA margin is a result of elevated gross margin, postpaid plan mix, and increased subscription for unlimited data plans.
- Capex grew from AED 442 Mn in 2Q24 to AED 545 Mn in 2Q25, driven by capacity expansion in data centres and digital infrastructural growth, whereas the capital intensity rose from 12.3% to 14.0% for the same period.
- DU other operating income increased to AED 22.1 Mn in 2Q25 compared to AED 1.6 Mn in 2Q24, primarily due to a one-off item.
- The growth in the subscriber base of mobile and fixed segments is mainly attributed to the healthy growth in the number of tourists and the projected 3% rise in the population.
- The increase in user volume or usage led to a slight decline in Average Revenue Per User (ARPU), from AED 64 in 2Q24 to AED 63 in 2Q25.
- The Company plans to make substantial investments in data centres and is actively investing in this space to support future growth.
- Generally, 4Q typically sees a seasonal EBITDA margin decline due to higher handset sales.

DU – P&L

(AED Mn)	2Q24	1Q25	2Q25	2Q25F	Var.	YOY Ch	QOQ Ch
Revenue	3,592	3,848	3,902	3,896	0.2%	8.6%	1.4%
Costs	-1,912	-1,919	-1,984	-1,937	2.4%	3.8%	3.4%
Marketing expense	-47	-57	-61	-58	3.7%	28.6%	5.7%
Exp. Credit losses	-66	-48	-53	-58	-8.8%	-19.2%	11.4%
EBITDA	1,569	1,824	1,826	1,842	-0.9%	16.4%	0.1%
Dep, Amrtz, Impr	-533	-549	-531	-557	-4.6%	-0.3%	-3.2%
Operating profit	1,035	1,275	1,273	1,286	-1.0%	23.1%	-0.1%
Finance income/exp	-6	6	-6	-7	-12.7%	12.1%	NM
Pre-royalty profit	1,030	1,281	1,288	1,278	0.8%	25.0%	0.6%
Federal Royalty	-392	-487	-490	-486	0.8%	25.0%	0.6%
Tax	-58	-72	-72	-71	1.0%	24.5%	0.5%
Net Profit	581	722	727	721	0.8%	25.1%	0.6%

FABS estimate & Co Data

Guidance



**Revenues
year-on-year
growth**

6-8%

(raised from 5-7%)

EBITDA Margin

45-47%

(raised from above 2024 level or 44.2%)

Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

FAB Securities Contacts:

Research Analyst

Ahmad Banihani +971-2-6161629 ahmad.banihani@Bankfab.com

Sales & Execution

Abu Dhabi Head Office

Trading Desk +971-2-6161700/1 Online Trading Link

+971-2-6161777

Institutional Desk +971-4-4245765

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