

# Investor Presentation Q3 2019

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- Environment
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  - Strategy
- Key Financial Highlights
- Appendix

## Regulatory and Telecom Environment

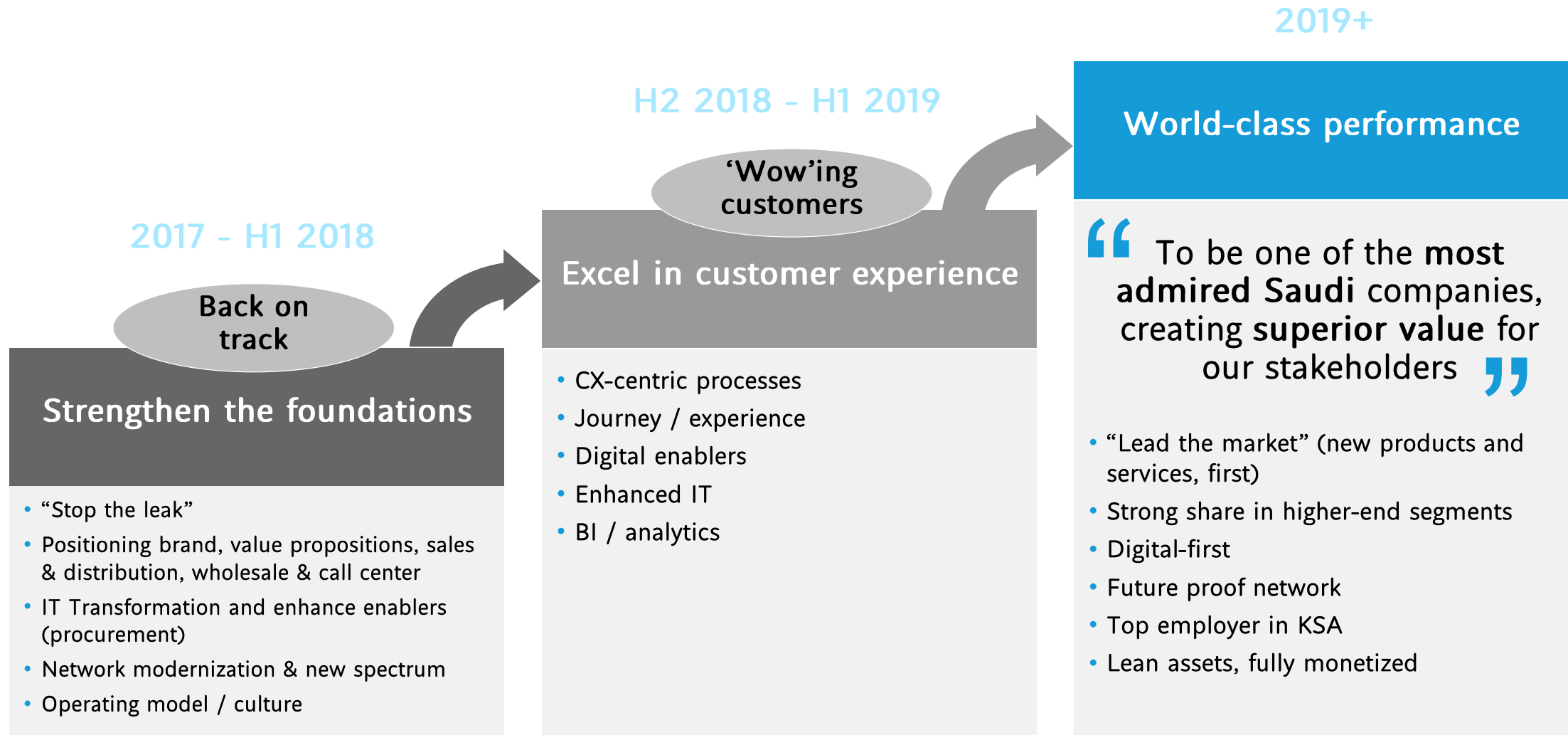
- Total mobile subscriptions in the Saudi Arabia reached 41.45 mn, with a voice penetration rate of 124.1%\*
- Overall mobile download speed improved by 11.2% to 35.8 Mbps, versus Q1 2019\*\*
- Mobily recorded the lowest number of complaints for voice, data and fixed line services among the three operators in Q2 2019 as per the Indicator of rating telecom service providers in terms of complaints escalated to the CITC
- 3M SAIBOR and LIBOR decreased further in Sep 2019 to reach 2.36 and 2.09 respectively
- Total number of Hajj pilgrims in 1440H (2019) rose to 2.49 million, up by 5% over 2018
- Total pilgrims from outside the Kingdom reached 1.85 million pilgrims
- The Council of Ministers has endorsed a five-year strategy for the communications and information technology sector “ICT Sector Strategy 2023”
- Launch of the Saudi tourist visa
- IFRS 16 implementation starts from 1<sup>st</sup> of Jan 2019

