



# Investor Presentation

2<sup>nd</sup> Quarter 2017





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.



- 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**

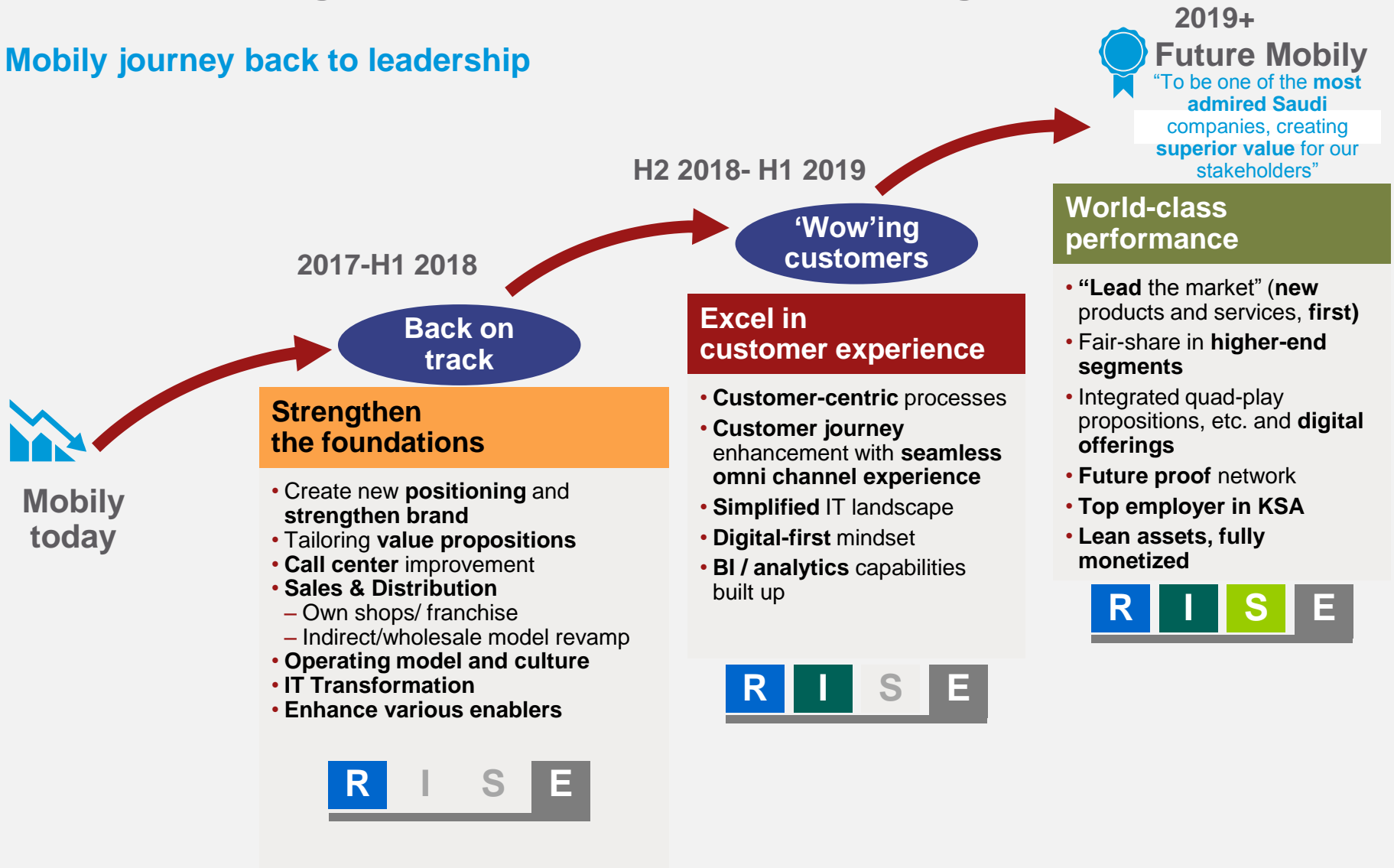
- **Leading culture** and employee **engagement**
- Improved **organization** and **capabilities**
- **Customer-centric end-to-end processes** with strong yet **empowered** governance





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

## Mobily journey back to leadership



# 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.



**Up to 300% free credit**

With every recharge in Hajj and Umrah package

International SMS   Internet   on-net calls

**+2 GB free**

Subscribe Now  
Terms and conditions apply

**3 hours of free Internet everyday!**

From 6:00AM to 6:00PM  
When activating 10GB Plus or 5GB Plus on your package

For more information Send 3733 to 1100

**العروض الكبير**

300GB بـ 300 ريال  
لمدة 3 شهور

اشترك الان!

**3,000 SAR Free Credit**

For 3 Months upon activating your old SIM

If you haven't used your voice SIM since April 2nd  
Reactivate it NOW and get the offer!

