

# Investor Presentation Q2 2019

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## Regulatory and Telecom Environment

- Total mobile subscriptions in the Saudi Arabia reached 41.63 mn, with a voice penetration rate of 124.6%\*
- Total data subscribers in the Saudi Arabia reached 29.45 mn, with a data penetration rate of 88.1%\*
- Overall mobile download speed improved by 11.2% to 35.8 Mbps, versus Q1 2019\*\*
- IFRS 16 implementation starts from 1<sup>st</sup> of Jan 2019
- Announcement of a new CFO for Mobily

\* Q1-2019 CITC report

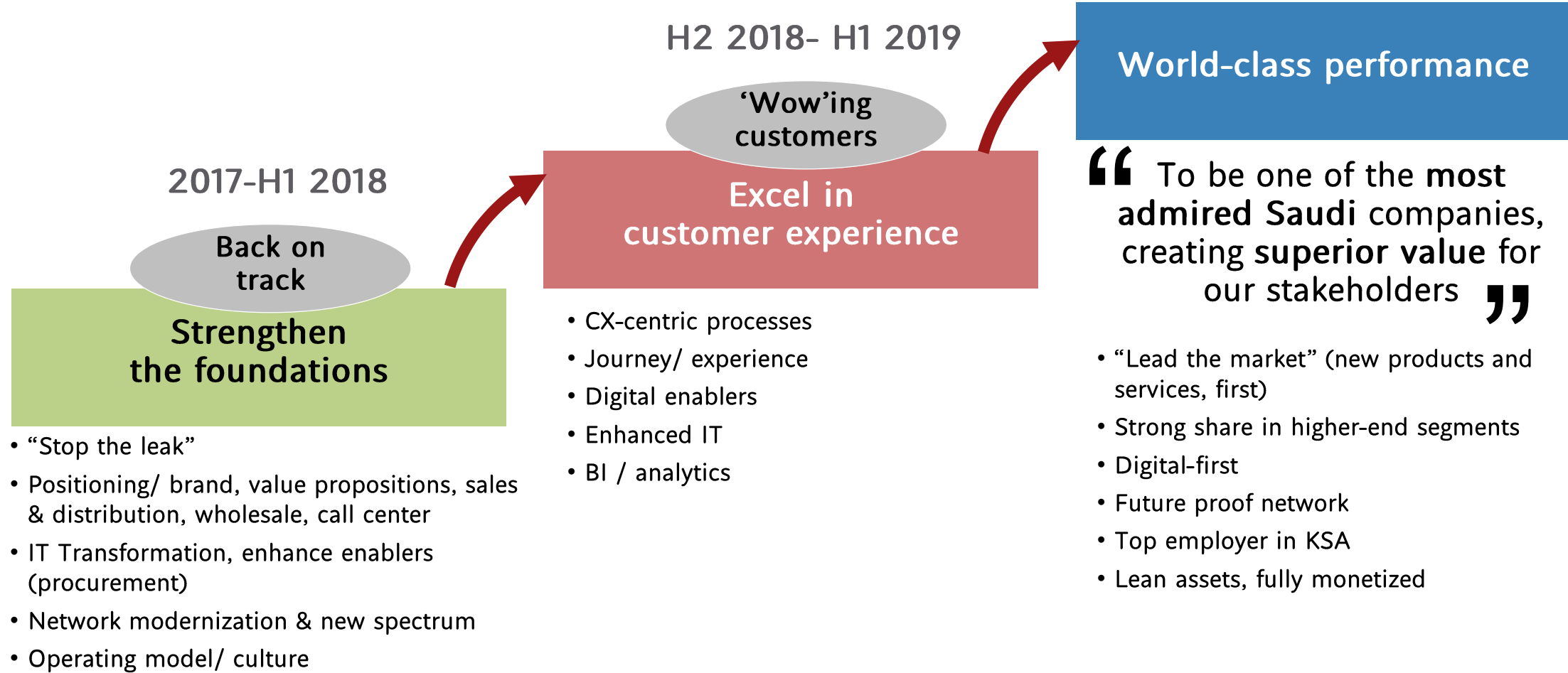
\*\* Meqyas, Q2 2019 report

## Performance Highlights

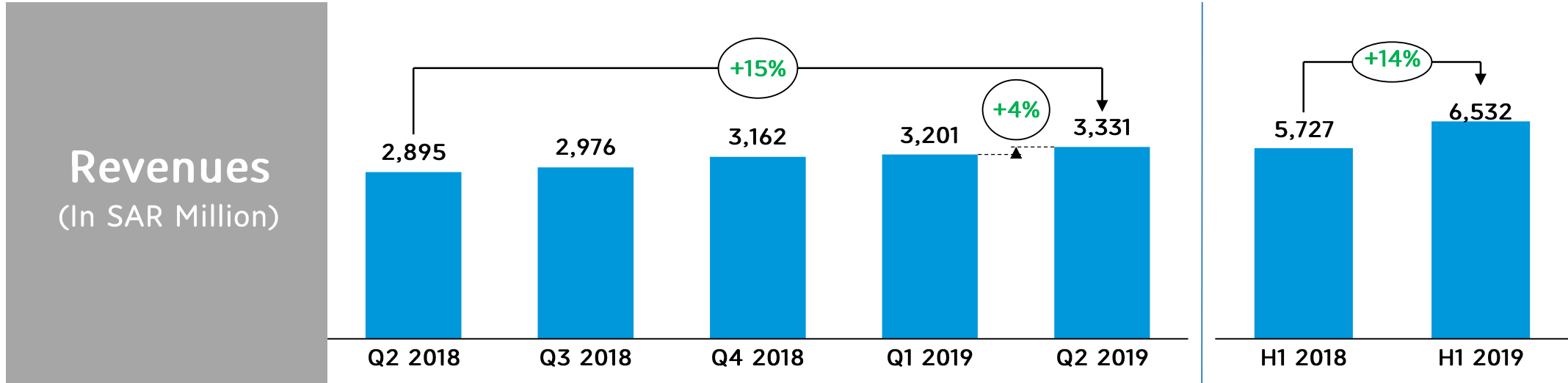
- Continuation to deliver steady strong results.
- Mobily achieved the best improvement rate in download speed by 27% to 35.3 Mbps, versus Q1 2019\*
- Successful delivery of performance growth:
  - 7<sup>th</sup> consecutive QoQ quarterly revenue growth
  - 5<sup>th</sup> consecutive YoY quarterly revenue growth
  - 3<sup>rd</sup> consecutive QoQ quarterly positive bottom-line
  - Strong cash flow generation and continuous deleveraging of net debt
- Steady growth of topline:
  - Growth in data, business, wholesale and FTTH revenues
  - Continued growth of subscribers base and improvement of subscribers mix
- Strong operational cash flow (EBITDA-CAPEX) improved by 84%, reached SAR 1,368 mn

\* Meqyas, Q2 2019 Report

2019+



# Key Financial Highlights | Consistent Growth of the Topline



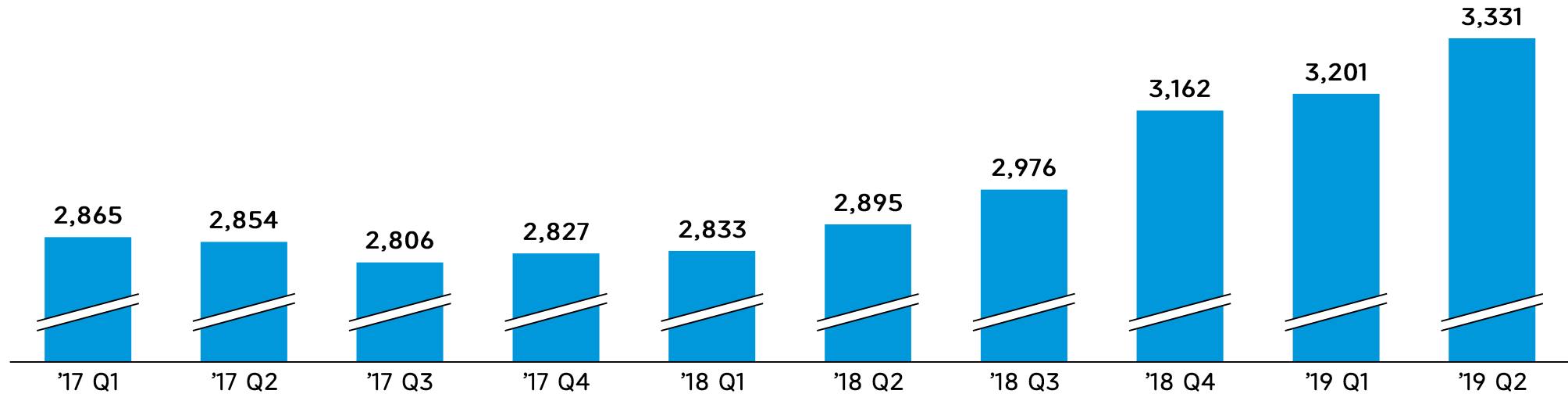
- Mobily continued to grow its quarterly revenues in Q2 2019 QoQ (4.1%) and YoY (15.1%)
- Revenue growth is driven by the following:
  - Growth in business and wholesale revenues
  - Growth in data and FTTH revenues
  - Growth in subscribers base and improvement of subscribers mix