\* Q2-2019 CITC report

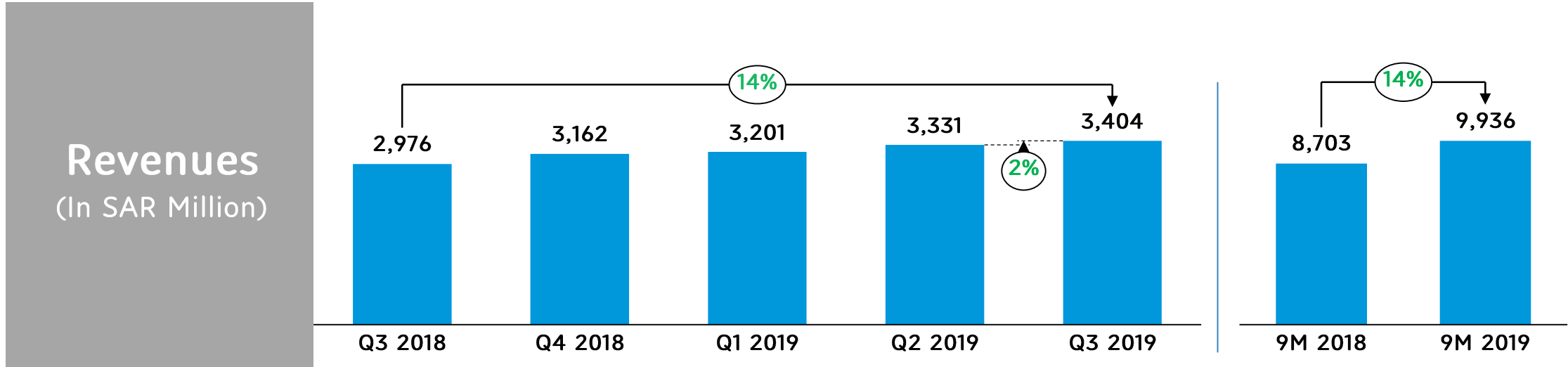
\*\* Megyas, Q2 2019 report

## Performance Highlights

- Continuation to deliver steady strong results.
- Strong record of revenue growth and cash generation:
  - 8<sup>th</sup> consecutive QoQ quarterly revenue growth
  - 6<sup>th</sup> consecutive YoY quarterly revenue growth
  - 4<sup>th</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 and wholesale revenues
  - Continued growth of subscribers base and improvement of subscribers mix
- Strong operational cash flow (EBITDA-CAPEX) improved by 26%, reached SAR 2,307 mn for the period

