



# Investor Presentation

2<sup>nd</sup> Quarter 2017





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- General Overview
- Strategic Overview
- Commercial Overview
- Financial Overview



## Macro

- Retroactive reinstatement of government employees' allowances is expected to lead to recovery of their purchasing power.
- Stabilization of SIBOR when compared to Q1 2017
- Agreements between KSA and USA worth around 400 BSAR over 20 years expected to increase the confidence in the KSA economy to enhance private sector and increase foreign investment as part of Vision 2030.

## Regulatory

- CITC spectrum auction ended on June 4<sup>th</sup> with Mobily acquiring one block in the 1800 MHz band at the value of 422 MSAR. The spectrum is expected to be received in the beginning of 2018.
- Change of regulation related to calculation of Zakat.

## Business

- Finalization of the company strategic assessment and start of the new strategy roll-out.
- Continuation of quarter over quarter growth in data revenues.
- Revamp of the sales organization and approach.
- Focus to regain market share and create value of the existing customers base.



## *Laying the foundations*

### Branding & Positioning

- Refocussing on the differentiating values
- Repositioning Mobily in the mind of its customers and employees

### Strategy Formulation

- Q1 and Q2 witnessed the formulation of the new strategy
- Implementation will take place from Q3 onward

### Network Modernization

- Enhancing customer experience and optimizing the CAPEX
- Three projects to be initiated simultaneously for total network revamp

### Full IT Transformation

- Enhancing efficiency to better serve the business
- Better support to frontline operations



In KSA, the macroeconomic outlook in the next 3 years will be more difficult than before – however, opportunities exist

## Challenges

1

Slower **GDP growth** period/  
pressure on purchase power

2

**Inflation and interest rate**  
increase

3

Slower **population growth**

4

**Government** reserves expected to  
decrease/pressure on spend

## Opportunities

1

**National vision 2030 / ICT boost**

2

Growing **young demographics**

3

**Females** entering the workforce

4

Increased quota of Hajj and  
Umrah **pilgrims**



# Mobily differentiates itself along customer benefits that lead to a meaningfully differentiated positioning

## Most important attributes rated by customers when considering a communications provider\*



**Brand / trust**



**Network coverage**



**Value for money**



## Mobily's New Positioning

Mobily has specified a meaningfully differentiated promise which is based on what matters to customers - ultimately enabling us to win in the market:

- Passionate about progressing customers' experience
- Self-assured and forward-looking
- Experienced & dynamic
- Driving towards KSA's future
- Relentless pursuit of excellence
- Warm and engaging
- A positive attitude to go the extra mile
- Focused on customers' needs

\* Source: Brand and Ad Tracker



## The RISE strategy consists of four overarching strategic tracks

### Mobily's overarching strategic tracks

**R** Regain  
**COMMERCIAL**  
strength

**I** Ignite  
**CUSTOMER**  
**EXPERIENCE**  
and **DIGITAL**  
excellence

**S** Strive  
to gain  
**AGILITY** and  
**EFFICIENCY**

**E** Enable  
world-class  
**EXECUTION**

- Strong, meaningfully differentiated **brand**
- Clear and distinct segment focused **value propositions**
- Revamped and relevant **distribution** network
- Support KSA's **transformation** agenda

- Enhanced and seamless **customer experience** (incl. customer care, omni-channel, digital)
- Fully **digital** along all customer interactions

- **Simplified & agile IT** systems
- **Future-proof network**
- **Optimized resources**

- **Leading culture** and employee **engagement**
- Improved **organization** and **capabilities**
- **Customer-centric end-to-end processes** with strong yet **empowered** governance



To ensure the right focus, RISE initiatives are staged over time

## Mobily journey back to leadership



Mobily today

2017-H1 2018

Back on track

### Strengthen the foundations

- Create new **positioning** and **strengthen brand**
- Tailoring **value propositions**
- **Call center** improvement
- **Sales & Distribution**
  - Own shops/ franchise
  - Indirect/wholesale model revamp
- **Operating model and culture**
- **IT Transformation**
- **Enhance various enablers**

