



Investor Presentation

FY 2019

24 February 2020

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Major Highlights | 2019 Key achievements

Achievements

- SEC awarded smart meter project to a consortium of Etihad Etisalat Co. (Mobily) and Al- Fanar Construction for the central and eastern parts of the Kingdom, The project started on Dec. 19 and is expected to be completed by March 30, 2023
- Mobily successfully conducted 5G site tests in cooperation with Ericsson
- Signing and launch of the First Joint ICT Academy Agreement with Huawei
- Mobily and Ericsson signed an agreement to reinforce advanced IoT solutions and new generation Networks
- Signed a financing agreement with Alinma Bank to replace existing debt, and for general corporate purposes, including capital expenditure
- Signed a SAR 7.6 billion refinancing agreement with a group of Saudi Banks with the purpose of replacing the existing syndicate financing and reducing the cost of financing with better financing Terms and Conditions



Major Highlights | A year of successes

Performance Highlights

- “Empower the Digital Economy to Unlock Possibilities”
- Strong achievement in our financials KPI’s :
 - The highest annual revenue levels in the last 4 years.
 - The highest EBITDA level in the last 6 years.
 - The First annual net profit in the past 5 years.
- Steady growth of topline:
 - Growth in Data and Business Unit revenues
 - Continued growth of subscribers base and improvement of subscribers mix
- The highest operational cash flow (EBITDA-CAPEX) since 2011, improved by 28%, compared to 2018, reaching SAR 2,187 mn.



