

Market Data	
52-week high/low	SAR 44.70/29.20
Market Cap	SAR 28,952 mln
Shares Outstanding	770 mln
Free-float	71.97%
12-month ADTV	1,666,192
Bloomberg Code	EEC AB

## ■ Margins Keep Expanding

July 28, 2022

Upside to Target Price	11.7%	Rating	Neutral
Expected Dividend Yield	2.7%	Last Price	SAR 37.60
Expected Total Return	14.4%	12-mth target	SAR 42.00

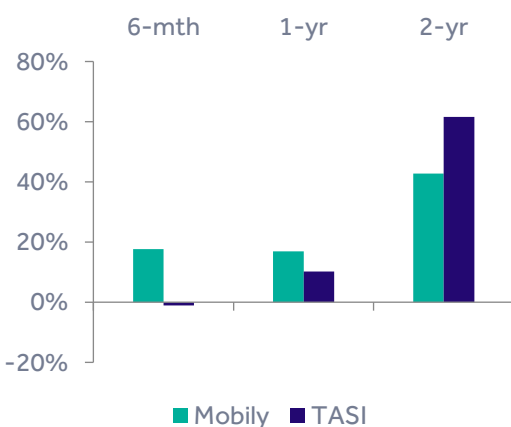
Mobily	2Q2022	2Q2021	Y/Y	1Q2022	Q/Q	RC Estimate
Sales	3,899	3,728	5%	3,811	2%	3,849
Gross Profit	2,333	2,147	9%	2,238	4%	2,290
Gross Margins	60%	58%		59%		59%
Operating Profit	519	384	35%	468	11%	472
Net Profit	360	244	48%	319	13%	325

(All figures are in SAR mln)

- Mobily reported revenues of SAR 3.9 bln (+5% Y/Y, +2% Q/Q), matching our forecast. The increase in Mobily's revenue was mainly driven by growth in Wholesale and Business segments, with a healthy growth in the fiber to the home (FTTH) active base and the overall subscriber base.
- Gross profit came in at SAR 2.3 bln (+9% Y/Y, +4% Q/Q). Gross margins expanded on both yearly and quarterly basis by +224 bps and +112 bps, respectively. The increase in gross margin was spurred by an increase in revenues Y/Y. On a quarterly basis, we assume that margins benefited from a decrease in the sales of devices.
- Operating profit reached SAR 519 mln, an increase of +35% Y/Y and +11% Q/Q, on the back of an improvement in EBITDA, which increased by +8.1% Y/Y and +2.6% Q/Q to SAR 1.48 bln. The EBITDA increase is attributed to the improvement in revenues in addition to operational efficiencies.
- Mobily delivered a net profit of SAR 360 mln (+48% Y/Y, +13% Q/Q) above our SAR 325 mln forecast. Net margin continued to improve as it expanded by +269 bps Y/Y and +86 bps Q/Q largely due to an increase in EBITDA margin, which expanded to reach 38.0% this quarter compared with 37.9% last quarter and 37.0% in 2Q2021.
- We maintain our target price at SAR 42.00 and Neutral recommendation.

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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](mailto:research@riyadcapital.com)

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