

Saudi Arabia telcos performance benchmarks

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Key takeaways

- The Kingdom of Saudi Arabia (KSA) reigns supreme as the economic powerhouse of the Middle East, with a projected GDP (current prices) of USD 1.1 trillion in 2024. This economic strength has translated into a thriving digital landscape, positioning Saudi Arabia as a leader both globally and within the Arab region.
- The Portulans Institute's 2023 Network Readiness Index reflects this success, ranking Saudi Arabia 41st globally (out of 134 economies) and 2nd within the Arab region (behind the UAE at 30th).
- stc, Mobily, Zain and Omantel are the leading telecommunications service providers in Saudi Arabia, boasting an estimated collective revenue of USD 22.8 billion in FY-2023.
 - **stc Saudi Arabia: The Market Leader** – stc stands as the undisputed leader in revenue. The **dare initiative** outlines key objectives to solidify stc's position as a prominent digital transformation partner within Kingdom of Saudi Arabia (KSA).
 - **Zain - Saudi Arabia (Zain KSA): Innovation at the Forefront** - Zain KSA reported revenue of USD 2.63 billion (KWD 807.82 million) and maintained a customer base of 8.9 million (with 63% prepaid subscribers) in FY-2023. Actively pursuing its ambitious **4Sight strategy**, Zain KSA aims to propel the evolution of digital ecosystems across its footprint.
 - CAPEX spending increased by 36.9% YoY in Q1-2024 due to enhanced efforts to bolster their 5G network presence.
 - The recent investments of USD 426.6 million (SAR 1.6 billion) signify dedication to expanding their infrastructure, 5G network, and digital services ecosystem.
 - **Mobily- Saudi Arabia: Delivering Exceptional Customer Experiences** - Etihad Etisalat Company (Mobily) is a prominent player within the Saudi telecommunications landscape.
 - Mobily reported revenue of USD 4.46 billion (SAR 16.76 billion) for FY-2023 and maintained a robust mobile subscriber base of 11.8 million (with 9.9 million prepaid subscribers).
 - Guided by its **2023-27 Strategy**, Mobily remains steadfast in delivering innovative products and exceptional customer experiences. Their financial performance in Q1-2024 reflects this dedication, with an 11.7% YoY revenue increase.
 - **Omantel - Saudi Arabia: A Strategic Investor** - Omantel maintains a strategic presence within the Saudi telecommunications market through its 21.9% stake in Zain Group, valued at approximately USD 1.5 billion.

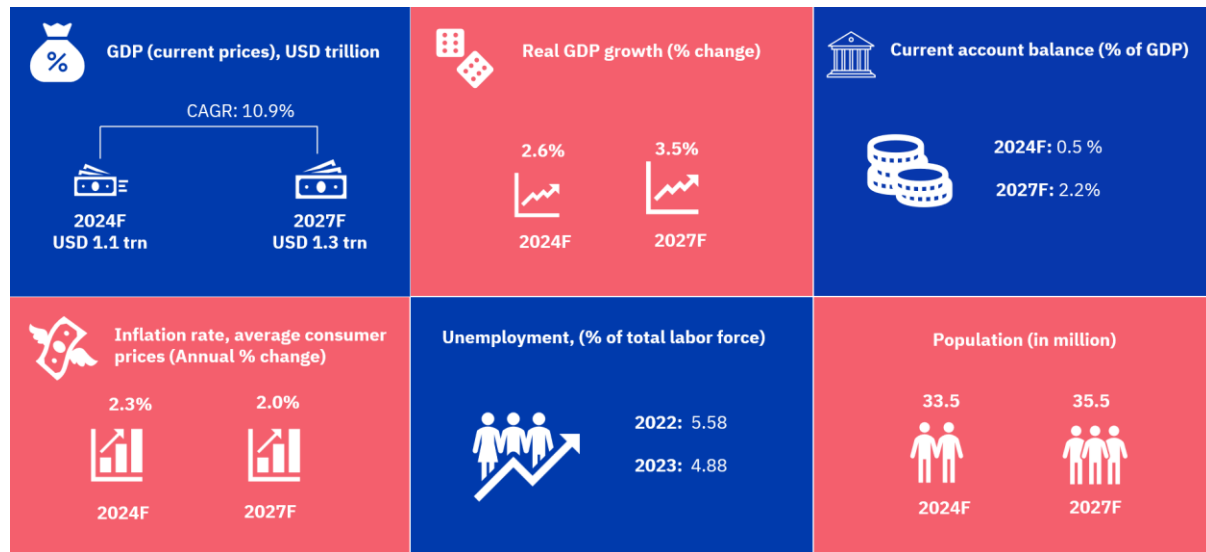
- Omantel - Saudi Arabia reported revenue of ~USD 2.6 billion (RO 999.27 million) in FY-2023, highlighting their continued success within the region.
 - CAPEX spending increased 38% YoY to USD ~13.73 million (RO 5.28 million) in Q1-2024.
- The Saudi Arabian telecommunications sector displays robust growth, driven by increasing demand for 5G services, B2B sales growth, and targeted investments in network infrastructure expansion. This growth is further reflected in the collective financial performance of the leading providers, with all four companies experiencing positive financial results in Q1-2024.
- Saudi Arabia's flourishing telecommunications landscape is poised for continued success. As stc, Mobily, Zain KSA, and Omantel actively pursue strategic initiatives and network expansion plans, the Kingdom is well-positioned to maintain its status as a leading digital hub within the Middle East and beyond.