R I S E

H2 2018- H1 2019

'Wow'ing customers

### Excel in customer experience

- **Customer-centric** processes
- **Customer journey** enhancement with **seamless omni channel experience**
- **Simplified** IT landscape
- **Digital-first** mindset
- **BI / analytics** capabilities built up

R I S E

2019+



**Future Mobily**  
 "To be one of the **most admired Saudi** companies, creating **superior value** for our stakeholders"

### World-class performance

- "Lead the market" (new products and services, **first**)
- Fair-share in **higher-end segments**
- Integrated quad-play propositions, etc. and **digital offerings**
- **Future proof** network
- **Top employer in KSA**
- **Lean assets, fully monetized**

R I S E

# Commercial Overview | Commercial Activity

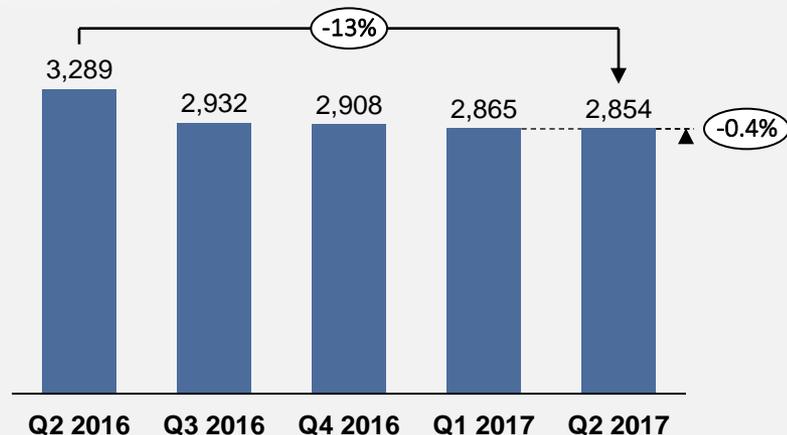
- Regain Mobily's commercial presence in the market.
- Revamp the Commission scheme.
- Rebuild the relationship with the distributors.
- Focus on data to increase market share and profitability.
- Capitalize on seasonal occasions, such as Ramadan and Hajj and Umrah.
- High Ramadan advertising viewership on all media platforms exceeding 25 Million views.
- Launch of new data offerings.





## Revenues

SAR Million /IFRS(\*)

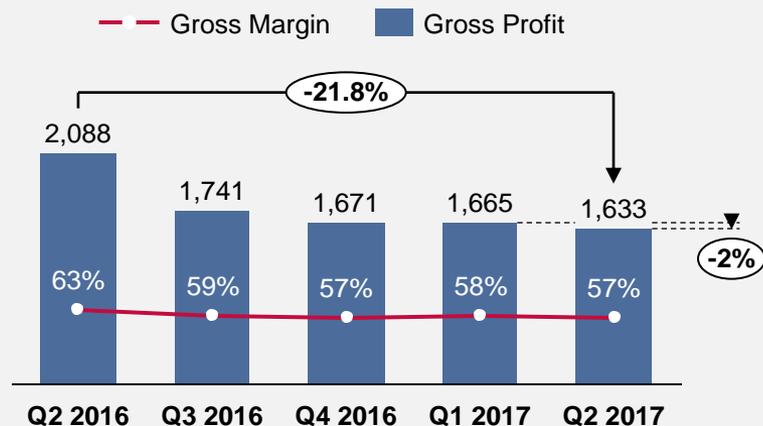


**Q2 revenues are almost stable when compared to Q1 2017:**

- Improved service revenues QoQ if we consider the reduction of equipment sales QoQ.
- Impact of Ramadan negative seasonality was absorbed by higher dynamic commercial activity.

