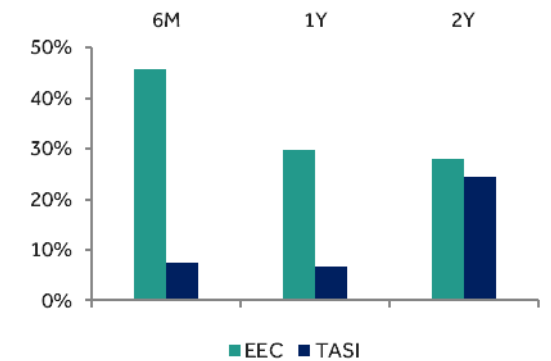


Market Data	
52-week high/low	SAR 26.95/14.82
Market Cap	SAR 19,250 mln
Shares Outstanding	770 mln
Free-float	60.2%
12-month ADTV	2,911,632
Bloomberg Code	EEC



Bottom line below expectations

July 22, 2019

Rating	Neutral		Upside to Target Price		(20.0%)	
Last Price	SAR 25.00		Expected Dividend Yield		0.0%	
12-mth target	SAR 20.00		Expected Total Return		(20.0%)	
Mobily	2Q2019	2Q2018	Y/Y	1Q2019	Q/Q	RC Estimate
Sales	3,331	2,895	15%	3,201	4%	3,233
Gross Margins	59%	61%		57%		57%
EBIT	261	127	106%	277	(6%)	265
EBITDA	1,221	1,066	15%	1,272	(4%)	1,225
Net Profit	38	(79)	-	67	(44%)	53

(All figures are in SAR mln)

- Topline of SAR 3.3 bln is up +15% Y/Y and +4% Q/Q on the back of growth in FTTH, data as well as business and wholesale segments. Management points to augmented subscriber base without giving the total number.
- Gross margins improved by +200 bps Q/Q on better cost control and implementation of IFRS 16.
- EBIT declined to SAR 261 mln as compared to SAR 277 mln in 1Q19, mainly due to increase in selling and marketing expenses caused by seasonality. As a result, EBITDA also declined by -4% Q/Q.
- 2Q19 earnings of SAR 38 million (-44% Q/Q) are below both our and market expectations due to higher operating expenses. Financial charges and Zakat have also risen by 2% and 78% respectively Q/Q.

Muhammad Faisal Potrik
muhammed.faisal@riyadcapital.com
+966-11-203-6807

Shaykhah A. Al Dosari
shaykhah.a.aldosari@riyadcapital.com
+966-11-203-6812

Disclaimer

■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors
For any feedback on our reports, please contact research@riyadcapital.com

Riyad Capital is a Saudi Closed Joint Stock Company with Paid up capital of SR 200 million, licensed by the Saudi Arabian Capital Market Authority NO.07070-37. Commercial Registration No: 1010239234. Head Office: Granada Business Park 2414 Al-Shohda Dist. – Unit No 69, Riyadh 13241 - 7279 Saudi Arabia. Ph: 920012299.

The information in this report was compiled in good faith from various public sources believed to be reliable. Whilst all reasonable care has been taken to ensure that the facts stated in this report are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable. Riyad Capital makes no representations or warranties whatsoever as to the accuracy of the data and information provided and, in particular, Riyad Capital does not represent that the information in this report is complete or free from any error. This report is not, and is not to be construed as, an offer to sell or solicitation of an offer to buy any financial securities. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this report. Riyad Capital accepts no liability whatsoever for any loss arising from any use of this report or its contents, and neither Riyad Capital nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof. Riyad Capital or its employees or any of its affiliates or clients may have a financial interest in securities or other assets referred to in this report. Opinions, forecasts or projections contained in this report represent Riyad Capital's current opinions or judgment as at the date of this report only and are therefore subject to change without notice. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections which represent only one possible outcome. Further, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified and future actual results or events could differ materially. The value of, or income from, any investments referred to in this report may fluctuate and/or be affected by changes. Past performance is not necessarily an indicative of future performance. Accordingly, investors may receive back less than originally invested amount. This report provides information of a general nature and does not address the circumstances, objectives, and risk tolerance of any particular investor. Therefore, it is not intended to provide personal investment advice and does not take into account the reader's financial situation or any specific investment objectives or particular needs which the reader may have. Before making an investment decision the reader should seek advice from an independent financial, legal, tax and/or other required advisers due to the investment in such kind of securities may not be suitable for all recipients. This research report might not be reproduced, nor distributed in whole or in part, and all information, opinions, forecasts and projections contained in it are protected by the copyright rules and regulations.