Macroeconomic overview

The Kingdom of Saudi Arabia (KSA) is the economic leader in the Middle East, largely due to its hydrocarbon sector. Fluctuations in oil prices directly impact GDP growth. After a robust 8.7% expansion in 2022, growth slowed to 0.8% in 2023.

The broader economy is expected to maintain a relatively robust trajectory through 2025-2028, bolstered by gradual contributions in hydrocarbon output and non-oil sectors such as tourism, manufacturing, and logistics.

Exhibit 1: Saudi Arabia macro-economic indicators



Source: World Bank, IMF, Twimbit analysis

In 2023, Saudi Arabia's digital economy reached ~USD 123 billion, contributing nearly 14% to GDP. This growth reflects the widespread adoption of cloud computing services by approximately 48% of establishments.

Saudi Arabia is amongst the leading digital economies globally and in the Arab region. According to the Portulans Institute's 2023 Network Readiness Index, Saudi Arabia was ranked 41st out of 134 economies globally and 2nd in the Arab region (behind UAE, which ranked 30th).

Exhibit 2: Network Readiness Index (NRI) 2023 ranking – ARAB countries

Country	NRI Ranking	Technology	People	Governance	Impact
UAE	30	22	18	47	31
Saudi Arabia	41	36	31	50	62
Qatar	46	34	68	40	63
Bahrain	51	54	62	53	47
Oman	54	63	53	44	67
Kuwait	64	56	71	72	65
Jordan	68	68	44	67	99

Network Readiness Index Ranking

Lowest Highest

Source: Portulans Institute's 2023 Network Readiness Index, Twimbit analysis

Company Profile and Analysis

stc - Saudi Arabia

Overview

Saudi Telecom Company (STC) is the preeminent telecommunications provider in Saudi Arabia and a leading operator in the Middle East. As the largest telecommunications company by market capitalization, total revenue, and employee count in the Arab State region, stc occupies a dominant position.

The company establishes, manages, operates and maintains fixed and mobile telecommunication networks, systems and infrastructure.

- Beyond its core competencies in mobile, data, fixed infrastructure, and landline services, STC Group offers a comprehensive suite of digital infrastructure solutions, including cloud computing, cybersecurity, Internet of Things (IoT), Artificial Intelligence (AI), digital payments, media, and entertainment.

STC Group has gone beyond its local borders to the international markets, forming a network of businesses and investments in a number of GCC countries, Asia and Africa.

- Encompassing over 13 subsidiaries, STC Group has made its mark across the KSA, the Middle East, North Africa and Europe. This expansive network positions them to cater to a diverse clientele and ensure reliable, efficient service delivery. Today, STC Group
 - Manages over 21,000 towers
 - Owns 25 data centres
 - Participates in nearly 16 submarine cable system networks

In April 2024, STC Group also agreed to divest a 51% stake in Telecommunication Towers Company Limited (Tawal) to the Public Investment Fund (PIF). This move is anticipated to be finalised within the first half of 2024.

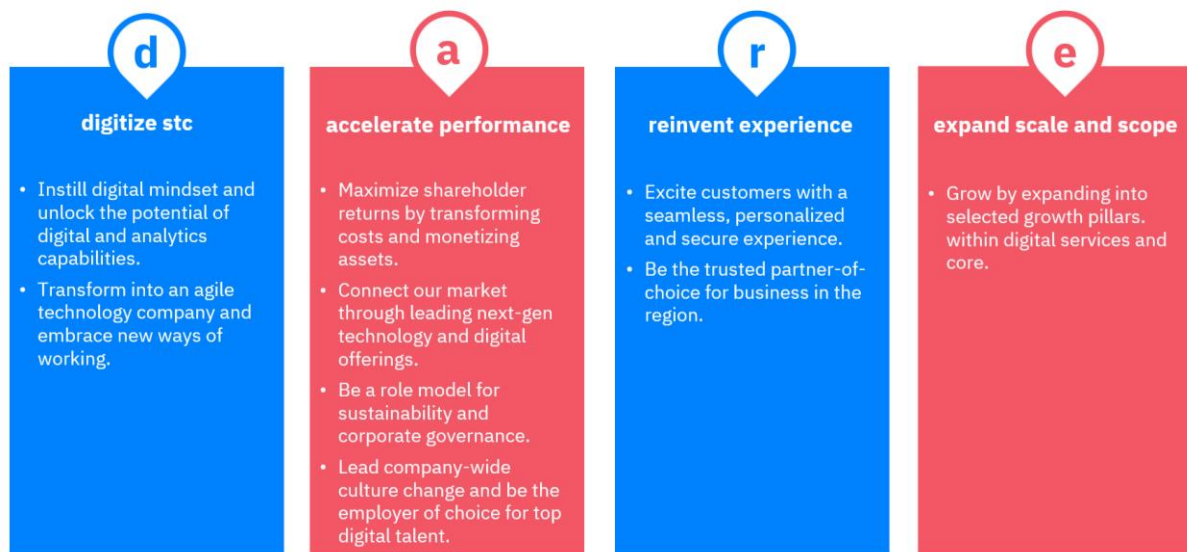
In FY-2023, stc - Saudi Arabia reported a revenue of USD 13.12 billion (SAR 49.22 billion). The group maintains a strong subscriber base within Saudi Arabia, consisting of approximately 5.6 million fixed subscribers and 26.5 million mobile subscribers.