**العروض الكبير!**

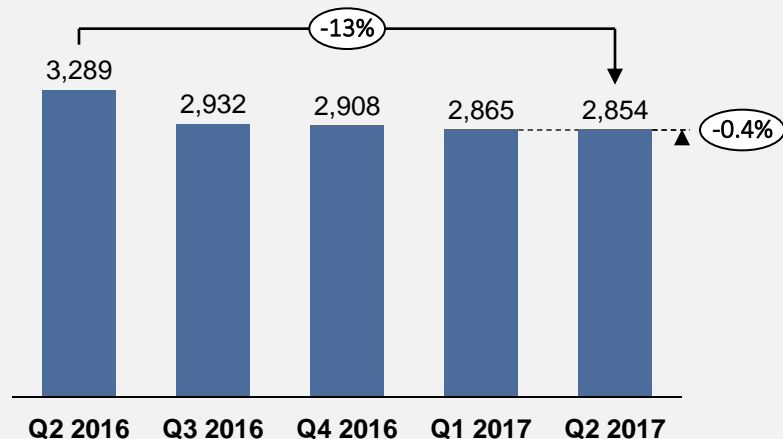
600GB بـ 550 ريال  
لـ 6 شهور

اشترك الان!



## Revenues

SAR Million / IFRS(\*)

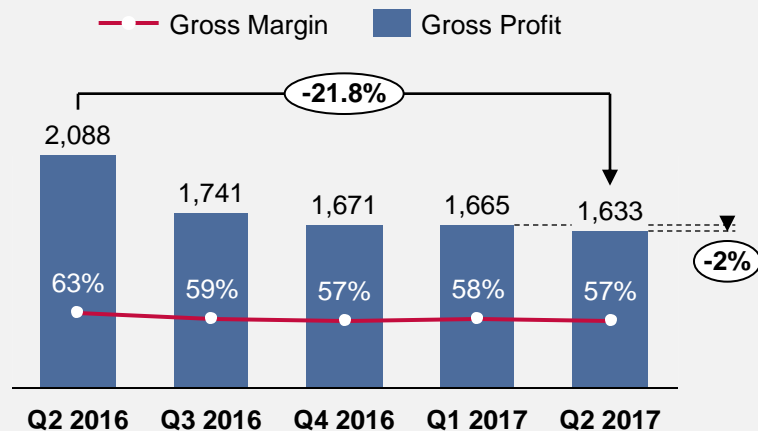


**Q2 revenues are almost stable when compared to Q1 2017:**

- 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

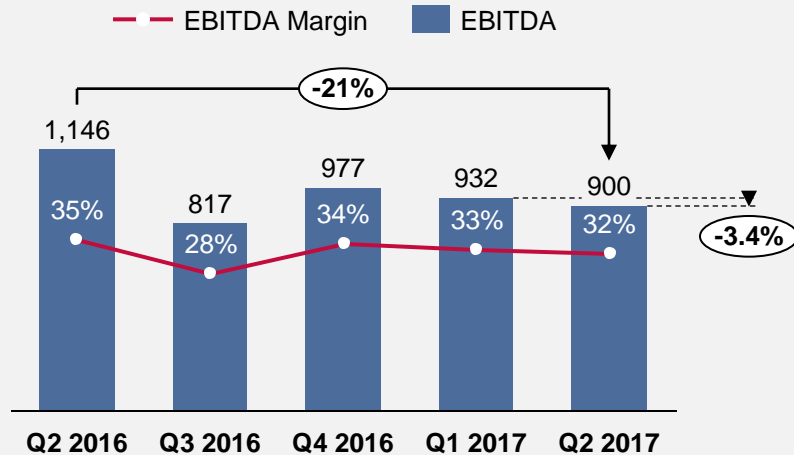


**Gross profit was slightly impacted by higher roaming costs and transit costs (associated with higher transit revenues).**



## EBITDA and EBITDA Margin

SAR Million / IFRS

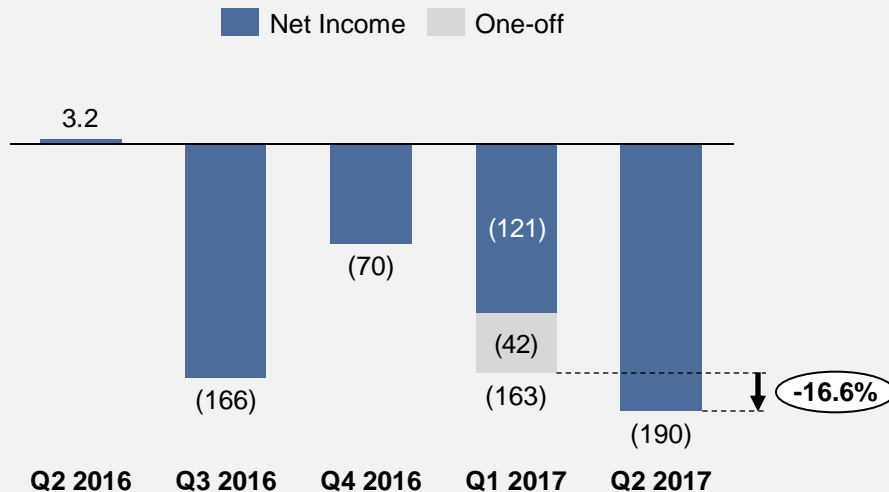


Despite the pressure on revenues, the company maintained a healthy level of EBITDA margin at 32%.

