

Investor Presentation Q1 2018

Disclaimer

This document has been prepared by Mobily (the “**Company**”) solely for presentation purposes. The information contained in this document has not been independently verified and no representation or warranty, expressed or implied, is made as to, and no reliance should be placed on, the fairness, the accuracy, the completeness or the correctness of the information contained herein. None of the Company or any of its respective affiliates, advisors or representatives shall have any liability whatsoever for any direct or indirect loss whatsoever arising from any use of this document, or contents, or otherwise arising in connection with it.

This document does not constitute an offer or invitation to purchase any share or other security in the Company and neither it nor any part of it shall form the basis of, or be relied upon in connection with, any contract or commitment whatsoever. Before making any investment decision, an investor should consider whether such an investment is suitable for his particular purposes and should seek the relevant appropriate professional advice.

Any decision to purchase shares or other securities in the Company is the sole responsibility of the investors.

Certain information contained in this document consists of forward-looking statements reflecting the current view of the Company with respect to future events. They are subject to certain risks, uncertainties and based on certain assumptions. Many factors could make the expected results, performance or achievements be expressed or implied by such forward-looking statements (including, but not limited to, worldwide economic trends, economic and political climate of Saudi Arabia, the Middle East and changes in business strategy and various other factors) to be materially different from the actual historical results, performance achieved by the company. Should one or more of the risks or uncertainties materialize or should the underlying assumptions prove different stock movements or performance achievements may vary materially from those described in such forward-looking statements. Recipients of this document are cautioned not to place any reliance on these forward-looking statements. The Company undertakes no obligation to republish revised forward-looking statements to reflect changed events or circumstances.

Content

- Environment
 - Macro
 - Regulatory
 - Telecom Market
- Strategy and Operational Updates
 - RISE Execution Operational Update
- Financial Overview

Key Highlights Q1 2018

Challenging Environment

Macro

- Imposition of VAT on a wide range of goods and services from January 1, 2018. Leading to pressure on customer spend.
- Slight increase of SIBOR QoQ (from 1.85% to 1.90%).
- Contraction of Real GDP by 1.1% YoY.
- Inclusion of TASI in FTSE emerging markets.

Regulatory

- Full quarter of application of new interconnection rates that started in December 23rd, 2017.
- New CITC site sharing regulation to govern and encourage site sharing.
- Organization of a second spectrum auction to award frequencies in the 800 MHz and the 1800 MHz bands.
- Adjustment down of regulated international prices floor.

Key Highlights Q1 2018

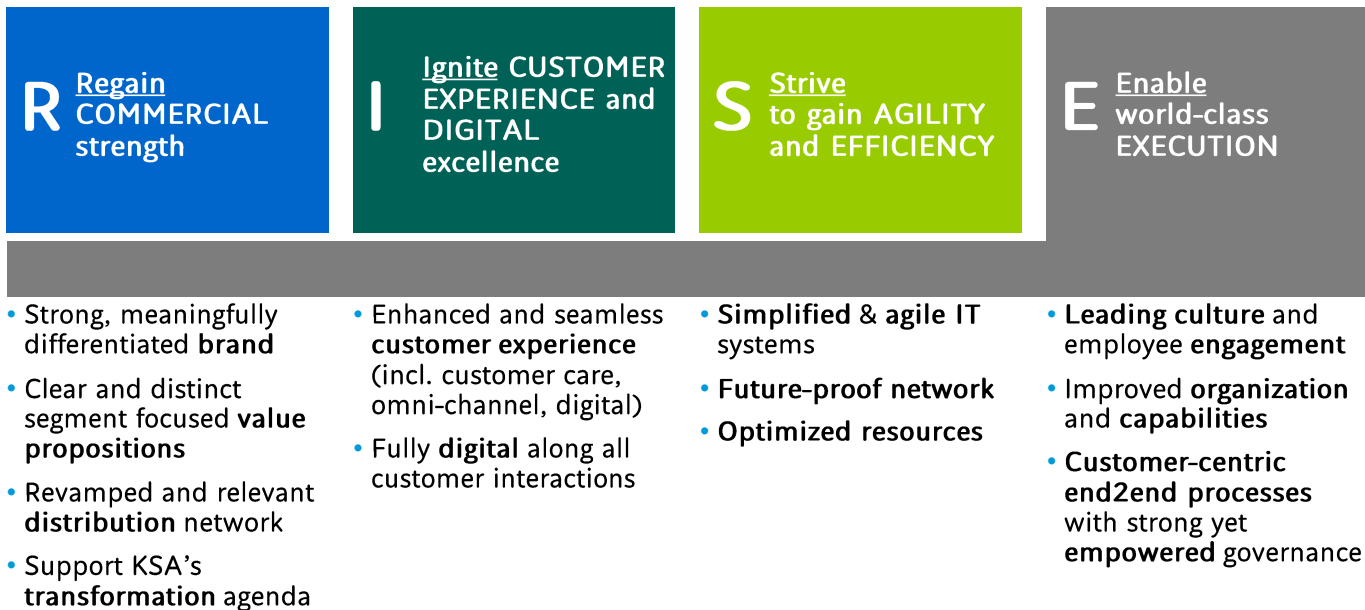
Stabilization of the Wireless Market. Strong Competition Remains

