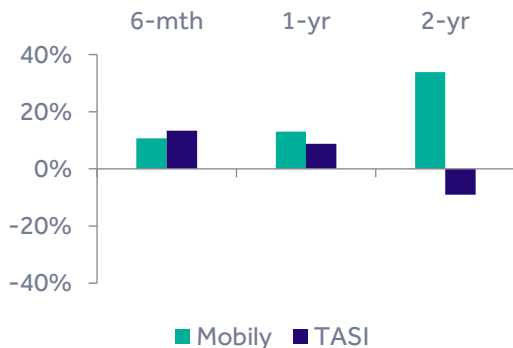


Market Data	
52-week high/low	SAR 57.00/40.30
Market Cap	SAR 40,810 mln
Shares Outstanding	770 mln
Free-float	71.97%
12-month ADTV	956,939
Bloomberg Code	EEC AB



Gross Margin Improves, Record Quarterly Topline

May 12, 2024

Upside to Target Price	9.4%	Rating	Neutral
Expected Dividend Yield	2.8%	Last Price	SAR 53.00
Expected Total Return	12.3%	12-mth target	SAR 58.00

Mobily	1Q2024	1Q2023	Y/Y	4Q2023	Q/Q	RC Estimate
Sales	4,545	4,070	12%	4,306	6%	4,296
Gross Profit	2,445	2,270	8%	2,265	8%	2,427
Gross Margins	54%	56%		53%		57%
Operating Profit	753	636	18%	983	(23%)	759
Net Profit	638	465	37%	746	(14%)	509

(All figures are in SAR mln)

- Mobily reported 1Q2024 revenues of SAR 4.5 bln (+12% Y/Y, +6% Q/Q) the highest in the last decade, and higher than our SAR 4.3 bln forecast. The annual and sequential growth resulted from higher Mobile subscribers to reach 12.3 mln (10.4 mln prepaid, and 1.9 mln postpaid) and FTTH subscribers at 0.238 mln, in addition to growth seen in all segments.
- Gross margin depicted slower than expected recovery in this quarter to reach 54% versus 53% in previous quarter and 56% last year. Operating margin contracted to 17% from 23% in the previous quarter but better than 16% in 1Q2023. Net debt/EBITDA continued to improve in 1Q to 1.01x from 1.20x in last quarter on lower financial leverage.
- CAPEX for 1Q2024 remained flat vs 1Q2023 on absolute basis, but the CAPEX/Revenue ratio declined to 4.9% from 5.5%. This quarter FCF grew by +6.7% Y/Y, on the back of EBITDA growth, to support the long-term 2.5 million self-financed ordinary share buyback incentive plan, and the consistent growth in DPS over the 4 last years.
- Net profit came in at SAR 638 mln (+37% Y/Y, but -14% Q/Q), supported by lower financial charges and Zakat on both Y/Y and Q/Q basis. The sequential decline would be converted to +17% Q/Q growth if we adjust the SAR 202 mln positive impact of contingent liability reversal in 4Q2023 results. Bottomline beat market consensus of SAR 546 mln and our forecast of SAR 509 mln. We tweak our target price to SAR 58.00 but keep a Neutral stance.

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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

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