Macro Environment | General Overview

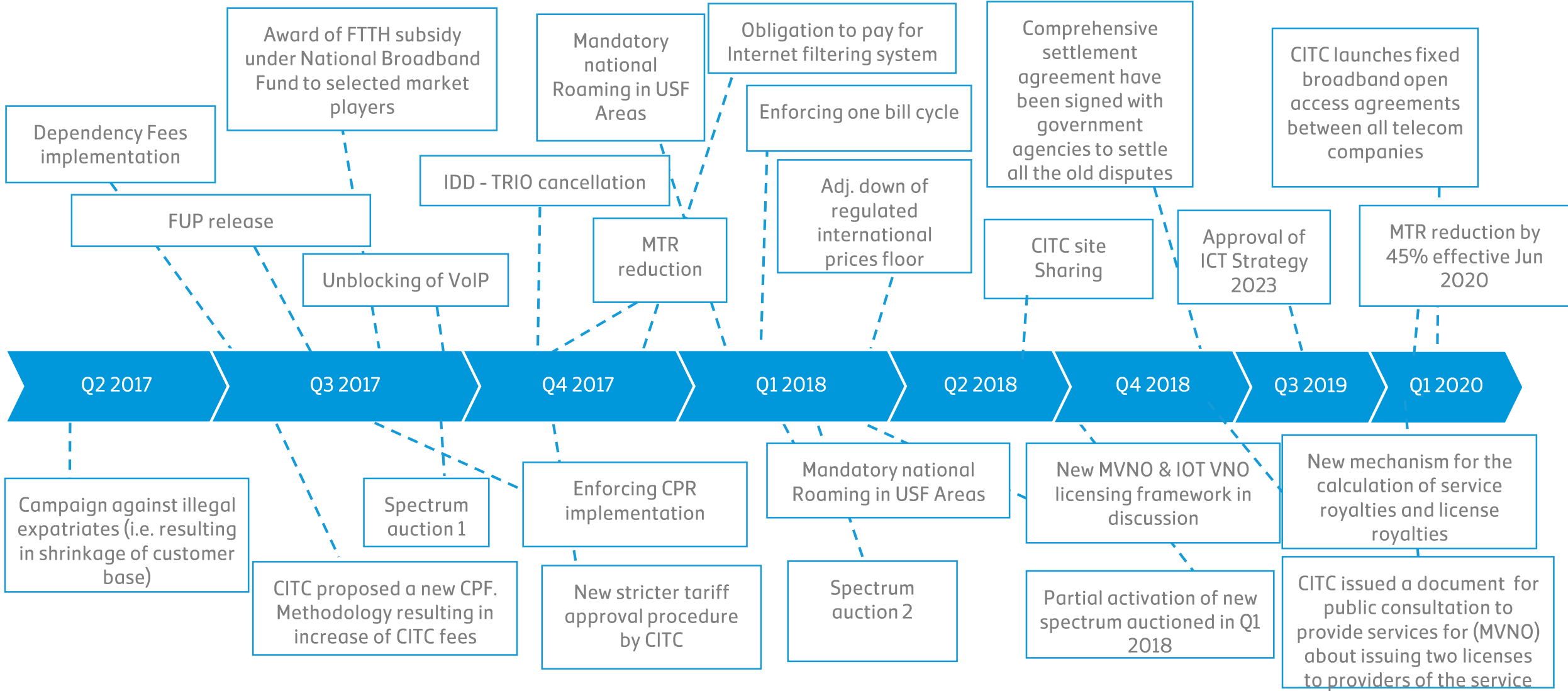
Macro Environment

- Total mobile subscriptions in Saudi Arabia reached 41.63 MN, with a voice penetration rate of 124.6%
- Overall mobile download speed improved by 15.5% to 47.6 Mbps, versus Q3 2019*
- Mobily recorded the lowest number of complaints for voice, data and fixed line services among the three operators in the first three quarters of 2019*
- 3M SAIBOR and LIBOR decreased at the end of 2019 to reach 2.23 and 1.90 respectively
- 6M SAIBOR and LIBOR decreased at the end of 2019 to reach 2.26 and 1.90 respectively
- The Council of Ministers has endorsed a five-year strategy for the communications and information technology sector “ICT Sector strategy 2023”
- Total number of Hajj pilgrims in 1440H (2019) rose to 2.49 million, up by 5% over 2018

* CITC Reports Meqyas, Q4 2019 Report,



Telecom Overview | Regulatory measures implemented



GAIN Strategy 2020+ | New corporate strategy leads the path to growth in 2020 and beyond



Priorities

G Grow Core Revenues

A Accelerate Digital Revenue Streams

I Implement & Optimize Efficient Delivery

N Nurture a Positive Experience for All



Purpose
To be the Better Choice to Unlock Possibilities

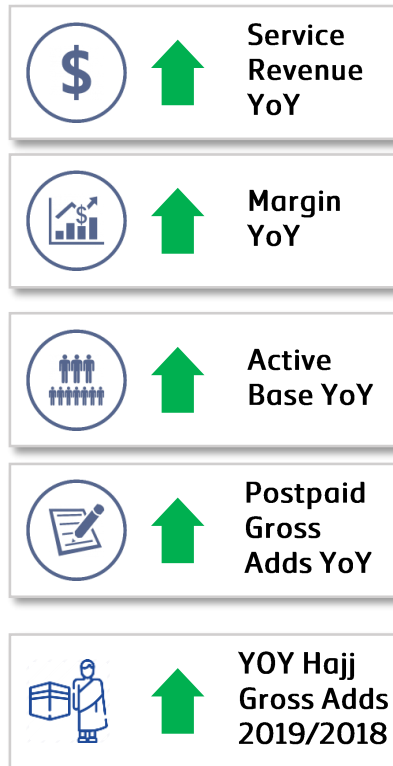


How
By Empowering the Digital Economy

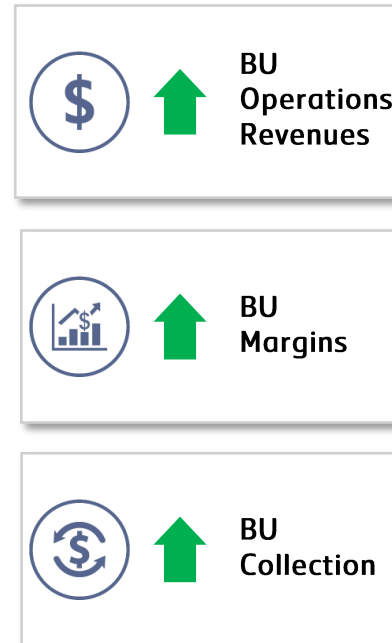
By Being
The Everyday Hero

Commercial Performance | improvement continues across Consumer, Business and Wholesale business areas