# Key Financial Highlights | Regular Growth of Quarterly Revenues Since Q4-17



## Revenues

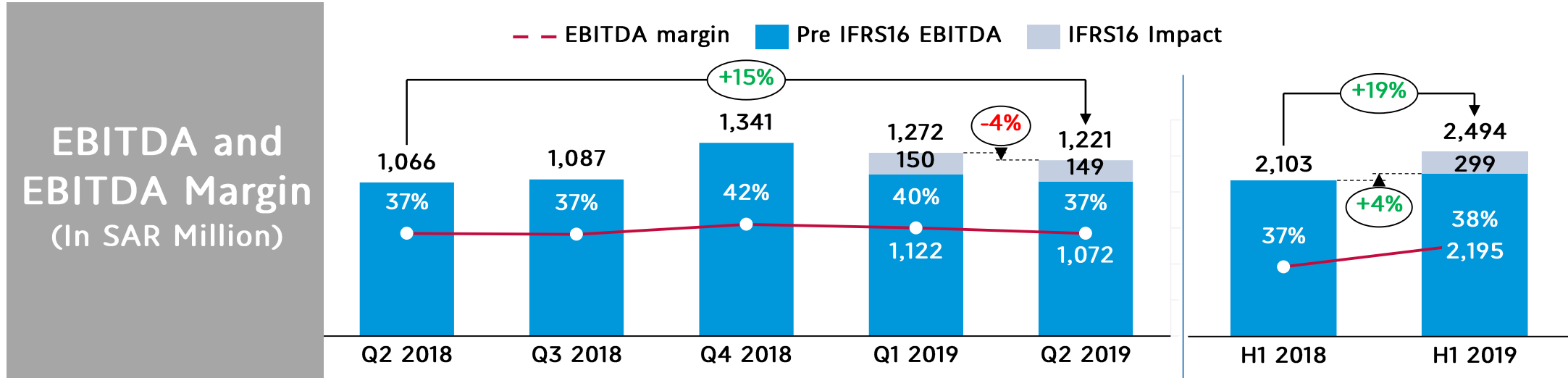
Δ QoQ	-0.4%	-1.7%	+0.7%	+0.2%	+2.2%	+2.8%	+6.3%	+1.2%	+4.1%
Δ YoY				-1.1%	+1.4%	+6.1%	+11.8%	+13.0%	+15.1%