## Gross Profit

SAR Million /IFRS

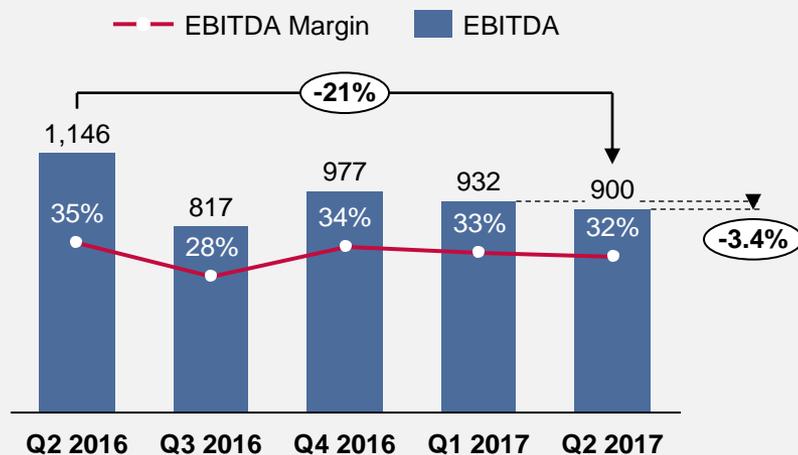


**Gross profit was slightly impacted by higher roaming costs and transit costs (associated with higher transit revenues).**



## EBITDA and EBITDA Margin

SAR Million /IFRS

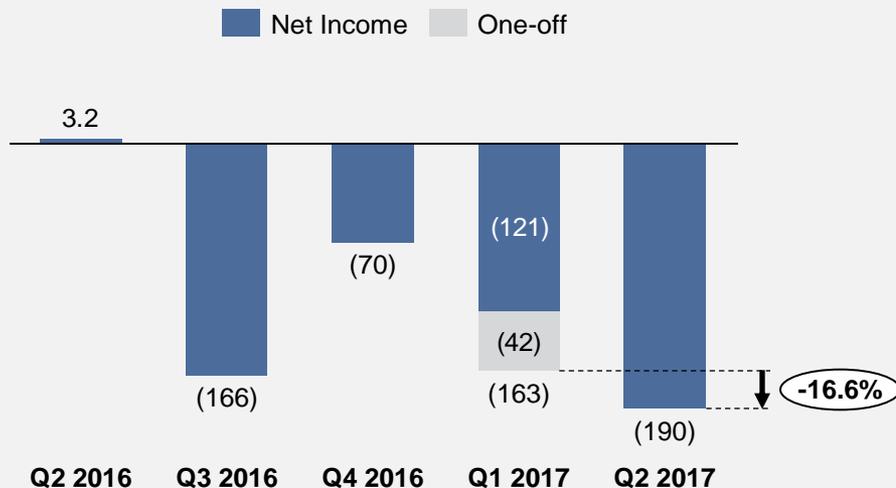


Despite the pressure on revenues, the company maintained a healthy level of EBITDA margin at 32%.

EBITDA slight decline QoQ is attributed to the decline of gross margin as cost structure kept stable.

## Net Income

SAR Million /IFRS



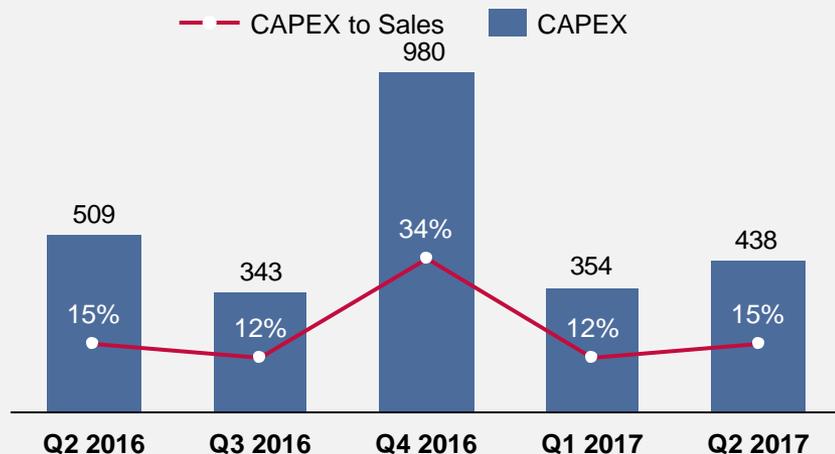
Q2 Net Result of -190 MSAR VS. -163 MSAR in Q1 2017 results from:

- Lower EBITDA.
- Increase of interest and financial charge expenses (as a result of the new refinancing).
- Increase of Zakat as a result of a one-off related to change of regulation.