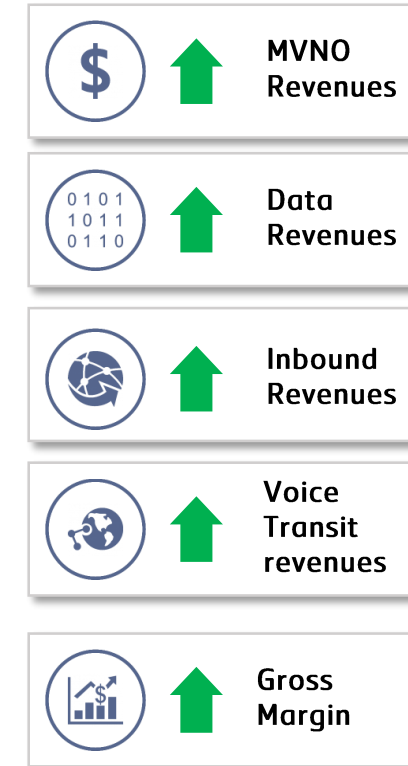
Consumer



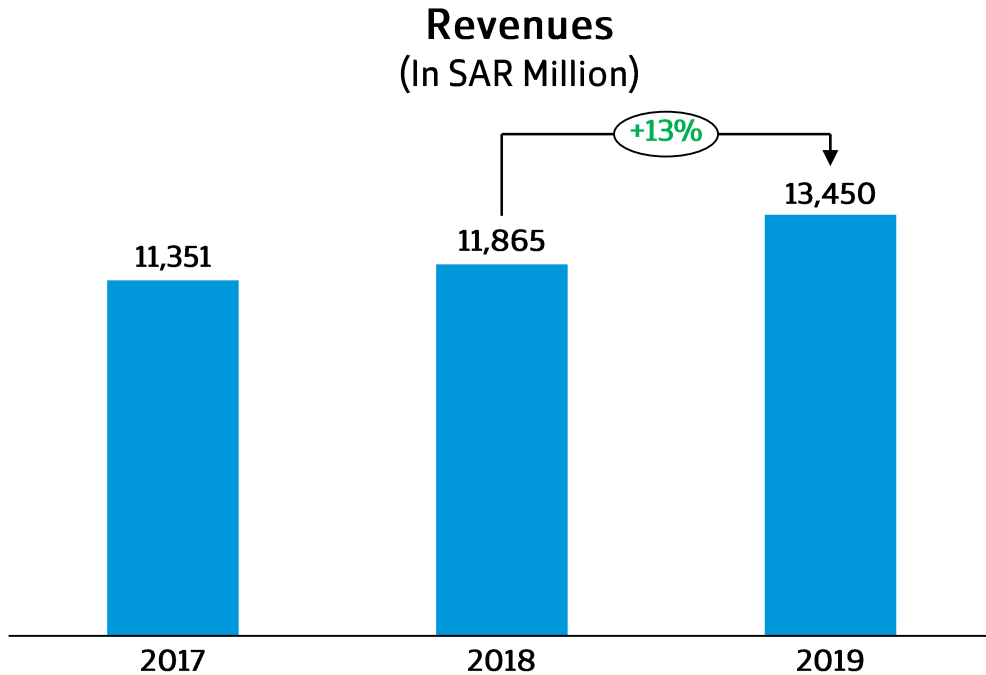
Business



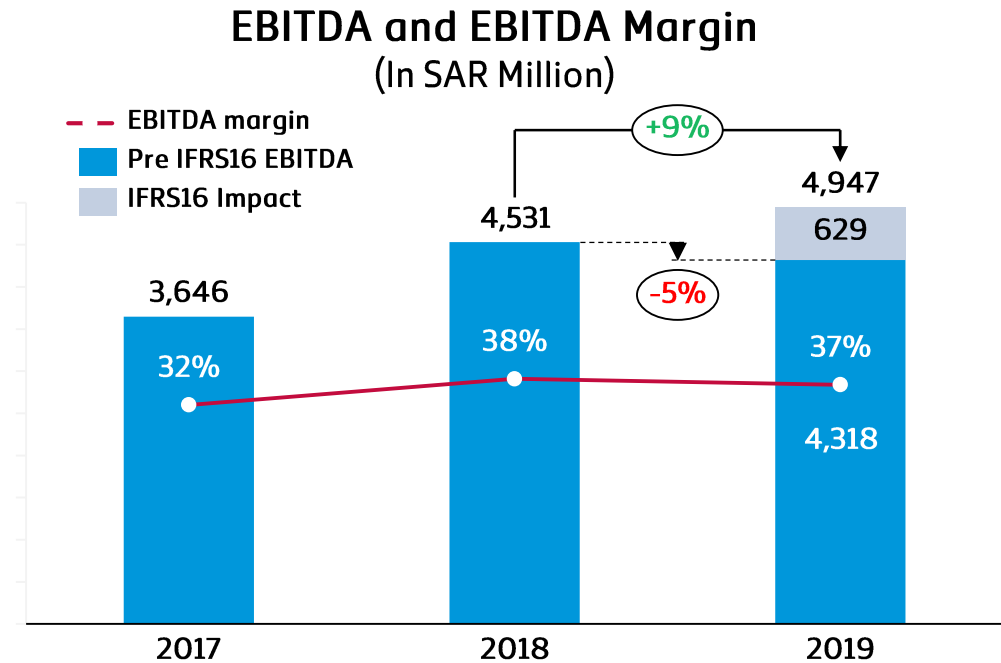
Wholesale



Key Financial Highlights | Revenues Growth and Strong EBITDA



- Mobily recorded a significant growth in revenues by 13% compared to 2018
- Revenue growth is driven by:
 - Growth in business revenues
 - Growth in data revenues
 - Growth in subscribers base and improvement of subscribers mix
