



Ref. No.: HO/GCFO/152/109  
Date : 30 July 2017

المرجع: ر م / ر ت م ش / 109/152  
التاريخ: 30 يوليو 2017

Director General  
Abu Dhabi Securities Exchange  
PO Box 54500  
Abu Dhabi, UAE  
Fax No. 02-6128787

المدير التنفيذي  
سوق أبوظبي للأوراق المالية  
ص ب 54500  
أبوظبي - الإمارات العربية المتحدة  
فاكس رقم: 02 - 6128787

Dear Sir,

بعد التحية،

**Etisalat Group Discloses its Dividend Policy**

**أفصح مجموعة اتصالات عن سياسة أرباح الأسهم**

Please be informed that Emirates Telecommunications Group Company PJSC "Etisalat Group" would like to disclose Board's approved Dividend Policy (attached).

يرجى العلم بأن شركة مجموعة الإمارات للاتصالات ش.م.ع - "مجموعة اتصالات" تود الإفصاح عن سياسة أرباح الأسهم الموافق عليها من قبل مجلس إدارة الشركة (مرفقة).

Kind regards,

وتفضلوا بقبول فائق الاحترام والتقدير،

سركان أوكاندان  
الرئيس التنفيذي للشؤون المالية - مجموعة اتصالات  
Serkan Okandan  
Chief Financial Officer - Etisalat Group

Copy to :  
Chief Executive Officer  
Securities & Commodities Authority  
P.O.Box No. 30744  
Fax No. 02 - 6273332

نسخة إلى:  
الرئيس التنفيذي  
هيئة الأوراق المالية والسلع  
ص.ب. 30744  
فاكس رقم: 02 - 6273332



## ETISALAT GROUP DIVIDEND POLICY

### I. GENERAL PROVISIONS

1.1. This Dividend Policy (hereinafter the “Policy”) of Emirates Telecommunications Group Company PJSC “Etisalat Group” (hereinafter the “Company”) has been developed in accordance with the Applicable Laws of the United Arab Emirates, regulations governed by the Securities and Commodities Authority (hereinafter “SCA”) and the Abu Dhabi Securities Exchange (hereinafter the “ADX”) and the Articles of Association of the Company (hereinafter the “Articles”), such Articles as applied currently by the Company.

1.2. The purpose of this Policy is to identify the basic principles of the Company’s procedures on all matters relating to dividends, including decisions on determination of dividend amounts, dividend declaration and dividend payments.

### II. TERMS AND DEFINITIONS

For the purpose of this Policy the following terms and definitions shall apply:

“Annual Dividends” shall mean together the Interim Dividends and the Final Dividends.

“Applicable Laws” shall mean any law, statute, ordinance, rule, regulation, order or resolution issued by the Government of the United Arab Emirates including, but not limited to, the rules and regulations of SCA and ADX and Cabinet Resolution No. 29 of 2015 Regarding the Issuance of the Articles.

“Board of Directors” shall mean the Board of Directors of the Company.

“Bonus Shares” shall mean any non-cash dividends issued by the Company to the Shareholders in the form of shares in the Company.



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**“Business Day”** shall mean a day (other than a Friday and Saturday) on which banks are open for general business in the United Arab Emirates.

**“Final Dividend Declaration Date”** shall mean the date on which the Shareholders resolve in a General Meeting to approve the distribution of annual dividends.

**“Final Dividends”** shall mean the dividends declared by the Company in respect of the last six months of the relevant Fiscal Year.

**“Fiscal Year”** shall mean in relation to the Company, the twelve months period starting from 1<sup>st</sup> of January of a given year and ending on 31<sup>st</sup> of December of that year.

**“General Meeting”** shall mean the shareholder meeting of the Company.

**“Interim Dividend Declaration Date”** shall mean the date on which the Board of Directors resolve to approve the distribution of Interim Dividends.

**“Interim Dividends”** shall mean the dividends related to the first six months of the Fiscal Year of the Company.

**“Net Profit”** shall mean the annual net profit of the Company calculated in accordance with International Financial Reporting Standards (IFRS) and as stated in the profit and loss statement of the Company’s financial statements for the relevant Reporting Period, that are distributable to the Shareholders of the Company.

**“Payment Date”** shall be any date on or before thirtieth day after the Interim Dividend Declaration Date or the Final Dividend Declaration Date, as the case may be.