Industry sources suggest that Group is considering a potential acquisition of European telecom and pay-TV operator United Group. This strategic move could significantly expand their presence within the European telecom sector.

Strategic imperatives

stc remains steadfast in its commitment to growth, prioritising market expansion within Saudi Arabia and emphasising the significance of its **dare** initiative (**d**igitalize stc, **a**ccelerate core assist performance, **r**einvent customer experience at world-class standards, and **e**xpand scale and scope). This strategic framework outlines key objectives to solidify stc's position as a leading digital transformation partner within the Kingdom.

Exhibit 3: stc dare strategy



Source: Telco financials- Investor relations Q1-2024, Industry reporting, Twimbit analysis

Digitalize stc

A core focus of DARE lies in “digitalize stc.” This pillar underscores stc’s commitment to leveraging new-generation technology and digital offerings to connect its markets seamlessly. By prioritising a personalised, secure, and user-friendly customer experience, stc aims to become the trusted partner of choice for businesses in Saudi Arabia. Furthermore, targeted expansion into select growth pillars within digital services and core digitisation of stc fuels their continued development.

- **Technological Advancements:** stc demonstrates its commitment to cutting-edge solutions through the July-2024 deployment of Nokia’s AI-powered self-organising networks solution (MantaRay Cognitive SON). This implementation minimises human error, enhances network quality, and fosters autonomous and efficient network operations.
- **Pioneering Open RAN Technology:** stc partnered with Mavenir in March-2024 to launch Saudi Arabia’s first commercial Open RAN network by year-end to create a more open and disaggregated network architecture.

- **Long-Haul Network Innovation:** In March-2024, stc partnered with Huawei to complete a long-haul 800G/channel trial in a live optical network. This achievement establishes a connection exceeding 1,000 kilometres, stretching from Riyadh to Makkah.

Accelerate core assist performance

Emphasising continuous improvement of core network operations, stc partnered with Ericsson in March-2024 to develop a sustainable network. This initiative encompasses site modernisation, finalisation of a 3G network shutdown plan, and collaboration on the Ericsson Product Take-Back Program, promoting responsible e-waste management.

Reinvent customer experience at world-class standards

stc prioritises exceptional customer service through the “Reinvent customer experience at world-class standards” pillar of DARE.

- **Enhanced Cloud Solutions:** The Mar-2024 deployment of Oracle Alloy exemplifies this commitment. This platform empowers enterprises to leverage hyperscale cloud services while ensuring compliance with data resiliency and sovereignty requirements.
- **Strategic Partnerships:** In Feb-2024, agreements with flynas airlines and SkyFive Arabia enable the provision of in-flight connectivity services. Additionally, a collaboration established in the same month with Devoteam Global Group fosters opportunities for collaboration in technology and related domains.
- **Advanced Network Solutions:** In Dec-2023, stc selected Nokia’s Digital Operations Orchestration software to facilitate the rollout of 5G slicing services. This innovative solution allows for the customisation of network features to meet specific customer requirements.