- That marked the highest revenues levels in the past four years.

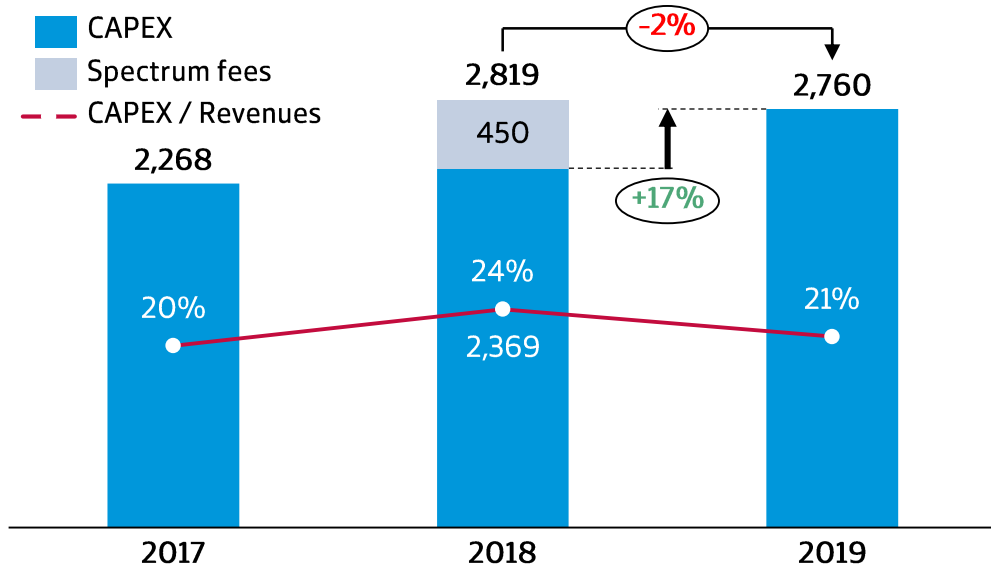


- 2019 EBITDA increased by 9% versus 2018
- The YoY growth of the EBITDA is mainly due to the followings:
 - Topline performance improvement
 - Improvement in cost efficiency and better revenue mix
 - The impact of implementing IFRS16
- Growth in revenues translate to the improvements in EBITDA levels to achieve the highest level of EBITDA in the past six years.