Telecom Market

- Increase in data prices by all operators.
- Youth driven population leading to more youth packages from all operators.
- Lower interconnection cost leading to more attractive postpaid packages by all operators to capture more postpaid customers.
- Testing 5G technology by all operators.

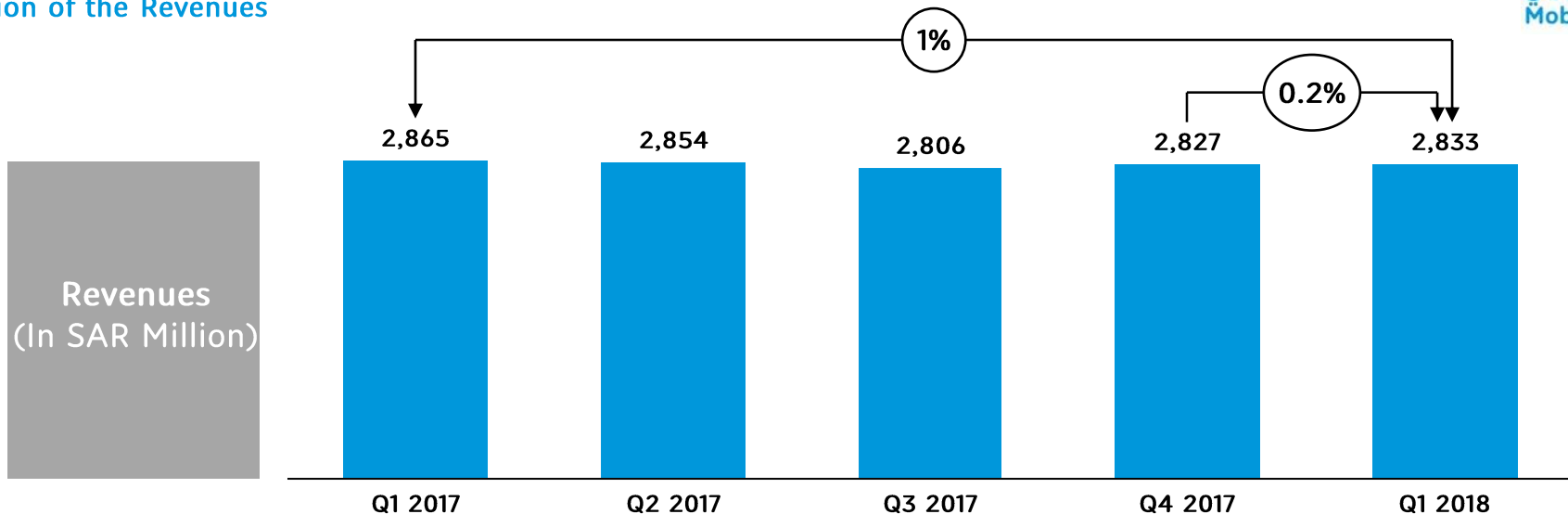
Key Highlights Q1 2018

RISE Execution Operational Update



Revenues

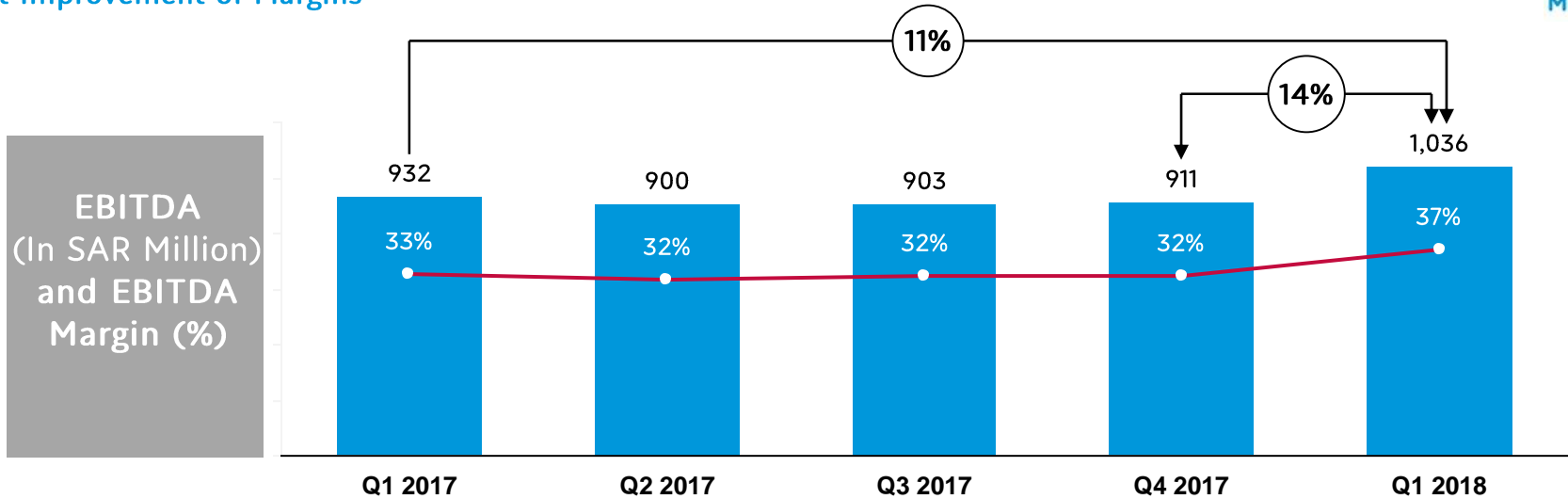
Stabilization of the Revenues



- Revenues in Q1 2018 decreased when compared to Q1 2017 mainly due to:
 - Decrease of Mobile Termination Rate (MTR).
 - Effect of VAT implementation.
