

Chairman's statement

In a year that saw Mobily successfully deliver its turnaround strategy and organically return to a growth trajectory, the widespread transformation of the telecom sector and the Saudi economy accelerated and yielded strong positive trends. Transforming for the future in order to deliver on our promises of positive performance, we are upgrading our network to remain at the forefront of a competitive and challenging landscape, and launching a new strategy to support our Government's Vision 2030 and achieve sustainable growth for our shareholders.



Appointment of new
Saudi national

**CEO &
CFO**

Charting a bold path

Saudi Vision 2030 is the dynamic and ambitious blueprint that is aligning Government and private sector organizations across the Kingdom for the good of all, paving the way for the country's future economic growth and diversity.

This year saw the Kingdom transforming faster than ever before, with accelerating economic recovery and improved oil prices fueling optimism amongst the people and companies of Saudi Arabia, as is evident by the rise in consumer spending and visitor numbers, which was supported by the launch of the new tourist visa.

In August, the Council of Ministers endorsed the "ICT Sector Strategy 2023", a 5 year strategy designed to "Build tomorrow's digital foundations for a connected and innovative Saudi Arabia". With 3 Strategic Themes, cascaded

through 13 Strategic Priorities and 24 Strategic Objectives, it aims to accelerate growth in the information and communications technology (ICT) sector by 50% and raise the sector's contribution to the GDP by SAR 50 billion.

This great Government initiative, complemented by improving telecom infrastructure, download speeds and overall customer demand for advanced technologies and continuous innovation, provides a solid foundation for confidence moving forward.

RISE delivered

The end of 2019 saw the successful conclusion of our three-year RISE strategy, launched in 2017 to fix the foundations of the business, and build a strong platform for the next phase of growth and stakeholder value creation. I am pleased to inform you that we executed this strategy with great focus

and dedication, and consequently that it has delivered the results we hoped for across the organization.

On the operational side, our sales and marketing functions are now digitized, and our network modernization made important strides that we will continue to build on moving forward. Meanwhile, our customer experience is much improved, reflected in our ranking as the Saudi telecom with the lowest ratio of customer complaints during the year.

Proudly Saudi

This year also saw the achievement of another significant milestone for our company, with the joining of our new CEO and CFO marking the first time Mobily has Saudi Nationals in these key leadership positions. Bringing a wealth of valuable knowledge and insights to the Company from their previous roles leading regional telecommunications, industrial and technology organizations, our incoming CEO, Eng. Salman Al Badran, and CFO, Mr. Khalid Abanami, rapidly put their mark on the Company.

In only a few short months under the new leadership, Mobily's new corporate vision, strategy and values were launched to accelerate the transformation program and put the Company on a growth trajectory.

Towards the end of the year, a SAR 7.6 billion Murabaha Facility Refinancing agreement was signed with a group of Saudi banks. With a lower cost of debt and more favorable terms and conditions, this agreement reflects the continuous improvement of the Company's credit profile and confirms the trust lenders have in Mobily's finances, capabilities and performance.

Making strides in our sustainability journey

This landmark agreement is part of Mobily's overall commitment to becoming a more sustainable company. It ensures that the Company remains fit and capable of fulfilling its duties towards all its valued stakeholders and contributing to Saudi's economic prosperity through the provision of world-class technology and connectivity. This commitment extends to the Company's sustained focus on effective corporate governance, robust risk management, and positive contributions to the wellbeing of our employees, communities and environment.

Our ongoing journey to become a more responsible corporate citizen delivered a wide range of achievements during the year, including a large jump in our employee engagement scores, the #EveryonesKingdom viral campaign that drove awareness about the power of inclusion of people with disabilities in Saudi society, our support for a wide range of Government programs and priorities, and providing Hajj pilgrims with the fastest ever download speeds, to name a few.

Acknowledgements

At the conclusion of this eventful year, I would like to acknowledge the important contributions and diligent efforts of my fellow Board Members. On their behalf, I would also like to express my appreciation for the great dedication and determination of our capable executive management and staff. Finally, I would like to thank our Government, strategic partners and shareholders for their continued trust and support, as we enter an exciting new period of growth and transformation for the Company.

Mr. Suliman Al Gwaiz

Chairman, Non-Executive Member

“ The end of 2019 saw the successful conclusion of our 3 year RISE strategy, launched in 2017 to fix the foundations of the business, and build a strong platform for the next phase of growth and stakeholder value creation ”

CEO's statement

2019 has been a great year in the history of Mobily. Following our successful turnaround, we have regained market strength and are capitalizing on opportunities for growth. With our new corporate strategy now in place, we will gain momentum as we continue to transform across our business, positioning the Company for sustainable profitability and progress in our journey to become a truly digital telcommunication.