**“Record Date”** shall mean the tenth day following the Interim Dividend Declaration Date or the Final Dividend Declaration Date, as the case may be. The Record Date must be a Business Day. In the event that the Record Date falls on a day that is not a Business Day, the Record Date shall be the day that is the next Business Day following such day.

**“Reporting Period”** shall mean in relation to the Fiscal Year of the Company quarterly or annually, as the case may be.



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“Shareholder” shall mean a natural or legal person or institution who is an owner of equity shares in the Company as at the relevant Record Date.

### III. KEY DIVIDEND PROVISIONS

3.1 Shareholders may pass a resolution to approve dividends, as recommended by the Board of Directors, at the General Meeting of the Company. Each of the Interim Dividends and the Final Dividends shall be paid within the relevant Payment Date but only after: (i) in respect of the Interim Dividends the Board of Directors have approved the financial statements of the Company for the first six months of the Fiscal Year and resolved to pay Interim Dividend; and (ii) in respect of the Final dividends, following approval of the financial statements of the Company for the relevant Fiscal Year and approval of the Annual Dividends at the General Meeting of the Company.

3.2 As per the Articles, dividends may either be paid in cash or Bonus Shares or a combination of both. In specific situations where the Company issues Bonus Shares, such Bonus Shares will be entitled to future cash dividend declared by the Company.

3.3 At the General Meeting, the Shareholders shall approve, upon recommendation of the Board of Directors, the proportion of Net Profits to be declared for distribution to the Shareholders as dividends.

### IV. PRINCIPLES OF THE COMPANY DIVIDEND POLICY

Under this Policy, the Company will consider the following key principles in determining the amount of the Annual Dividends to be declared:

- Protection of Shareholder rights as stipulated under the Applicable Laws and as aligned with the best corporate governance practices.
- Balancing between the Company's need for available funds to ensure its long-term growth and the proper remuneration of its Shareholders in the form of annual dividends, always subject to achieving and/or maintaining an optimal capital structure.



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- Preserving the financial stability of the Company, and in particular obtaining the highest possible corporate credit rating for the Company as assigned by the rating agencies, namely S&P Global and Moody's. In order to achieve this, the Company must ensure that at any time the Net Debt: EBITDA ratio does not exceed the 1.5x level.
- Ensuring sustainable growth of the Company given the effects of various macroeconomic factors.
- Maintaining clarity in the determination of the amount of dividend payments to be declared and the timing of any increase in dividend distributions.
- Improving the attractiveness of the shares of the Company for existing and potential Shareholders.
- Ruling out dividend payments should a declaration of dividends constitute an indication of insolvency, in accordance with the Applicable Laws.

### V. DIVIDEND DETERMINATION

5.1 The Board of Directors will recommend dividend amounts to be distributed to the Shareholders after evaluating the impact of the principles set out above and based on each of the criteria described in this section.

5.2 The Annual Dividend amount payable per each share ("DPS") shall be AED 0.80 (80 fils).

5.3 The Board of Directors may increase or decrease DPS after evaluating the impact of a range of factors, including but not limited to:

- a) Debt level;
- b) Investment opportunities;
- c) Capital investments;
- c) Financial covenants;
- d) Impact on the Corporate Credit Rating;
- e) State of the capital markets;
- f) Overall performance in respective year;



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- g) if the Company's cash flow is negatively impacted by worsening operating environment due to severe macro-economic conditions, major regulatory changes, major acquisitions or in the case of force majeure events; and
- h) Other factors deemed relevant at the time.

5.4 The DPS amount shall only be determined upon completion and issuance of the audited year-end financial statements of the Company for the relevant Fiscal Year.

5.5 At all times, the Company will comply with the mechanism set by the ADX in coordination with SCA for distribution of cash dividends. The Company will deposit the amount of cash dividends within five Business Days of the Interim Dividend Declaration Date or the Final Dividend Declaration Date, as the case may be, with the ADX and payment of the cash dividends due to the Shareholders shall be within the relevant Payment Date.

### VI. MAKING AMENDMENTS IN THIS POLICY

6.1 This Policy has been approved by the Board of Directors and shall take effect from January 1, 2017.

6.2 The Board of Directors will review this policy after a period of not longer than three years and has the right to amend, add and/or delete provisions of this Policy or make it void.

6.3 Any replacement, abolishment or amendment to the Applicable Laws, that is in contradiction with any provision(s) of this Policy or invalidate such provision(s), shall prevail. The Company shall arrange for the Policy to be amended in full compliance with the Applicable Laws.