

# CFO's Statement



**Mobily has continued its growth journey and steadily gained momentum to deliver in 2022 the highest top and bottom lines in the last nine years.**

**Mr. Khalid Abdulrahman Abanami**

Chief Financial Officer

While Mobily celebrates another year of growth, it is equally important to recognize how consistent our growth has been year after year. Our exemplary execution of the GAIN strategy, diligent financial management, and operational efficiency helped us expand our margins in 2022 and set us up for sustainable success in the years ahead.

Mobily has continued its growth journey and steadily gained momentum to deliver in 2022 the highest top

and bottom lines in the last 9 years. We achieved long-term gains despite rapid shifts in the macro environment, including rising inflation and interest rates. The common denominator across all these challenges has been Mobily's commitment to gaining and maintaining the trust of all of our stakeholders, including customers. Through agility, efficiency, and strategic focus, we have navigated our path to transform Mobily into the technology, media, and telecom (TMT) company of the future.

In 2022, we built upon this momentum to increase our net profit by a staggering 54.6% to SAR 1.7 billion, compared to SAR 1.1 billion in 2021. This marks our highest annual net profit in the last 9 years. Earnings per share in 2022 was SAR 2.15, a 54.6% increase compared to SAR 1.39 in 2021.

This dramatic improvement reflected in higher earnings across all revenue streams, along with record-breaking growth in EBITDA, a remarkable growth in net profit, and efficient management of operations. It was also a result of disciplined cost management, despite a 20.2% year-on-year increase in finance charges, which reached SAR 607 million in 2022 due to the increase in interest rates.

Through our completion of the 3 year GAIN strategy, we achieved our 2022 goals of optimizing costs, differentiating through innovative products and services, enhancing our partnership agile operating model and building new revenue streams. Large government projects, a favorable regulatory environment, and the Kingdom's reopening to tourism also positively impacted our growth.

Revenues were robust this year, rising by 5.6% from SAR 14.8 billion in 2021 to SAR 15.7 billion in 2022. Mobily boasted consistent growth in revenue across the Business, Wholesale, and Consumer Units. Notably, we also grew our overall subscriber base.

## Revenues SAR 15.7 billion

The Company also delivered its highest annual EBITDA in the last 9 years, increasing by 10.4% compared to 2021, from SAR 5.6 billion to SAR 6.2 billion. This was driven by topline performance along with managing our operations efficiently.

The efficiency, along with continuous investment in digitalization and our solid track record of customer experience excellence, strengthened our EBITDA margin to reach 39.3%, an improvement of 1.7% compared to our margin of 37.6% the previous year.

We successfully managed the impact of rising interest rates and continued our ongoing deleveraging strategy this year to reduce our debt portfolio to pay off more than SAR 1.2 billion of our debt balance. Our net debt to EBITDA ratio continued to tail-off in a stellar manner to reach 1.66x at the end of 2022, compared to 2.17x at the end of 2021.

CAPEX was almost flat in 2022, increasing by 0.1% to reach SAR 2.1 billion compared to 2021. This was consistent with Mobily's strategy to invest in digital transformation and product and service innovation. The focus this year was on expanding our 5G and network coverage; investing in cloud, IoT, and data centers; launching and growing Mobily Pay; as well as automating and digitizing our operations. We continued to invest for the future, with a healthy and balanced capital structure and high return on investment. Notably, the ratio of CAPEX to revenue stood at 13.4% in 2022, compared to 14.1% in 2021.

Mobily's cash position continued to improve due to solid EBITDA growth. Operational cash flow increased by 16.6% to reach SAR 4.1 billion, compared to SAR 3.5 billion in 2021. Our strong liquidity helped us to stand against the competition, allowed us to maintain our long-term investment plan and continue dividends distribution for the 3rd year in a row.

In 2023, Mobily will continue to rise as a proud Saudi company, building on the trust we have earned from our Stakeholders. The execution of GAIN has built a strong foundation for accelerated growth as we embark on a new strategy. The focus will be on capturing greater market share and generating broader organic growth, while continue maintaining healthy margins.

## Operational cash flow SAR 4.1 billion

## Key Performance Highlights

(SAR Millions)	2022	2021	% Change
Revenue	15,669	14,834	5.6%
EBITDA <sup>1</sup>	6,161	5,581	10.4%
EBITDA margin	39.3%	37.6%	1.7%
Net profit	1,657	1,072	54.6%
Earnings per share (SAR)	2.15	1.39	54.6%
CAPEX	2,093	2,092	0.1%
CAPEX/revenue	13.4%	14.1%	(0.7%)
Operational Cash Flow <sup>2</sup>	4,067	3,489	16.6%
Net debt <sup>3</sup>	10,199	12,128	(15.9%)
Net debt/EBITDA (x)	1.66x	2.17x	-

## Balance Sheet Highlights

(SAR Millions)	2022	2021	% Change
Total assets	39,769	39,364	1.0%
Total liabilities	23,411	24,168	(3.1%)
Total equity	16,359	15,196	7.7%

## Cash Flow Statement Highlights

(SAR Millions)	2022	2021	% Change
Net cash generated from operating activities	5,684	4,729	20.2%
Net cash used in investing activities	(3,406)	(2,916)	16.8%
Net cash used in financing activities	(2,501)	(1,692)	47.8%
Cash and cash equivalents	828	1,051	(21.2%)

<sup>1</sup>EBITDA = Operating Income with Depreciation & Amortization and impairment of property and equipment added back

<sup>2</sup>Operational Cash Flow = EBITDA minus CAPEX

<sup>3</sup>Net debt = total debt including short term Murabaha minus cash & cash equivalents