QoQ: Quarter on Quarter, YoY: Year on Year



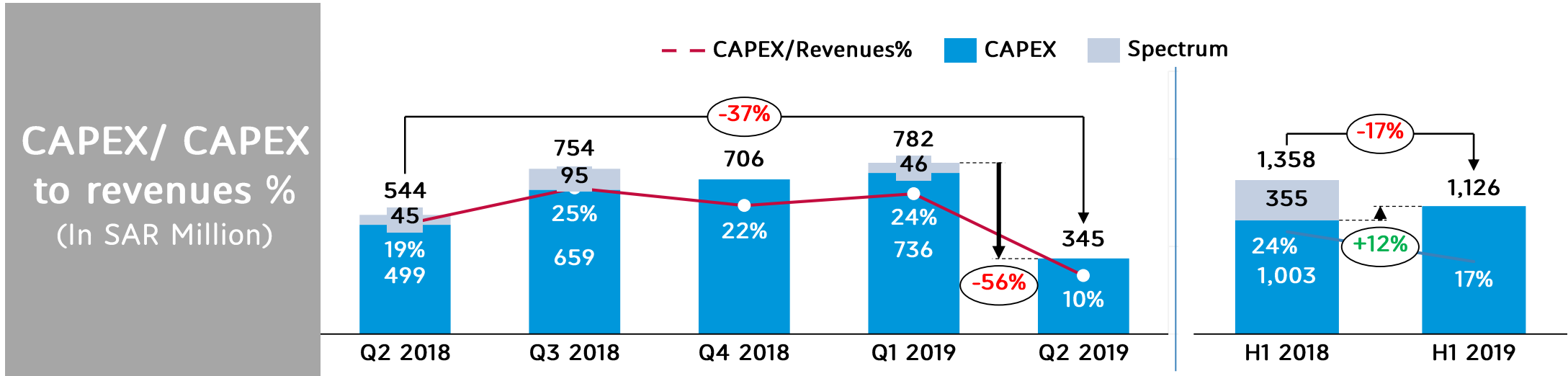
# Key Financial Highlights | Sustained Healthy EBITDA Levels



- Q2 2019 EBITDA increased by 15% YoY to SAR 1,221 million and decreased by 4% QoQ.
- H1 2019 EBITDA increased by 19% versus H1 2018
- The growth in healthy topline fully absorbed the impact of higher CITC fees, as reflected in higher absolute EBITDA
- EBITDA margin is slightly impacted by the higher CITC fees versus H1 2018
- The YoY growth of the EBITDA is mainly due to the followings:
  - Topline performance improvement
  - Operational performance improvement
  - The impact of implementing IFRS16

Rounding differences may apply

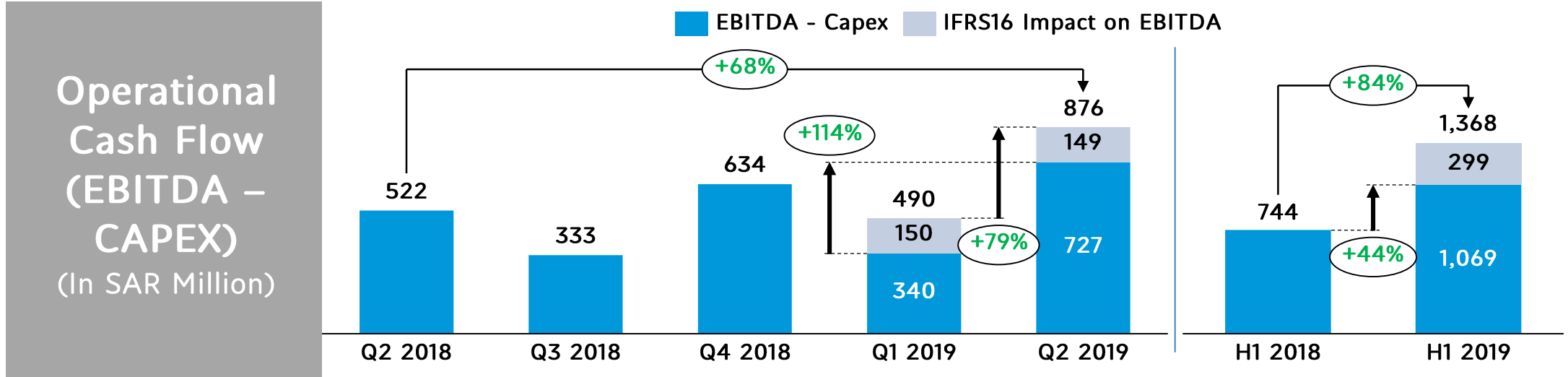
# Key Financial Highlights | Continuation of the deployment of the network modernization and additional spectrum



- Capex in H1 2019 decreased to SAR 1,126 million versus SAR 1,358 million in H1 2018 due to the capitalization of spectrum in H1 2018 with an amount of SAR 355 million.
- Excluding the spectrum impact, H1 2019 Capex intensity reflects the company continuous commitment to invest and improve the quality of service.