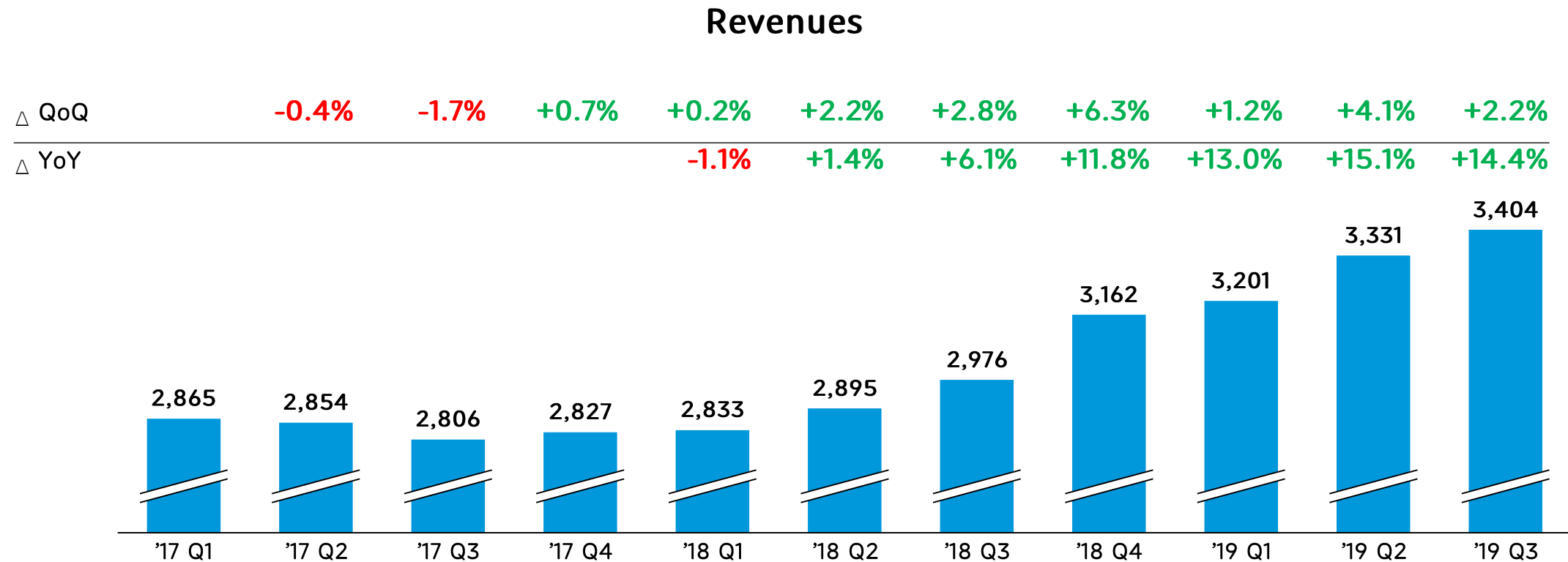


# Key Financial Highlights | Sustained Growth In Revenues



- Mobily continued to grow its quarterly revenues for the eighth consecutive quarter, in Q3 2019 revenues increased by (2%) QoQ and (14%) YoY
- For the nine months of 2019 Mobily recorded a significant growth by 14% compared to the same period of 2018
- Revenue growth is driven by the following:
  - Growth in business, wholesale and consumer revenues
  - Growth in data and FTTH revenues
  - Growth in subscribers base and improvement of subscribers mix

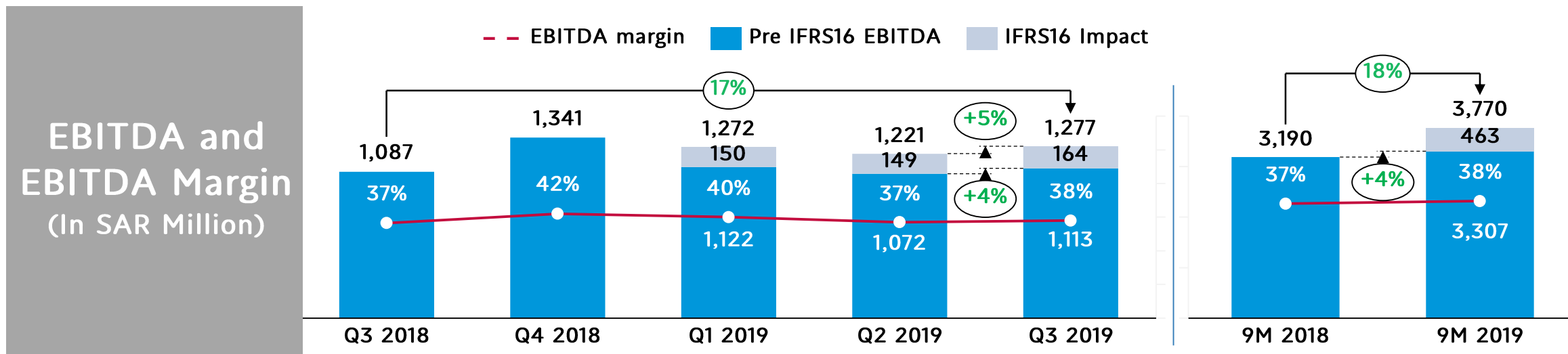
# Key Financial Highlights | Healthy Growth of Quarterly Revenues Since Q4-17