- Q1 2018 marked a second quarter of growth versus the previous quarter despite:
 - Seasonality decrease related to the number of days in the first quarter.
 - Seasonality of handset sales in Q4 2017.
- Taking out the impact of the decrease of the Mobile Termination Rates (MTR), YoY revenues would have grown by 1% and QoQ revenues would have grown by 2%.

EBITDA and EBITDA Margin

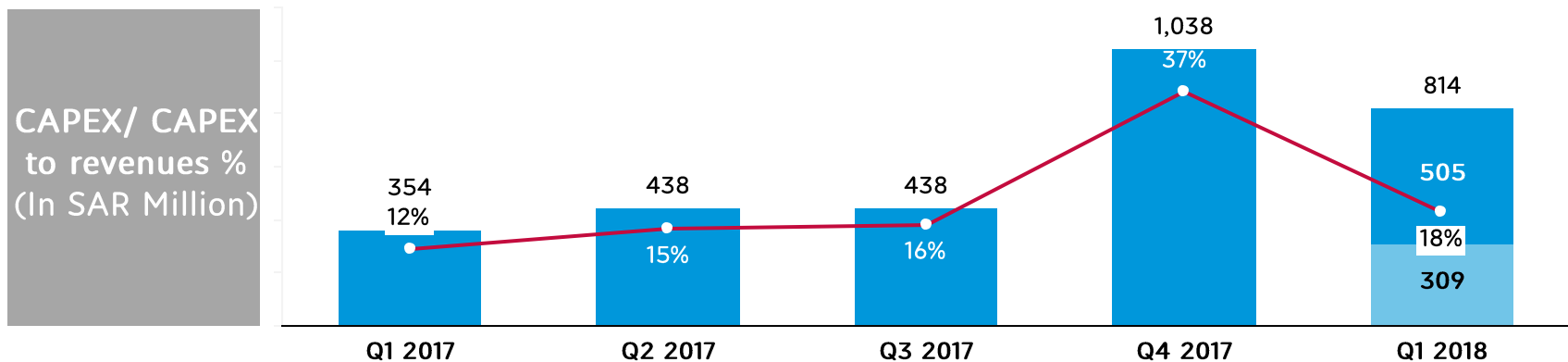
Significant Improvement of Margins



- Q1 2018 shows an increase in both EBITDA and EBITDA margin compared to Q1 2017 and Q4 2017 due to:
 - Continuous efforts to increase the company’s operational efficiency.
 - Reversal of certain provisions.
 - Application of IFRS 15 and IFRS 9.