Expand scale and scope

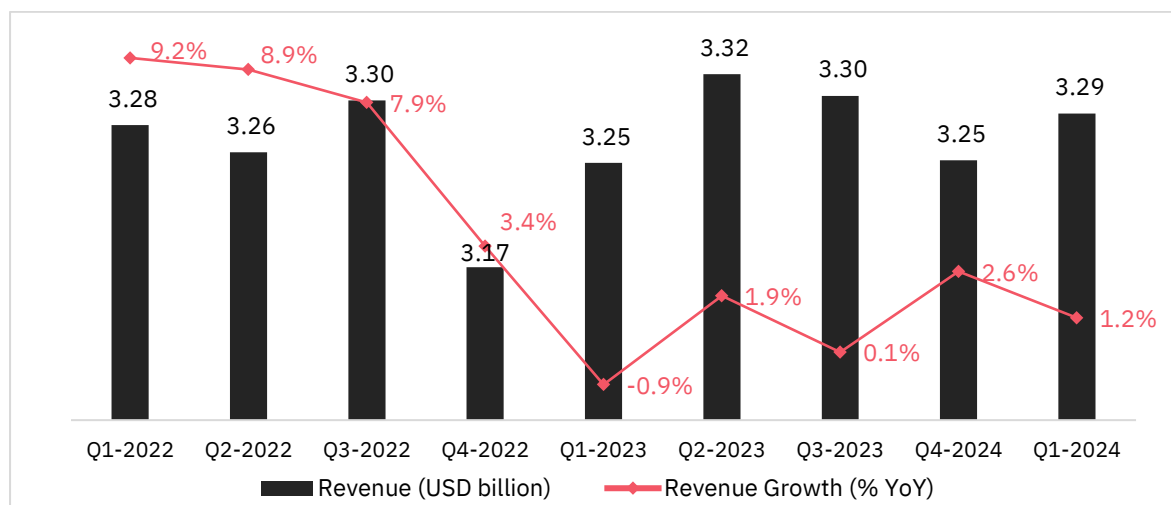
The “Expand scale and scope” pillar underscores stc’s commitment to market expansion and strategic partnerships.

- **IoT Leadership in the Middle East:** Agreement with iBasis in Feb-2024 positions stc to become a leader in IoT services within the Middle East region. By leveraging iBasis’ expertise, stc empowers developers of IoT technologies in Europe and the US to expand their reach into the region.
- **Empowering Digital Transformation on the Red Sea Coast:** In Nov-2023, a strategic partnership with Red Sea Global (RSG) solidified stc’s role in facilitating digital transformation efforts along the Red Sea coast. This collaboration ensures the provision of advanced communication services to empower tourist destinations.

- **Nationwide 5G Expansion:** stc remains dedicated to expanding its network infrastructure. The Oct-2023 announcement of a significant 5G network expansion signifies investments to cover over 75 cities and governorates across Saudi Arabia.
- **Collaborations for Growth:** stc actively seeks partnerships to bolster its market presence. In Feb-2023, a cooperation agreement with GO Telecom (Etihad Atheeb) enabled IoT services through stc's network.

Financial performance analysis

Exhibit 4: stc - Saudi Arabia Revenue Trends, Q1-2022 to Q1-2024



Source: Telco financials, Industry reporting, Twimbit analysis

- The telco majorly depends on the Saudi Arabian Market for its telecom. Overall revenue from KSA increased at a CAGR of 4.9% between Q1-2021 and Q1-2024 to reach USD 4.5 billion (SAR to 16.7 billion).
- Revenue from Saudi Arabia increased 1.2% YoY to USD 3.29 billion (SAR 12.33 billion) in Q1-2024, owing to an increase in commercial unit revenues by 6.7% and wholesale unit revenues by 5.7%.

Zain - Saudi Arabia

Overview

Zain KSA (Zain – Saudi Arabia) is a leading telecommunications and digital services provider in Saudi Arabia, catering to both individual and corporate customers across the Kingdom. The company offers a comprehensive suite of services encompassing mobile voice and data, fixed lines, broadband internet, and enterprise solutions. Its product portfolio includes prepaid and postpaid voice, SMS, mobile broadband, and multimedia services.

Beyond traditional telecommunications and 5G networks, Zain KSA has diversified its offerings to include digital payments, cloud computing, IoT solutions, fiber services, and smart city initiatives. The company's dedicated business unit, Zain Business, serves the needs of corporate and SME clients. . The telco also reported the following in FY-2023:

- Revenue of USD 2.63 billion (KWD 807.8 million)
- 8.9 million customers (comprising 63% prepaid subscribers) in Saudi- Arabia

As of Q1-2024, the telco reported population coverage of 99% (including 94% and 65% for 4G and 5G respectively) and a market penetration of 134% in Saudi Arabia. This widespread reach extends to a diverse clientele, including individual consumers, banks, IT companies, and other business customers. Additionally, it has greatly fueled Zain KSA's continued market share growth within the Kingdom of Saudi Arabia.