QoQ: Quarter on Quarter, YoY: Year on Year



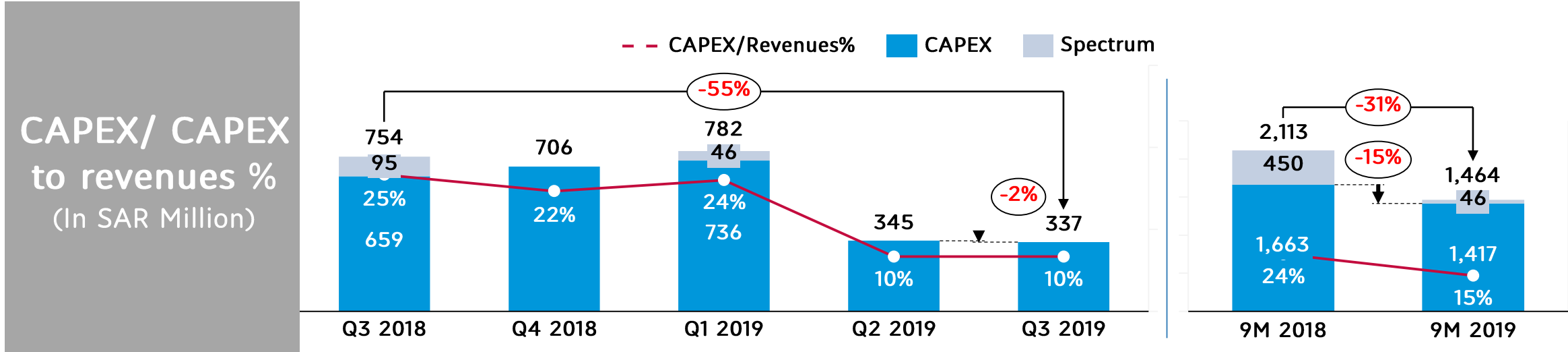
# Key Financial Highlights | Healthy EBITDA Levels



- Q3 2019 EBITDA increased by 17% YoY to SAR 1,277 million and by 5% QoQ.
- 9M 2019 EBITDA increased by 18% versus 9M 2018
- The growth in healthy topline fully absorbed the impact of higher CITC fees, as reflected in higher absolute EBITDA
- EBITDA margin maintained healthy levels despite the higher CITC fees versus 9M 2018
- The YoY growth of the EBITDA is mainly due to the followings:
  - Topline performance improvement
  - Improvement in cost efficiency and better revenue mix
  - The impact of implementing IFRS16

Rounding differences may apply

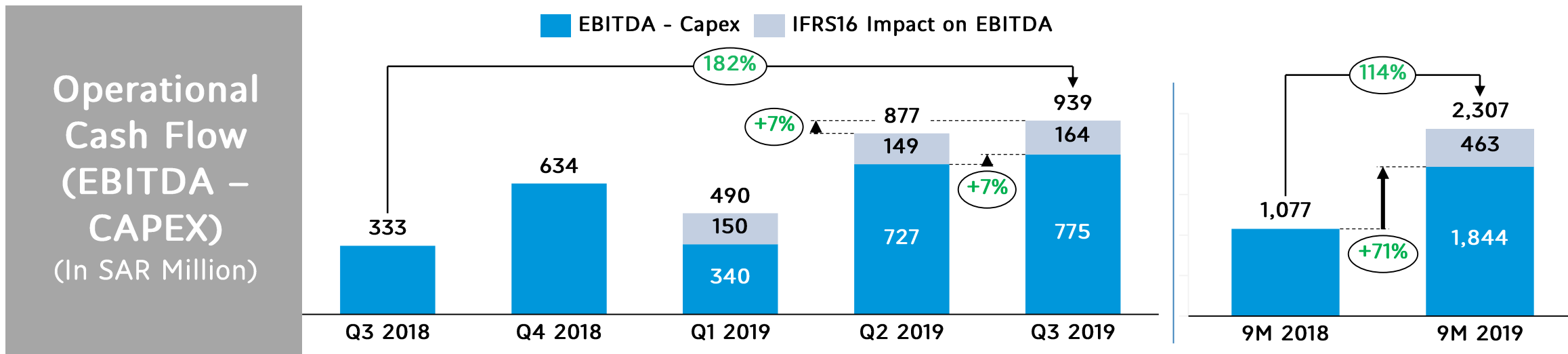
# Key Financial Highlights | Sustained Investment Efforts To Keep Our Competitive Advantage



