

ELEMENT	CURRENT QUARTER	SIMILAR QUARTER FOR PREVIOUS YEAR(*)	% CHANGE CURRENT	PREVIOUS QUARTER (**)	% CHANGE PREVIOUS
NET PROFIT (LOSS)	-163	20	N/A	-70	-133%
EARNING OR LOSS PER SHARE, RIYALS	-0.21	0.02	N/A		
GROSS PROFIT (LOSS)	1,665	1,925	-14%	1,671	-0.4%
OPERATIONAL PROFIT (LOSS)	35	152	-77%	108	-68%

All figures are in (Millions) Saudi Arabia, Riyals

ELEMENT	EXPLANATION
REASONS OF INCREASE (DECREASE) FOR QUARTER COMPARED WITH SAME QUARTER LAST YEAR	<p>Q1 2017 Net Result is at a loss of SAR 163 million compared to a gain of SAR 20 million in Q1 2016. This was mainly due to the following:</p> <ul style="list-style-type: none"> • Revenues decreased by 16.7%, at SAR 2,865 million compared to SAR 3,440 million in Q1 2016 mainly due to: <ul style="list-style-type: none"> (i) The pressure on sales and the disconnection of unregistered customer lines, both driven by the finger print process implementation during 2016; and (ii) The reduction of the interconnection rates since April 2016. • Gross profit decreased by 14%, at SAR 1,665 million compared to SAR 1,925 million in Q1 2016 while gross margin improved by 2 points at 58.1% compared to 56% in Q1 2016. This resulted from the decrease in revenues and the change in the revenue mix toward more data revenues. • EBITDA declined by 18%, at SAR 932 million (or 32.5% EBITDA margin) compared to SAR 1,130 million (or 32.8% EBITDA margin) in Q1 2016. This decline is due to the decline of the gross profit partially offset by several cost reductions initiated in 2016 and continue to produce its effects. • Interest and financial charges increased from SAR 124 million in Q1 2016 to SAR 194 million mainly as a result of the increase in SIBOR and normal increase of net debt levels as well as a one-off of SAR 42 million in connection with the implementation in February 2017 of the SAR 7.9 billion refinancing.
REASONS OF INCREASE (DECREASE) FOR QUARTER COMPARED WITH PREVIOUS QUARTER	<p>Q1 2017 Net Result amounted to a loss of SAR 163 million compared to a loss of SAR 70 million in Q4 2016. This was mainly due to the following:</p> <ul style="list-style-type: none"> • Revenues decreased slightly by 1.5%, at SAR 2,865 million compared to SAR 2,908 million in Q4 2016, reflecting a certain level of stabilization if we take into account the seasonality effect between Q4 and Q1. • Gross profit has been almost flat at SAR 1,665 million compared to SAR 1,671 million in Q4 2016, with a slight improvement in the gross margin reaching 58.1% compared to 57.5% in the previous quarter.

	<ul style="list-style-type: none"> • EBITDA declined by 4.6%, reaching SAR 932 million (or 32.5% EBITDA margin) compared to SAR 977 million (or 33.6% EBITDA margin) as Q4 2016 EBITDA was positively impacted by certain one-off savings and reversal of accruals. • Interest and financial charges increased from SAR 164 million in Q1 2016 to SAR 194 million as a result of the normal increase in Murabaha rates, in addition to a one-off of SAR 42 million in connection with the implementation of refinancing.
<p>EXTERNAL AUDITOR'S REPORT CONTAINING RESERVATION</p>	<p>N/A</p>
<p>RECLASSIFICATIONS IN QUARTERLY FINANCIAL RESULTS</p> <p>OTHER NOTES</p>	<p>Certain figures for the comparative period and the implementation of the IFRS, have been reclassified to conform to the current period presentation.</p> <ul style="list-style-type: none"> • CAPEX addition were at SAR 354 million compared to SAR 1,381 million in the same quarter last year, reflecting a decrease related to phasing and a certain capitalization of back-log CAPEX related to previous years in Q1 2016. • Operational Cash Flow (EBITDA-CAPEX) was at SAR 578 million in Q1 2017 compared to SAR -251 million in Q1 2016. • Shareholders equity (no minority interest) at the end of Q1 2017 amounted to SAR 14,799 million compared to SAR 15,194 million at the end of Q1 2016 with a decrease of 2.6%. • Total comprehensive income for Q1 2017 amounted to SAR -156 million, compared to SAR 22 million in Q1 2016 <p>(*) Restated under IFRS (reviewed by the auditors but unaudited)</p> <p>(**) Restated under IFRS (neither reviewed nor audited)</p> <p>(***) Net result is the income after deducting Zakat and Taxes</p>