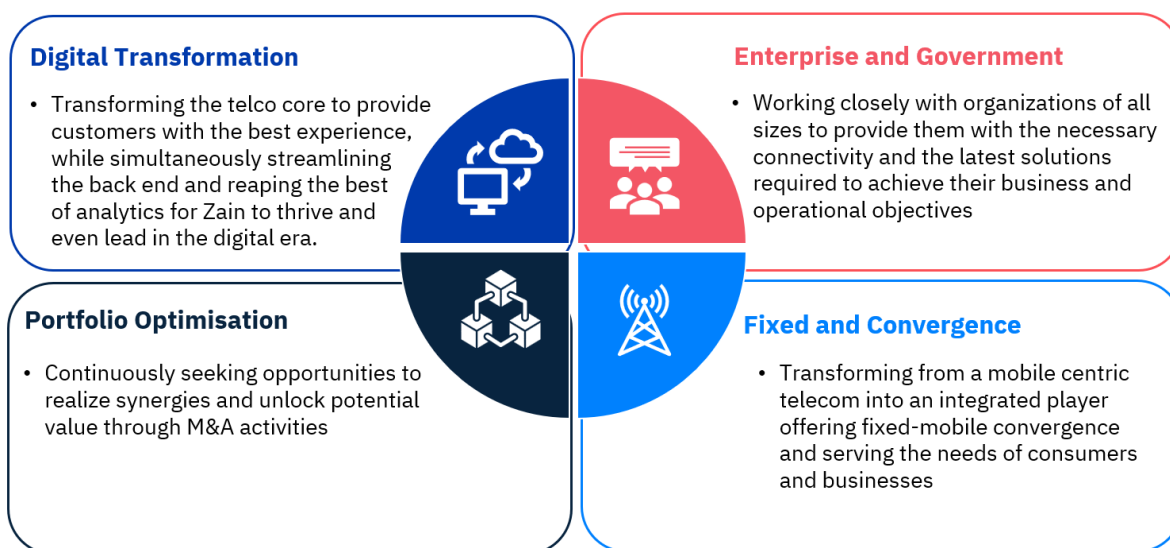
Strategic Divestiture and Growth Strategy: In November 2023, Zain KSA completed a strategic sale of its tower business (encompassing 8,069 towers) to Saudi Arabia's Public Investment Fund (PIF) for approximately USD 807 million.

- This divestiture maximises shareholder value by reducing the company's dependence on capital expenditures and separating the towers' ownership, operation, and maintenance.
- This strategic move strengthens Zain KSA's financial position and allows them to focus investments on adjacent markets.

Strategic imperatives

Zain - Saudi Arabia actively pursues its ambitious **4Sight strategy**, designed to propel the evolution of digital ecosystems across its operational footprint. This multifaceted approach fosters growth and development while establishing carefully curated growth verticals.

The telco pursues its **4Sight strategy** across its footprint, enabling digital ecosystem growth and development and carefully curated growth verticals.

Exhibit 5: Zain 4Sight strategy

Source: Telco financials- Investor relations Q1-2024, Industry reporting, Twimbit analysis

- Digital Transformation as a Cornerstone:** This focus area emphasises the transformation of Zain KSA's telecom core infrastructure to deliver an exceptional customer experience. Simultaneously, the company streamlines back-end operations and leverages advanced analytics to solidify its leadership position within the digital landscape.

 - Championing Regional Transformation: In 2023, Zain Group (Zain KSA's parent company) intensified its commitment to fostering regional digital transformation. This focus translates into offering its subsidiaries cutting-edge technologies like connected vehicles and modern industry solutions. Additionally, Zain Group has implemented standardised Data Governance and Management guidelines across a number of its holdings.
- Empowering Enterprises and Governments:** The "Enterprise and Government" pillar underscores Zain KSA's dedication to collaborating with organisations and government entities. Through this strategic focus, the company provides essential connectivity and solutions to facilitate growth and efficiency for its partners.

 - ZainTECH as a Catalyst for Innovation: In Mar-2024, ZainTECH opened its offices in Riyadh, KSA, to offer an extensive portfolio of ICT transformational solutions to enterprises. ZainTECH offers a comprehensive portfolio of ICT transformation solutions to empower enterprises and government agencies.
 - B2B Growth Strategies: Zain KSA actively pursues strategic partnerships to generate additional revenue streams within the B2B segment of the Saudi Arabian market. For example, a Feb-2023 agreement with cloud service provider Amazon Web Services allows Zain KSA to offer enterprise cloud

services and intelligent solutions powered by its robust 5G network. Furthermore, Zain's dedicated B2B teams collaborate with ZainTECH to drive market penetration and cross-sell advanced ICT services, differentiating Zain KSA within the regional enterprise market.

3. Fixed Connectivity and Convergence: The “Fixed connectivity and Convergence” pillar reflects Zain KSA's strategic shift from a mobile-centric provider to an integrated player offering fixed-mobile domestic and international convergence solutions.