- Capex in 9M 2019 decreased to SAR 1,464 million versus SAR 2,113 million in 9M 2018 due to the capitalization of spectrum in 9M 2018 with an amount of SAR 450 million.
- Excluding the spectrum impact, 9M 2019 Capex reflects the company continuous commitment to invest and improve the quality of service.

Rounding differences may apply

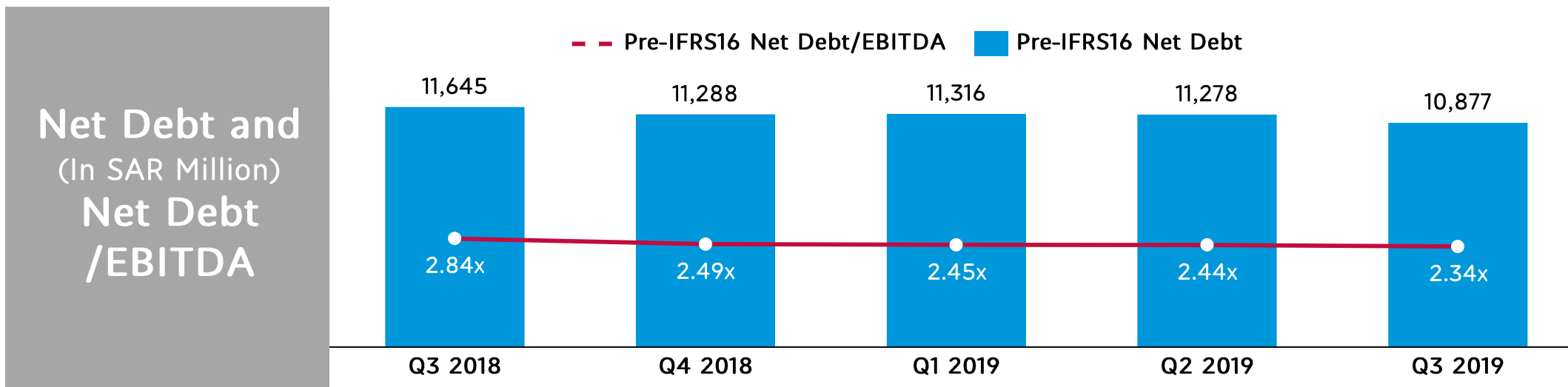
# Key Financial Highlights | Strong Operational Cash Flow Generation



- Q3 2019 Operational Cash Flow (EBITDA-CAPEX) increased to SAR 939 million or 182% YoY and 7% 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 Q3 2019 EBITDA by SAR 164 million
- Excluding IFRS 16 impact, QoQ operational cash flow improved by 7%
- 9M 2019 Operational Cash Flow (EBITDA-CAPEX) increased to SAR 2,307 million or 114% compared to the same period last year (excluding IFRS16 impact 9M 2019 Operational Cash Flow increased by 71%)