## CAPEX/CAPEX to revenues %

SAR Million /IFRS

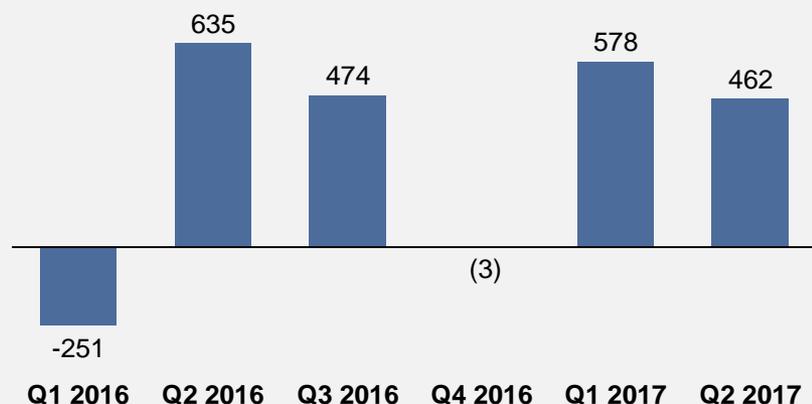


**Continuous efforts towards CAPEX rationalization while maintaining customer experience.**

**Gradual ramp-up consistent with the launch of the network modernization.**

## Operational Cash Flow (EBITDA – CAPEX)

SAR Million /IFRS



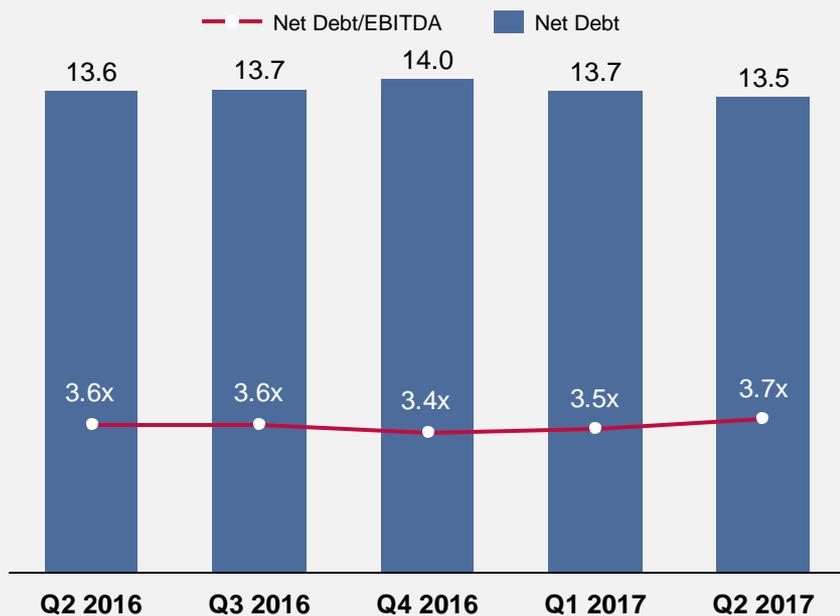
**Healthy operational cash flow generation driven mainly by lower CAPEX.**

**Operational cash flow in H1 at 1,040 MSAR compared to 384 MSAR in H1 2016.**



## Net Debt and Net Debt/EBITDA

SAR Billion/IFRS



- **Deleveraging by approximately 500 MSAR in H1 2017**
- **Close monitoring of the Net Debt and Net Debt/EBITDA ratio.**



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