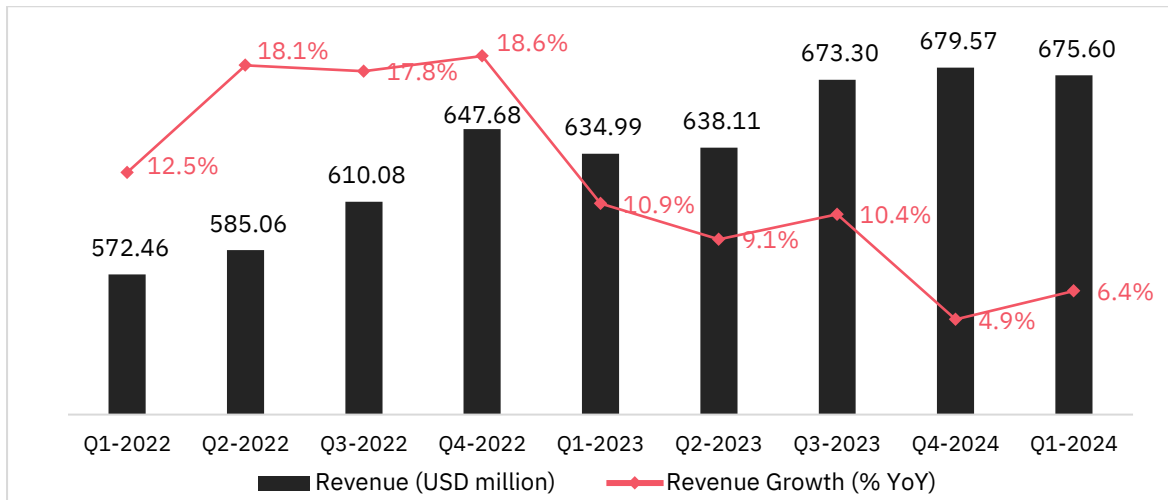
- Meeting Diverse Needs: Zain KSA leverages various fixed technologies, including broadband connectivity delivered through 5G, 4G, and FTTH options, to fulfil the diverse needs of its customers.

4. Portfolio Optimisation for Growth: The “Portfolio Optimisation” pillar emphasises Zain KSA's commitment to continuous improvement through targeted mergers and acquisitions (M&A) activities. These strategic actions unlock potential value and create synergies.

- Enhanced Competitiveness: A prime example of portfolio optimisation is the joint venture established by Zain Group and Omantel in Apr-2024. Zain Omantel International (ZOI) capitalises on the existing wholesale businesses of both companies, optimising costs and enhancing competitiveness through access to Zain's extensive, low-latency, and high-capacity network.
- Collaborative Innovation: Zain KSA actively fosters partnerships to drive innovation. In Apr-2024 a collaboration with Enea was announced to pilot mobile network signalling overlay technology, significantly extending signalling firewall capabilities. Furthermore, a Sep-2023 strategic partnership agreement with Pioneers Systems focuses on developing localised IoT services within Saudi Arabia. This collaboration aims to localise telecom and digital products and services manufacturing and development.
- Advancing 5G Infrastructure: Zain KSA's commitment to cutting-edge technology is exemplified by its Feb-2023 partnership with Qualcomm Technologies. This collaboration focuses on driving the development of cloud-native, virtualised, and O-RAN-compliant 5G infrastructure within Saudi Arabia.

Financial performance analysis

Exhibit 6: Zain - Saudi Arabia Revenue trends, Q1-2022 to Q1-2024



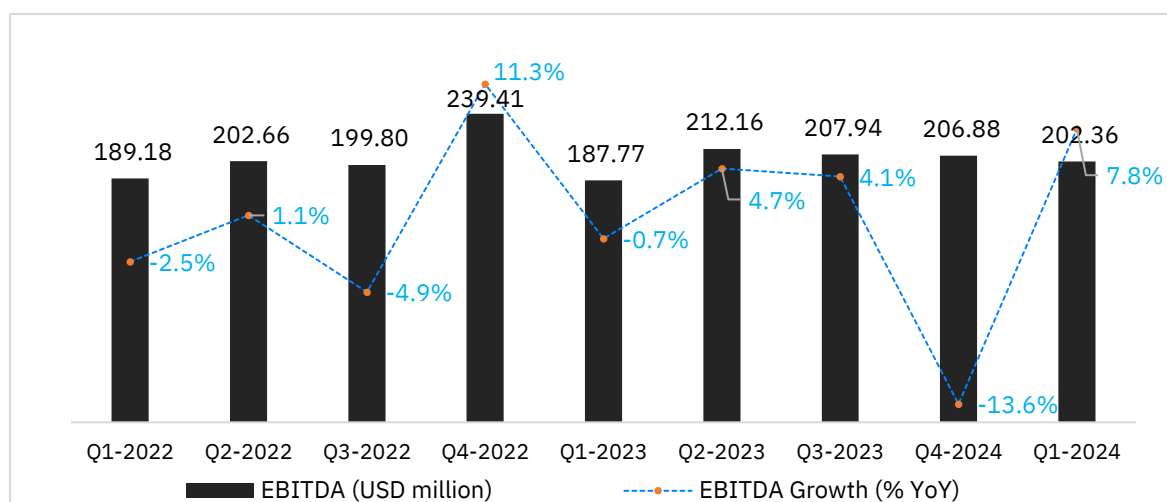
Source: Telco financials, Industry reporting, Twimbit analysis

Revenue increased 6.4% YoY to USD 675.6 million (KWD 207.83 million) in Q1-2024, driven by growth in B2B sales, 5G services, wholesale, and Tamam businesses.