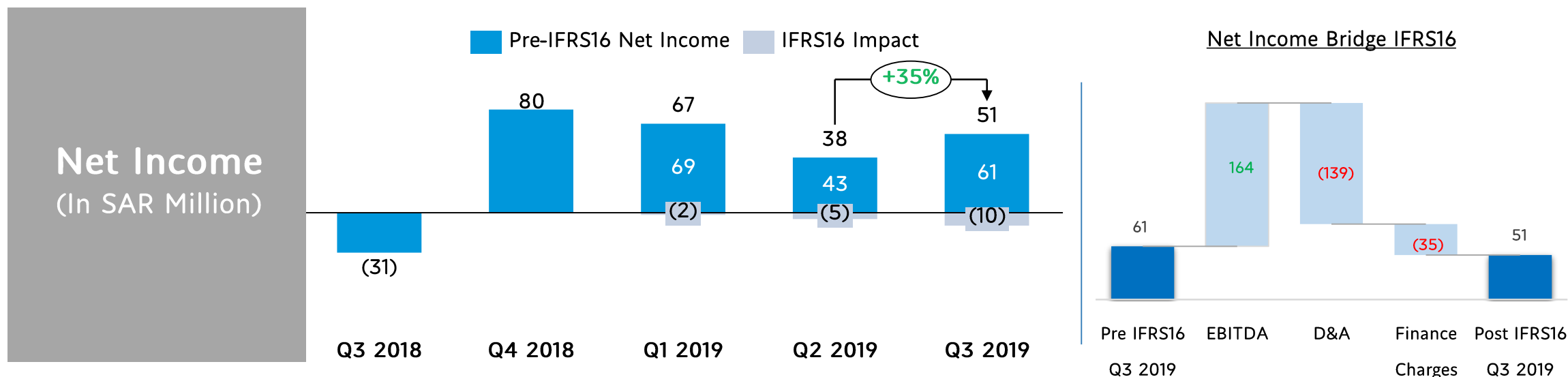
Rounding differences may apply

# Key Financial Highlights | Net Debt Reduction On Strong FCF



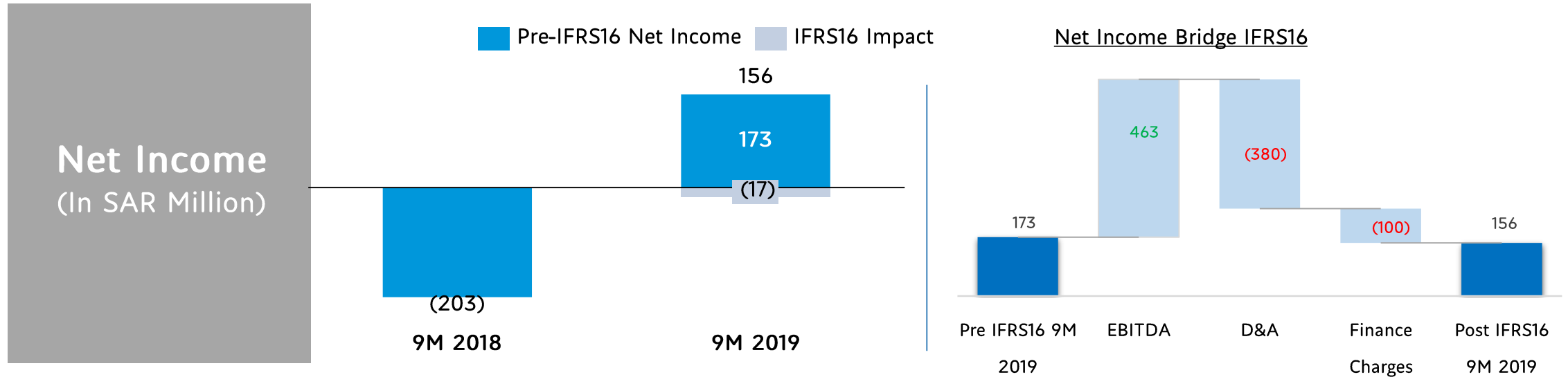
- Healthy Net debt to EBITDA ratio at 2.34x
- During the last 12 months Mobily has reduced its net debt by SAR 768 million
- Financial charges for Q3 2019 amounted to SAR 206 million similar to the finance charges in Q3 2018, despite the negative impact of the implementation of IFRS 16.
- Pre-IFRS 16 impact, the financial charges would have amounted to SAR 171 million representing a decrease of 17% compared to Q3 2018 reflecting the company efforts in reducing net debt and the decrease in funding costs.

# Key Financial Highlights | Sustained Profitability



- Mobily continued delivering positive net results for the fourth consecutive quarter
- YoY Q3 2019 Net result increased by SAR 82 million due to growing topline and EBITDA, absorbing the impact of higher CITC fees
- QoQ net results increased by 35% reaching SAR 51 million due to:
  - Topline performance improvement
  - Operational performance improvement
  - Strong and healthy EBITDA

# Key Financial Highlights | Sustained Profitability



- Mobily succeeded in achieving positive net profit at the end of the nine months of 2019, reaching SAR 156 million, versus net loss of SAR 203 million at the end of the nine months of 2018.
- 9M 2019 net result was achieved 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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