

Etiad Etisalat Co. (Mobily) - 3Q22 Result Review

Date: 23-Oct-22

Rating: Hold **Fair Value (SAR): 32.4**
 Reco. Date: 15-Jul-22 Upside / (Downside): -11.1%

Analyst: Ayisha Zia

Bloomberg Ticker	Hold
Current Market Price (SAR)	36.45
52wk High / Low (SAR)	44 / 29.3
12m Average Vol. (mn)	1.6
Mkt.Cap. (USD/SAR bn)	28.1
Shares Outstanding (mn)	770
Free Float (%)	72%
3m Avg Daily Turnover (SAR mn)	33.6
6m Average Daily Turnover (SAR mn)	39.2
PE 2023e (x)	21.8
EV/EBITDA 2023e (x)	6.4
Dividend Yield '23e (%)	2.7%
Price Perf. (1m/3m) (%)	-0.5 / -1.6



Topline buoyed by growth across all revenue streams; largely in line with our estimate

Mobily's revenue stood at SAR 3,828 mn in 3Q22, increasing 6.2% YoY (-1.8% QoQ). The increase in Mobily's revenue was mainly driven by the growth of all revenue streams, with a healthy growth in the FTTH active base and the overall subscriber base. The sequential decline in top-line was due to the seasonality nature of devices sales in the Consumer segment.

Net profit in 3Q22 in line with our estimate

Mobily's 3Q22 net income increased by 32.7% YoY (+3.8% QoQ) to SAR 373 mn (in line with our estimates of SAR 378 mn). The increase was led by growth in revenues and operational efficiency. However, the bottom-line was partly offset by increase in finance cost resulting from increased interest rate.

EBITDA margin for the quarter stood higher at 38.8% compared to 38.5% in 3Q21. EBITDA margin during 2Q22 stood at 38.0%

Capex for the 9M22 increased by 5.6% YoY to SAR 935 mn compared to SAR 885 mn in 9M21

Operational cash flows (EBITDA-Capex) during 9M22 increased by 8.3% YoY to SAR 3,479 mn compared to SAR 3,213 during 9M21.

Income Statement														
(SAR mn)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	3Q22e	YoY (%)	QoQ (%)	Var (%)	9M21	9M22	YoY (%)
Sales	3,603	3,728	3,606	3,897	3,811	3,899	3,828	3,969	6.2%	-1.8%	-3.6%	10,937	11,538	5.5%
COGs	(1,531)	(1,581)	(1,420)	(1,631)	(1,573)	(1,566)	(1,528)	(1,600)	7.6%	-2.4%	-4.5%	(4,532)	(4,667)	3.0%
Gross profit	2,072	2,147	2,186	2,267	2,238	2,333	2,300	2,369	5.2%	-1.4%	-2.9%	6,405	6,871	7.3%
Operating profit	369	384	423	492	468	519	534	569	26.2%	2.9%	-6.1%	1,176	1,521	29.3%
Net Profit	226	244	281	321	319	360	373	378	32.7%	3.8%	-1.3%	751	1,052	40.1%
Balance Sheet														
(SAR mn)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22		YoY (%)	QoQ (%)				
Shareholders' Equity	14,674	14,542	14,825	15,196	15,601	15,296	15,709		6.0%	2.7%				
Key Ratios														
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	3Q22e						
Gross profit margin	57.5%	57.6%	60.6%	58.2%	58.7%	59.8%	60.1%	59.7%						
Operating profit margin	10.2%	10.3%	11.7%	12.6%	12.3%	13.3%	13.9%	14.3%						
Net profit margin	6.3%	6.5%	7.8%	8.2%	8.4%	9.2%	9.7%	9.5%						
RoE (annualized)	6.4%	6.8%	7.9%	8.8%	8.5%	9.6%	10.0%	-						

Source: Financials, Bloomberg, U Capital Research

For our earlier report on the company, please [click here](#)

Recommendation

BUY	Greater than 20%
ACCUMULATE	Between +10% and +20%
HOLD	Between +10% and -10%
REDUCE	Between -10% and -20%
SELL	Lower than -20%

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