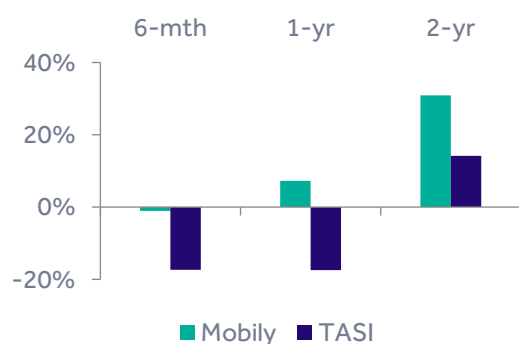


Market Data	
52-week high/low	SAR 44.70/31.45
Market Cap	SAR 28,490 mln
Shares Outstanding	770 mln
Free-float	71.97%
12-month ADTV	1,258,196
Bloomberg Code	EEC AB



## ■ Margins Expand

Upside to Target Price	16.1%
Expected Dividend Yield	3.4%
Expected Total Return	19.5%

Rating	Buy
Last Price	SAR 37.00
12-mth target	SAR 43.00

February 21, 2023

Mobily	4Q2022	4Q2021	Y/Y	3Q2022	Q/Q	RC Estimate
Sales	4,132	3,897	6%	3,828	8%	4,061
Gross Profit	2,492	2,267	10%	2,300	8%	2,363
Gross Margins	60%	58%		60%		58%
Operating Profit	790	492	61%	534	48%	558
Net Profit	606	321	89%	373	63%	383

(All figures are in SAR mln)

- For the year, Mobily's revenues increased by +5.6% Y/Y to SAR 15.7 bln and net profit by +54.6% Y/Y to SAR 1.7 bln on the back of strong growth of all revenues streams and an increase in the number active subscriber base. NI was aided by strong EBITDA growth as well as disciplined cost management, despite a +20% Y/Y increase in finance charges, which reached SAR 607 mln due to rising interest rates.
- For the quarter, top-line came in-line with our estimates, up +6% Y/Y and +8% Q/Q to SAR 4.1 bln. Gross profit also increased on both yearly and quarterly basis by +10% and 8%, respectively. Gross Margin expanded by +215 bps Y/Y and +21 bps Q/Q, despite the seasonality in the sales of devices. This indicates an improvement in the revenue mix with higher margins.
- Operating profit climbed by +61% Y/Y and +48% Q/Q to reach SAR 790 mln due to the growth in top line as well as gross margin expansion. Mobily managed to record an increase in its bottom line Y/Y for the twelfth consecutive quarter. Net Profit beat both our and market estimates to come in at SAR 606 mln (+89% Y/Y, +63% Q/Q), despite an increase in financial charges by +44% Y/Y and +26%Q/Q, reflecting higher interest rate.
- We increase our target price for Mobily from SAR 40.00 to SAR 43.00 per share after adjusting revenue and margin estimates upwards and upgrade our recommendation to Buy.

**Khalid Obaid Al-Obaid**  
 khalid.al-obaid@riyadcapital.com  
 +966-11-203-6815

## ■ 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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