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

## Net Income

SAR Million / IFRS



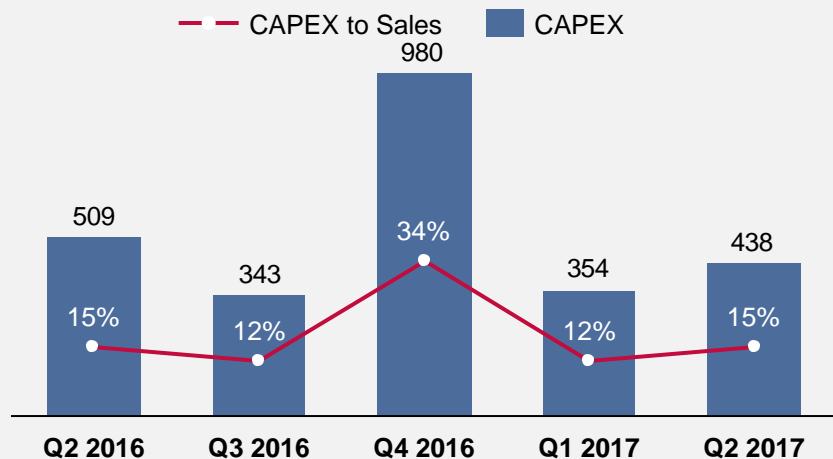
Q2 Net Result of -190 MSAR VS. -163 MSAR in Q1 2017 results from:

- 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

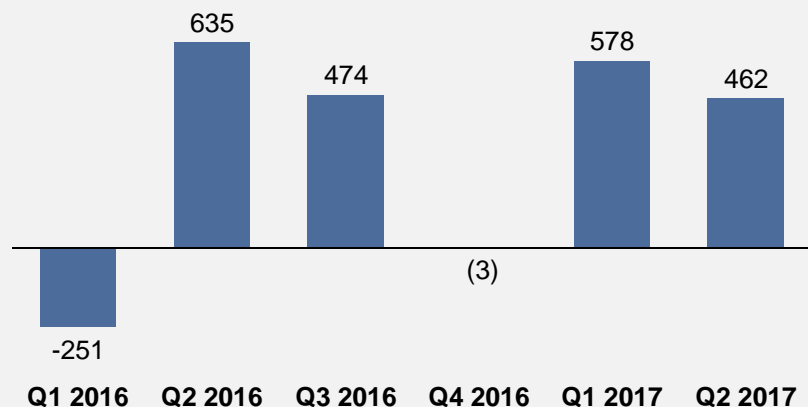


Continuous efforts towards CAPEX rationalization while maintaining customer experience.

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

## Operational Cash Flow (EBITDA – CAPEX)

SAR Million /IFRS



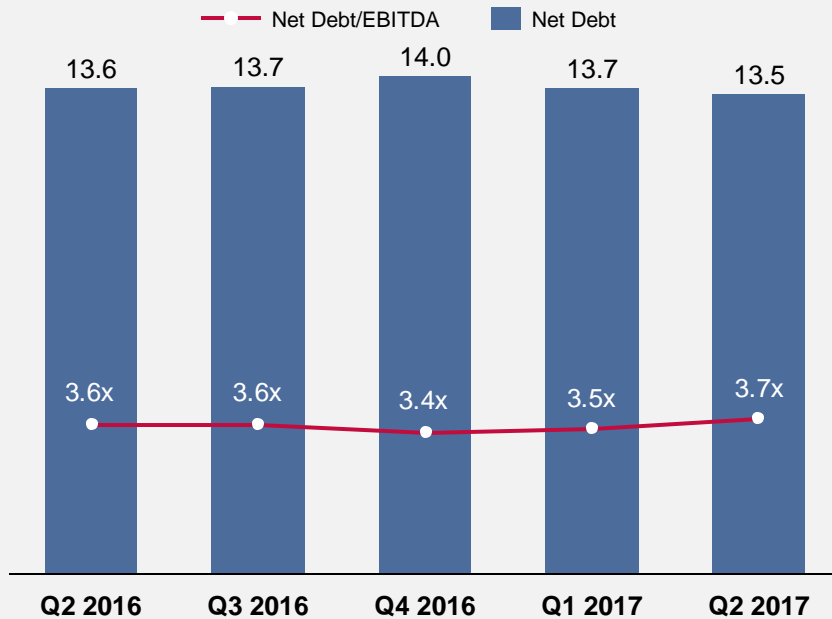
Healthy operational cash flow generation driven mainly by lower CAPEX.

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.



## **Etihad Etisalat Investor Relations**

**Email:**

**Investorcontact@moby.com.sa**

**Website:**

**[Investor Relations Page](#)**