CAPEX/CAPEX to Revenues

Contribution of the deployment of the network modernization



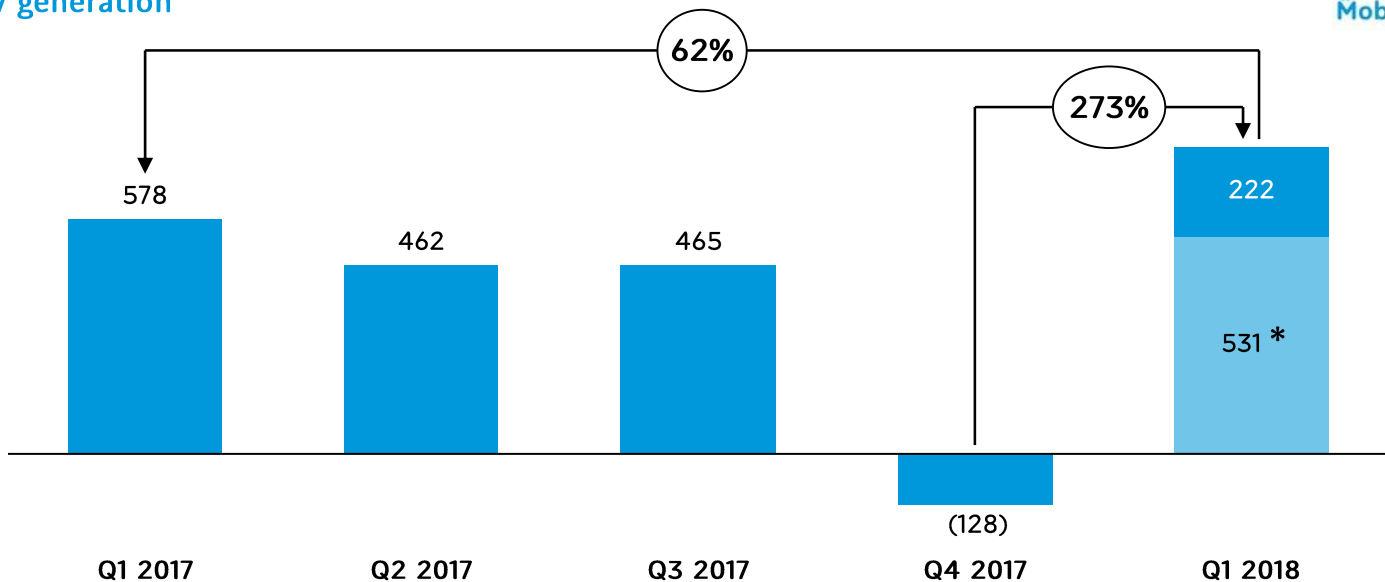
- **Increase of CAPEX in Q1 2018 compared to Q1 2017 due to:**

- Q1 CAPEX are reflecting the contribution of network modernization deployment (505 MSAR) and the capitalization (“non cash”) of the spectrum fee acquired in 2017 and was delivered in 2018.
- Tangible CAPEX to revenue are at 18%