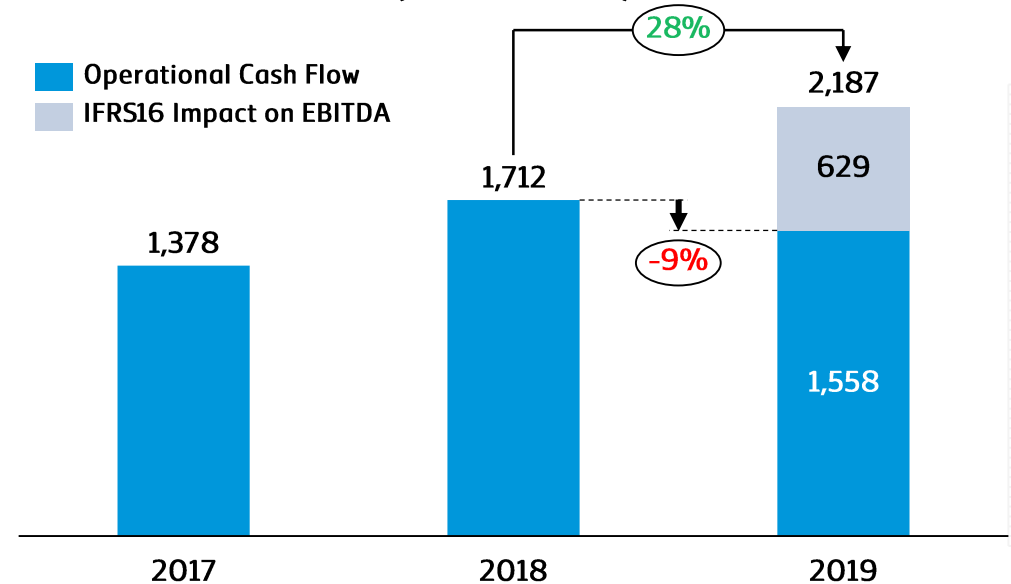
Key Financial Highlights | CAPEX Intensity and Operational Cash Flow Growth

CAPEX/ CAPEX to revenues %
(In SAR Million)



- CAPEX in 2019 shows slight decreased by 2% compare to 2018, due to the spectrum capitalization in 2018 with an amount of SAR 450 million.
- Excluding the spectrum fees, CAPEX intensity reflects our commitment to improve our infrastructure.

Operational Cash Flow (EBITDA – CAPEX)
(In SAR Million)

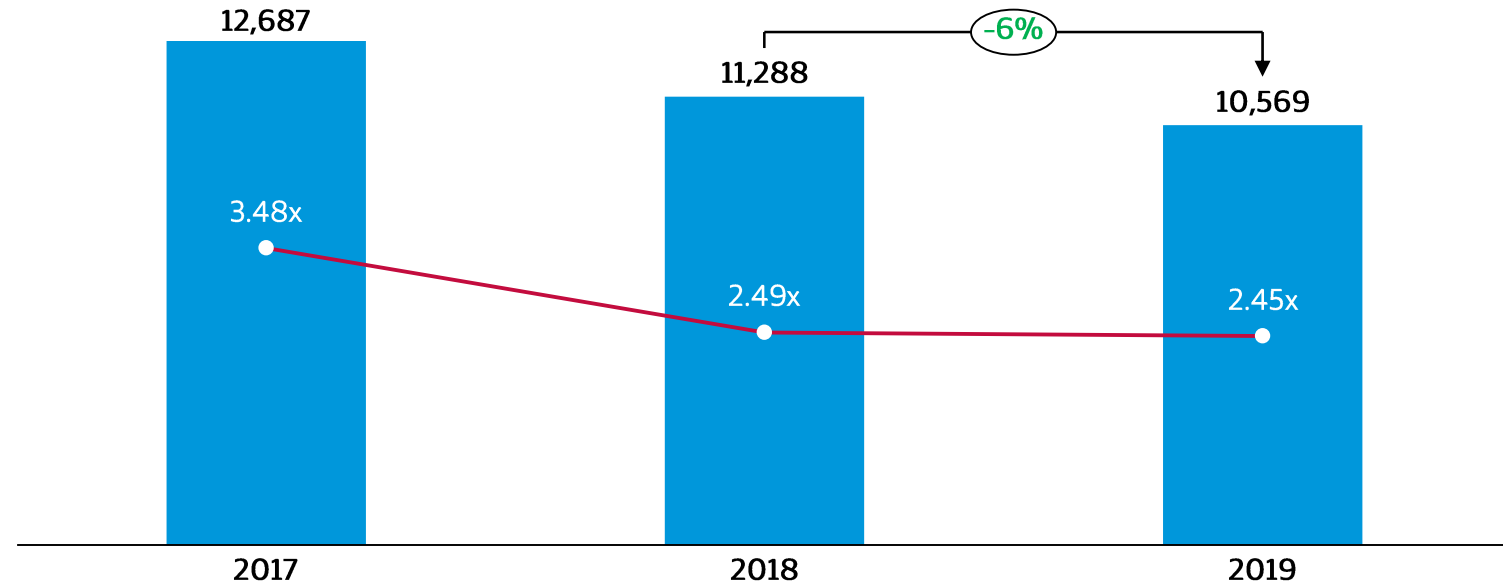


- Operational Cash Flow (EBITDA - CAPEX) for 2019 increased to SAR 2,187 million or 28% compared to 2018 due to the following:
 - Topline growth and continued efficiency in operational cost management, in addition to
 - Implementation of IFRS 16 since 1st of January 2019 which improved 2019 EBITDA by SAR 629 million
- Excluding IFRS16 impact on EBITDA, operational cash flow decrease reflecting our commitment and CAPEX investments