Rounding differences may apply

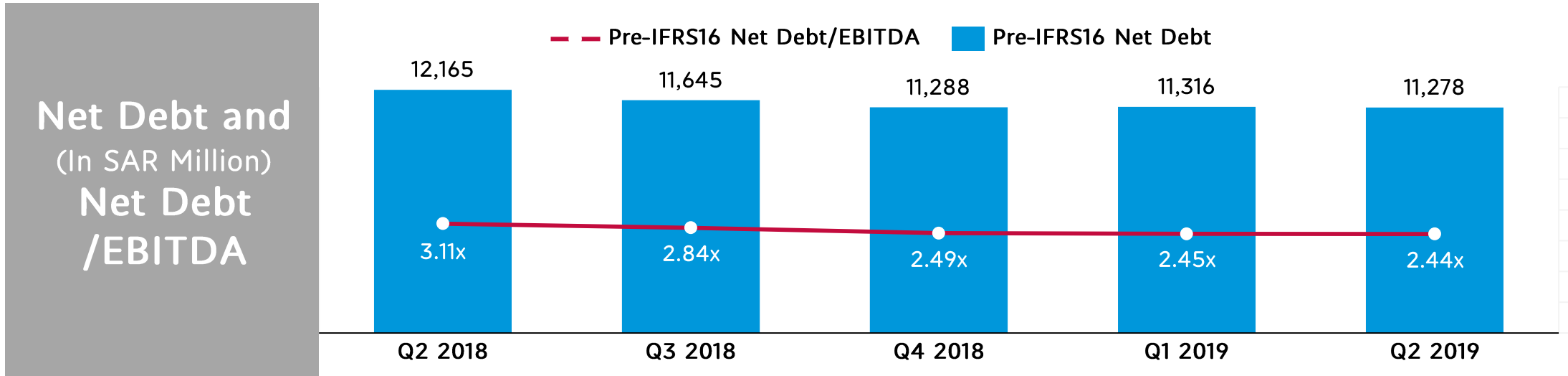
# Key Financial Highlights | Continuous focus on cash flow generation



- Q2 2019 Operational Cash Flow (EBITDA-CAPEX) increased to SAR 876 million or 68% YoY and 114% QoQ due to the following:
  - Topline growth and continued efficiency in operational cost management, in addition to
  - Implementation of IFRS 16 since 1<sup>st</sup> of January 2019 which improved Q2 2019 EBITDA by SAR 149 million
- Excluding IFRS 16 impact, QoQ operational cash flow improved by 114%