Operational Cash Flow

Continuous focus on cash flow generation

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

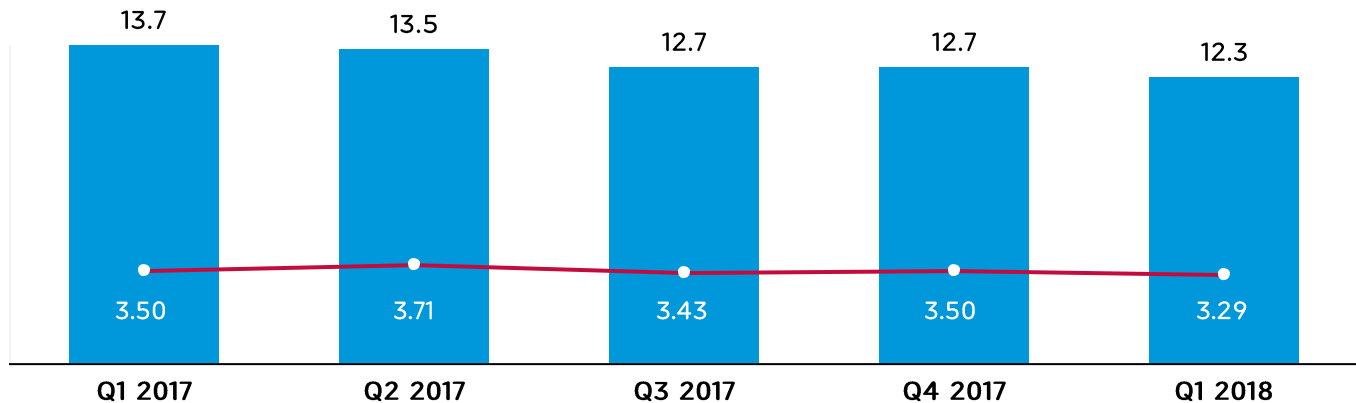


- The company maintained a healthy level of cash flow generation (531 MSAR excluding capitalization of spectrum fees vs. 578 MSAR).
- Reflecting its continuous focus on value creation and deleveraging.

Net Debt /Net Debt to EBITDA

Continuation of Deleveraging

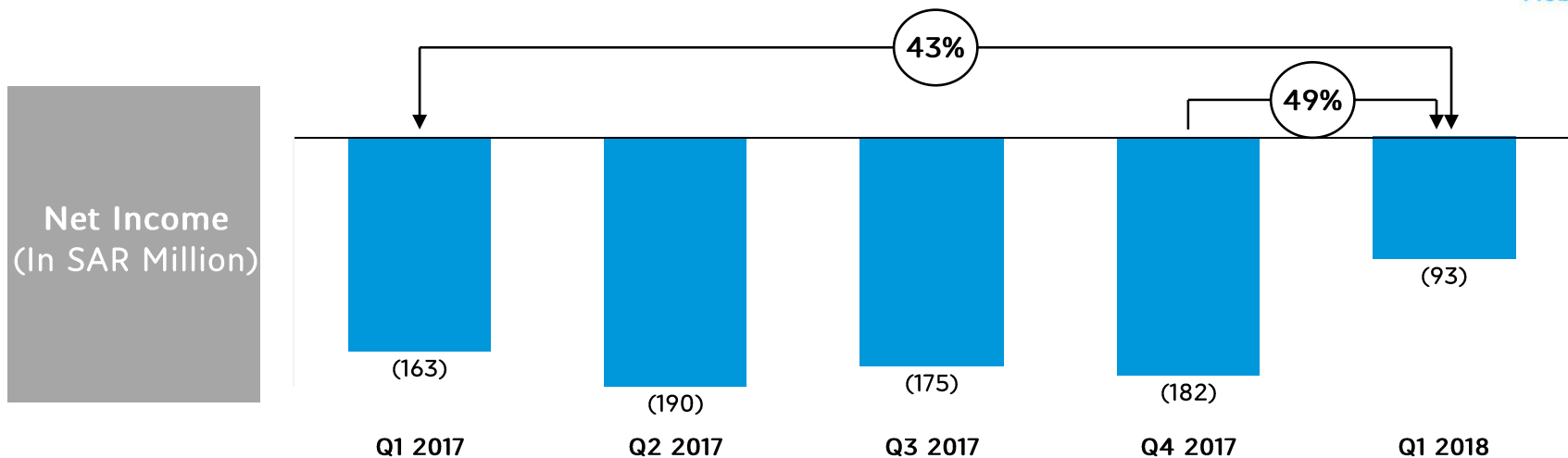
Net Debt and
(In SAR Million)
Net Debt
/EBITDA



- Deleveraging of 350 MSAR, reflecting the efforts to reduce company's debt.
- Net Debt to EBITDA of 3.29 at the end of Q1 2018.

Key Operational and Financial Highlights

Net Income



- Q1 2018 marked a recovery of 43% when compared to Q1 2017.
- QoQ shows a significant decrease in net losses by 49%.
- As a result of:
 - Stabilization in sales.
 - Increase of efficiency in managing the operational expenses.
 - Reversal of some provisions and impact of IFRS 15 and IFRS 9.

Etihad Etisalat Investor Relations

Email:

Investorcontact@mobily.com.sa

Website:

[Investor Relations Page](#)