Key Financial Highlights | Net Debt Reduction On Strong FCF

Net Debt and
(In SAR Million)
Net Debt
/EBITDA

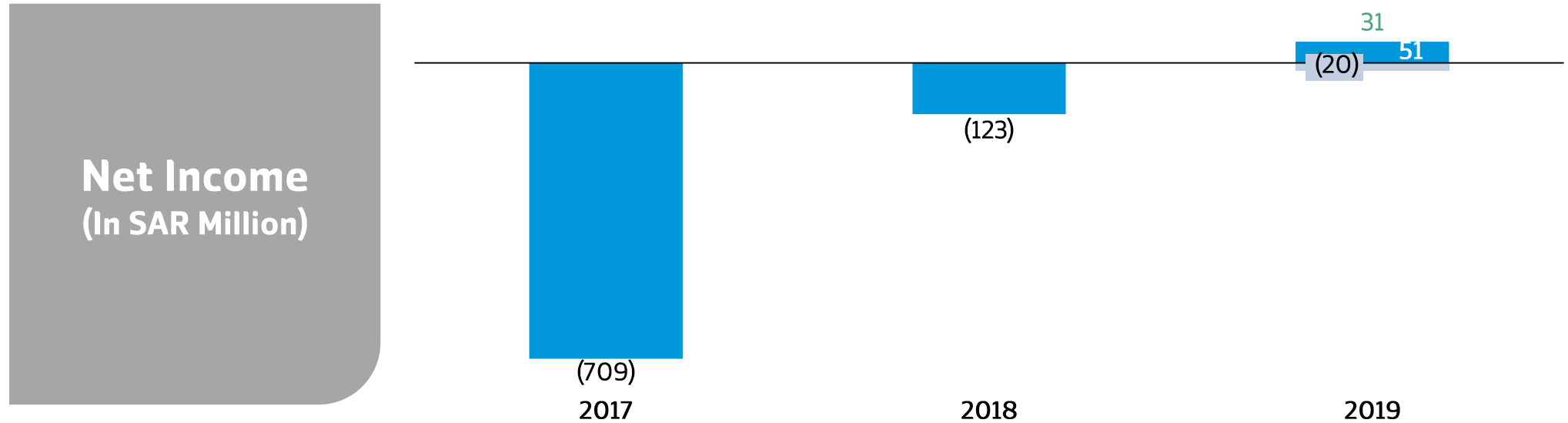


- Healthy Net debt to EBITDA ratio at 2.45x
- During 2019 Mobily has reduced its net debt by SAR 719 million
- Despite the company's ability to reduce its net debt the financial charges for 2019 increased to SAR 929 million compared to SAR 799 million in 2018; representing an increase of 16.3% that is mainly due to:
 - Recording un-amortized transaction costs related to the refinancing agreements of Alinma and the syndicated loan, in total amounting to SAR 93 million.
 - IFRS 16 implementation.
- Without the impact of IFRS 16 and the refinancing agreements, the financial charges would have amounted to SAR 702 million; representing a decrease of 12% compared to 2018.

■ Net Debt Pre-IFRS16 - - - Net Debt/EBITDA Pre IFRS16



Key Financial Highlights | First Net Profit in the Last Five Years



Mobily succeeded in achieving a net profit for 2019, for the first time in five years, reaching SAR 31 million compared to net loss amounting to SAR 123 million in 2018, despite recording un-amortized transaction costs related to the refinancing agreements of Alinma and the syndicated loan, in total amounting to SAR 93 million, and recording management fees under the technical services and support agreement signed with Emirates Telecommunications company amounted to SAR 113 million in 2019.

■ Pre-IFRS16 Net Income ■ IFRS16 Impact



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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