- These results demonstrate stability in operational performance with sustained growth across all aspects of the company's business, particularly the 5G portfolio encompassing services and solutions. Zain KSA's 5G services and solutions continued to see high demand from the enterprise sector in the first quarter of the year, alongside a growth in fintech operations through "Tamam."

5G, B2B, Yaqoot, MVNO and Tamam continue to drive revenue for Zain KSA. In Q1-2024,

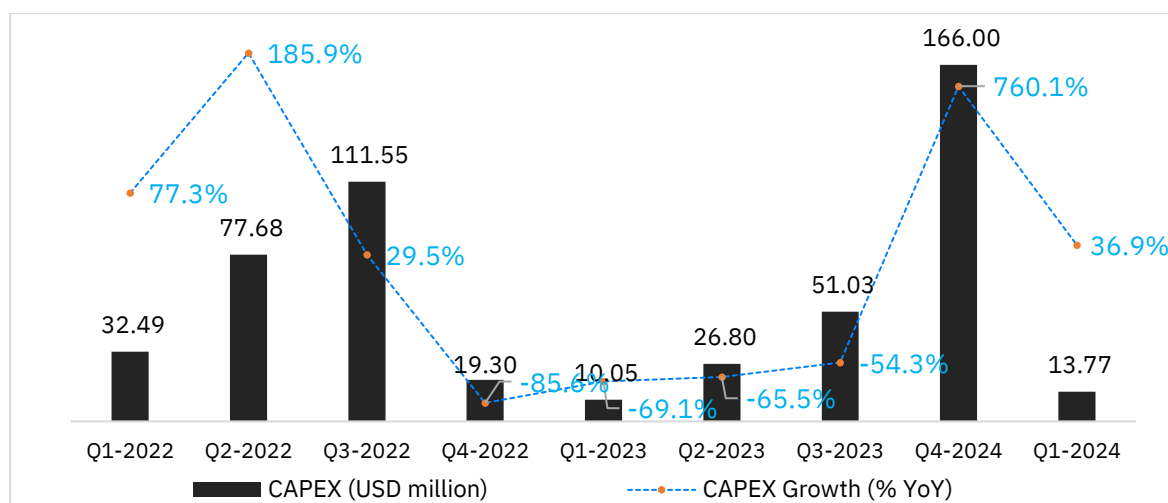
- 5G revenue continues to grow +36% YoY.
- Tamam revenue increased 22% YoY.
- Digital operator Yaqoot revenue has grown 41% and customers increased 17%.

Exhibit 7: Zain - Saudi Arabia EBITDA trends, Q1-2022 to Q1-2024

Source: Telco financials, Industry reporting, Twimbit analysis

Zain KSA EBITDA increased 7.8% YoY, reaching ~ USD 202.36 million (KWD 62.3 million). This is due to the relatively higher net profit before interest and tax reported in Q1-2024 than Q1-2023, which was complemented by higher revenue reported in Q1-2024.

As a result, EBITDA margin increased by 40 bps to reach 30% in Q1-2024.

Exhibit 8: Zain - Saudi Arabia CAPEX trends, Q1-2022 to Q1-2024

Source: Telco financials, Industry reporting, Twimbit analysis

Zain KSA continued to make significant investments in CAPEX, investing ~USD 253 million to expand its 5G network coverage and enhance 4G LTE capacity.