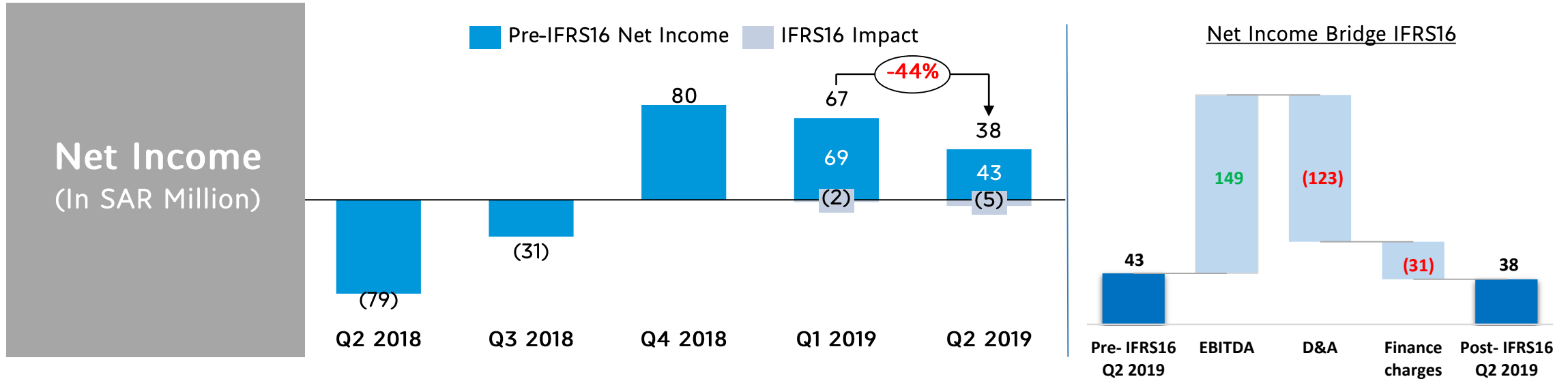
Rounding differences may apply

# Key Financial Highlights | Stability Of The Debt and Improvement Of Leverage Ratio



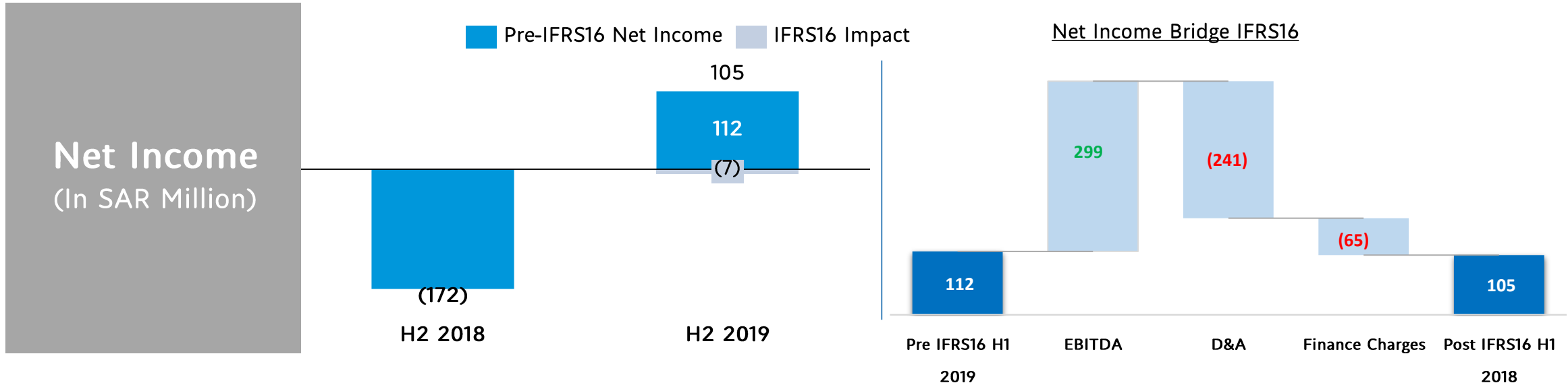
- Healthy Net debt to EBITDA ratio at 2.44x
- During the last 12 months Mobily has reduced its net debt by SAR 887 million
- Financial charges for Q2 2019 amounted to SAR 217 million compared to SAR 192 million in Q2 2018 representing an increase of 13%, mainly due to IFRS 16 implementation.
- Pre-IFRS 16 impact, the financial charges would have amounted to SAR 186 million representing a decrease of 3% compared to Q2 2018 reflecting the company efforts in reducing net debt and the slight decrease in funding costs.

# Key Financial Highlights | Sustained Profitability



- Mobily continued delivering positive net results for the third consecutive quarter
- YoY Q2 2019 Net result increased by SAR 117 million due to growing topline and EBITDA, absorbing the impact of higher CITC fees
- QoQ net results decreased by 44% due to
  - The increase in selling and marketing expenses caused by the seasonality of Q2 2019, which included the month of Ramadan.
  - Q1 2019 contained an improvement in the collection from government and wholesale that resulted that led to reversing related provisions and improving the profitability of Q1 2019.

# Key Financial Highlights | Sustained Profitability



- Mobily succeeded in achieving positive net profit at the end of the first half of 2019, reaching SAR 105 million, at the end of H1 2019 versus net loss of SAR 172 million at the end of the first half of 2018.
- H1 2019 net result increased by SAR 277 million compared to H1 2018 due to the following:
  - Growth of revenues
  - Improvement in operational performance
  - Strong and healthy EBITDA

# Q&A

# Appendix



# IFRS 16 “Leases” Summary

- IFRS 16 ( “the Standard”) is applicable from 01 January 2019
- The Standard introduces single accounting model for all applicable leases
- The application of Standard results in:
  - Capitalization of lease payments over the lease term using discounted values at appropriate incremental borrowing rate; this is shown as “Right of Use” (ROU) in the Balance Sheet
  - Lease liability recognition
  - ROU is depreciated over the lease term
  - Lease liability is reduced over time with the effect of payments
- From accounting point of view, the application of standard results in:
  - Higher EBITDA, depreciation and finance costs
  - Higher assets and liabilities
  - No impact on cash flows

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