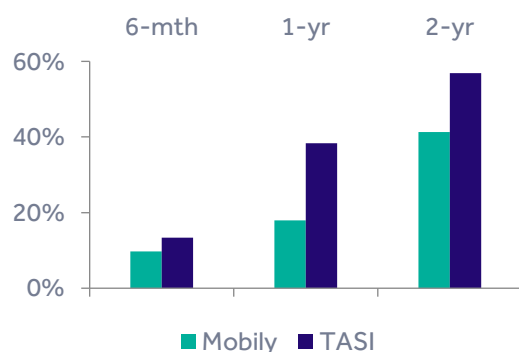


Market Data	
52-week high/low	SAR 35.45/28.00
Market Cap	SAR 26,565 mln
Shares Outstanding	770 mln
Free-float	71.97%
12-month ADTV	1,942,972
Bloomberg Code	EEC AB



2021 Sales & Profits at Multi-Year High

February 23, 2021

Upside to Target Price	10.1%	Rating	Neutral
Expected Dividend Yield	2.5%	Last Price	SAR 34.50
Expected Total Return	12.6%	12-mth target	SAR 38.00

Mobily	4Q2021	4Q2020	Y/Y	3Q2021	Q/Q	RC Estimate
Sales	3,897	3,533	10%	3,606	8%	3,803
Gross Profit	2,267	1,969	15%	2,186	4%	2,151
Gross Margins	58%	56%		61%		57%
Operating Profit	492	380	30%	423	16%	435
Net Profit	321	246	31%	281	14%	292

(All figures are in SAR mln)

- For FY 2021, Mobily's revenues and net profits rose to their highest level in eight years to SAR 14.8 bln and SAR 1.1 bln, respectively. This was fueled by the robust growth in business unit revenues and an increase in the number of fiber-to-the-home (FTTH) active subscriber's base. While the consumer's unit segment was impacted by Covid-19 restrictions, we believe the expansion in 5G services contributed to a rise in ARPU.
- On a quarterly basis, the gross profit came in above our expectations to increase by +15% Y/Y and +4% Q/Q reaching SAR 2.3 bln, mainly due to the increase in the top-line which increased by +10% Y/Y and +8% Q/Q in 4Q. Gross margins expanded Y/Y by +244 bps, but shrank Q/Q by -245 bps. We believe that the decrease on a quarterly basis was due to the seasonality in device sales.
- Mobily reported a fourth quarter net profit of SAR 321 mln (+31% Y/Y, +14% Q/Q) beating our and market forecast of SAR 292 mln and SAR 297 mln, respectively. The increase in net profit is attributed to the increase in the top-line as well as an improvement in the operating margin which increased from 11.7% in 3Q to 12.6% in 4Q despite the decline in gross margins. We raise our target price to SAR 38.00 from SAR 34.00 but maintain a Neutral recommendation.

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riyad capital

■ 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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