11 hours to 11 minutes

Average time to solve
customer issues

70%

Increase in
download speeds

Return to growth and profitability

The successful delivery of our strategy returned Mobily to profitability in 2019. The company recorded full-year profit of SAR 31 million on gross profit of SAR 7.8 billion compared to last year's net loss of SAR 123 million and gross profit of SAR 6.6 billion. This was driven by strong top line growth across our business units, resulting in 13.4% overall revenue growth for the business to reach SAR 13.45 billion for the year.

Gaining momentum

With our new vision to 'Empower the digital economy to unlock possibilities', we have created a north star to guide every individual across our Company. As we set out on our journey to transform into the digital telco of the future, we must remain focused on our collective objectives and resilience in the face of the many challenges that we will surely encounter along the way.

Our new GAIN corporate strategy touches every aspect of our business, from our core and emerging revenue streams to the inner workings of our organization, while holding a magnifying glass to the manifold relationships that make our Company what it is today and hold the key to unlocking what it can become.

Ultimately, our success in navigating our ever-expanding role in the future of our nation and our partnerships with some of the most exciting local and international companies, as well as the way we engage with and create lasting value for our customers, employees and shareholders, will determine the destiny of Mobily.

A Year of firsts

The momentum gained as we enter the new decade is built on the strength of our performance and achievements during 2019. We have excelled in customer service, reducing

the average time to solve customer issues from 11 hours to 11 minutes, and ranked #1 by CITC in its Customer Satisfaction Index*.

We made great strides in customer experience by placing it at the heart of our operations and embedding it within our employees' objectives. This helped us to achieve the #1 ranking in network quality for key cities across the Kingdom, while also improving our mobile app to become the #1 rated app among Saudi telecom operators during 2019.

It was our honor and duty to support pilgrims during Hajj season, facilitating and empowering them with the Kingdom's fastest download speeds, which were up 70% over last year. We allowed them to experience the future of connectivity by giving them access to Mobily's cutting-edge 5G network and download speeds greater than 1 Gbps, and were honored by HRH Prince Khalid Al Faisal, Governor of Makkah Province, for our strategic partnership in the successful "Hajj is Worship and Civilized Behavior" Hajj campaign.

Engaging and empowering our people

All the success we have achieved to date and everything we hope to achieve in the future is in the experienced and capable hands of the exceptional men and women across our Company. It is imperative that we give them all the guidance and support they need to feel happy, engaged and able to perform at their potential.

We remain committed to attracting, developing, engaging and empowering our talent, and have made measurable progress on multiple fronts in this respect during the year. We also improved our performance in our latest employee engagement survey, while continuing our commitment to Saudization and empowering women at all levels of our company.

The launch of our new corporate values will also enhance our employer brand and performance by bolstering the vibrant and diverse corporate culture that is central to the wellbeing of our people, and therefore our Company.

*Source: CITC Customer Complains Reports (Q1-Q3 2019)

Launching the future of connectivity

While our 3G and 4G networks now reach almost every corner of the Kingdom, we have been investing in and have already begun to rollout our network of the future. Our 5G network witnessed a number of key milestones during the year, including reaching download speeds in excess of 1 Gbps and testing of a range of exciting use cases across multiple sectors.

With each new technological cycle, the most revolutionary and innovative applications can only be fully realized once the network is launched. One thing that we know for sure though is that 5G will become a game-changing platform for innovation and customer experience. The Internet of Things (IoT), a growing web of over 7 billion interconnected devices creating and sharing data independently, looks set to drive automation and transform every aspect of our personal and professional lives. We can see this coming, but only as the number of devices and applications designed to take advantage of 5G's speed and flexibility hit the market in 2020 and beyond will its true potential truly manifest itself.

Acknowledgements

On a personal note, I am proud to return to the Kingdom to lead Mobily at such a critical period for the Company and our nation. I would like to take this opportunity to offer my sincere thanks to our Chairman and Board of Directors for their outstanding guidance and support during the year, as we worked closely to map out the future of the Company.

To our customers, large and small, across Saudi Arabia, I promise that your trust in Mobily will be rewarded through innovative offerings, faster speeds and superior service. And to the entire Mobily family, I recognize all your outstanding work in turning the Company around and look forward to continuing this transformational journey together in 2020 and beyond.

Salman Bin Abdulaziz Al Badran
Chief Executive Officer

With our new vision to 'empower the digital economy to unlock possibilities', we have created a north star to guide every individual across our company //

CFO's review

Mobily witnessed 2019 as the year of phenomenal growth surpassing previous records. This year was a 'Transformation year' that demonstrated growth and profitability as we took first steps towards the realization of our 'Gain Strategy.'



Net income
amounting to
SAR 31
million

I am pleased to report that with untiring efforts of management and the employees of Mobily, complimented with continued operational efficiency, cost optimization and process digitization, the Company has been able to achieve its major targets in terms of revenues growth and profitability.

This year, Mobily achieved net income amounting to SAR 31 million based on 13.4% growth in revenues, despite various

market and regulatory challenges. While maintaining our ongoing efforts for cost efficiency and process automation, we will continue to channel management resources into realization of "Gain Strategy" and commit ourselves to ensuring continuous growth in the coming years. Further, we will continue to deploy our innovative skills and commercial dynamism while demonstrating that corporate and social responsibility is inherent in everything we do.

\\ This year was a 'Transformation year' that demonstrated growth and profitability as we took first steps towards the realization of our 'Gain Strategy' //

Highlights	2019 SAR '000,000	2018 SAR '000,000	% change
Revenues	13,450	11,865	13.4%
EBITDA	4,947	4,531	9.2%
CAPEX	2,760	2,819	(2.1%)
Operational cash flow (EBITDA – CAPEX)	2,187	1,712	27.8%
Net debt	10,569	11,288	(6.4%)
Net profit/(loss)	31	123	-

Top line results jumped 13.4% from SAR 11.86 billion in 2018 to reach SAR 13.45 billion this year. This was driven by record performance in both the consumer – with a growing consumer base and strong data revenues – and business segments – the partner of choice for government and large enterprises in the Kingdom. Both units delivered better revenue performance during the year, and are well positioned to build on this success in 2020.

Other financial highlights of the year were a further deleveraging in net debt from SAR 11.29 billion to SAR 10.57 billion, resulting in an improved net debt to EBITDA ratio of 2.45x – its lowest level since 2016. EBITDA for 2019 increased by 9.2%, at a margin of 37% – the highest since 2013. This result was driven primarily by healthy top line performance, improvement in cost efficiency and better revenue mix. Investment in 5G infrastructure began in 2019 and will continue in a gradual pace in the coming year. Capex in 2019 decreased to reach SAR 2,760 million versus SAR 2,819 million in 2018, due to the capitalization of spectrum fees in 2018 with an amount of SAR 450 million. Excluding the spectrum fees, CAPEX intensity reflects our commitment to improve our infrastructure, and the continuous deployment of the network modernization project.

2019 was the year we returned to profitability, delivering a full-year net profit of SAR 31 million on gross profit of SAR 7.8 billion compared to last year's net loss of SAR 123 million and gross profit of SAR 6.6 billion. This is equivalent to earnings per share of SAR 0.04, versus a loss per share of SAR 0.16 in 2018. This strong trend is the result of the successful execution of our turnaround programme of the past few years. With all of our revenue lines delivering healthy growth during 2019, it provides a strong platform for continuous growth for the years to come.

As we move forward, we have commenced a series of initiatives focusing towards digitization (in line with Kingdom's 2030 vision), further improving internal controls, transforming finance function into a business partner and delivering excellence. We are aimed at transforming our business in line with industry dynamics and will continue to invest in our people and infrastructure to bring innovative solutions and technologies in the market, while keeping our customers at the heart of everything we do.

Mr. Khaled Abanami
Chief Financial Officer

Balance Sheet Highlights	2019 SAR '000	2018 SAR '000	% change
Total assets	39,262,461	38,562,018	2%
Total liabilities	25,511,111	24,692,702	3%
Total equity	13,751,350	13,869,316	(1%)

Income Statement Highlights	2019	2018	% change
Gross profit	7,799,987	6,582,203	19%
Operating profit	967,013	602,892	60%
Net income/(loss)	31,183	(122,666)	-

Cash Flow Statement Highlights	2019	2018	% change
Net cash generated from operating activities	3,509,106	3,533,230	(1%)
Net cash used in investing activities	(1,891,911)	(1,765,951)	7%
Net cash used in financing activities	(1,398,365)	(1,926,610)	(27%)
Cash and cash equivalents	1,251,680	1,032,850	21%