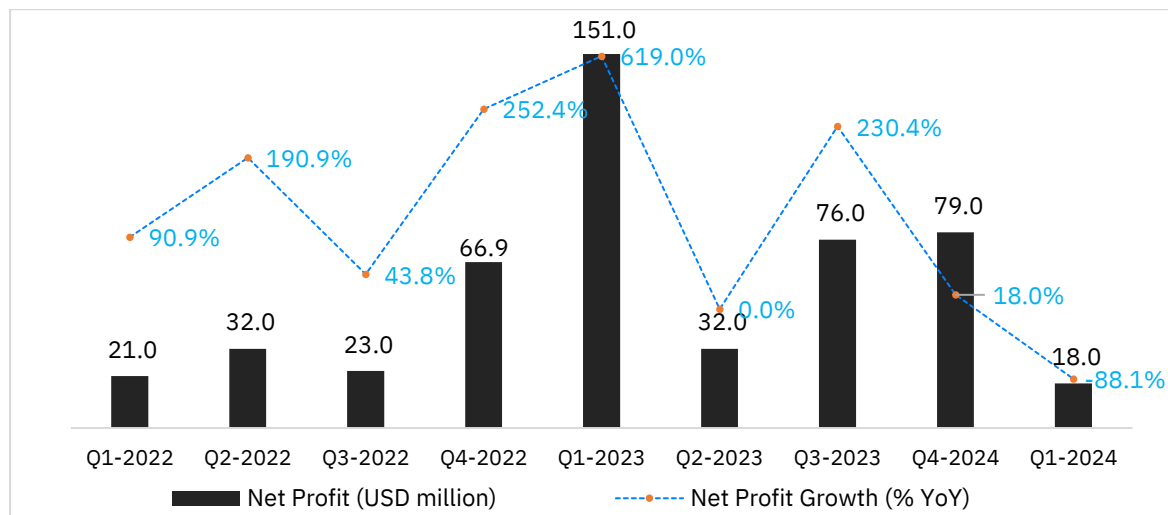
With aim to strengthen its 5G network presence, CAPEX spending reported an increase of 36.9% YoY to USD 13.77 million (KWD 4.23 million) in Q1-2024. CAPEX intensity increased from 1.6% in Q1-2023 to 2% in Q1-2024.

In May-2024, the telco announced an investment of ~USD 426.6 million (SAR 1.6 billion) to expand its infrastructure, 5G network and digital services ecosystem.

Through targeted investments, the telco aims to expand its 5G network from covering 66 cities to 122 cities and governorates, including Mecca and the Holy Sites.

The telco continues to focus on maximising its 5G network presence in over 54 cities, driven by new home fibre and 5G package bundles.

Exhibit 9: Zain - Saudi Arabia Profitability trends, Q1-2022 to Q1-2024



Source: Telco financials, Industry reporting, Twimbit analysis

Net profit declined by 88.1% YoY to USD 18 million in Q1-2024 due to:

- The restatement and recognition of the full gain from the tower transaction in Q1-2023.

Excluding the tower transaction, net profit for Q1-2024 has grown by ~39%. The net profit margin declined from 23.8% in Q1-2023 to 2.7% in Q1-2024.

Mobily - Saudi Arabia

Overview

Etihad Etisalat Company (Mobily) stands as a prominent player within the ever-evolving telecommunications landscape of Saudi Arabia. The company offers comprehensive, integrated services catering to three distinct market segments: individuals, businesses, and carriers.

- Mobily boasts a leadership position in terms of network coverage within Saudi Arabia and across the broader Middle East region.
- Mobily possesses one of the most extensive footprints of FTTH networks and data centre systems globally.

Mobily's unwavering commitment to infrastructure development is evident in its combined network, leveraging its assets alongside those of Bayanat al-Oula and SNFN (the Kingdom's newest fibre-optic network). This expansive network grants access to all major cities and stretches across more than 58,060 roadways.

- Mobily's network extends its reach beyond borders, connecting to neighbouring countries, including Yemen, the United Arab Emirates, Bahrain, Qatar, Kuwait, and Jordan.

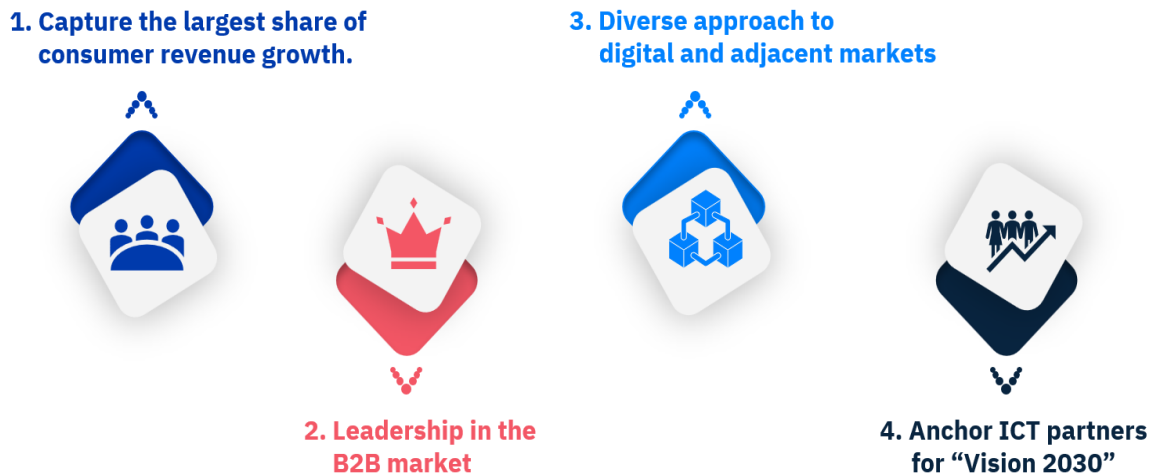
For FY-2023, Mobily reported revenue of USD 4.47 billion (SAR 16.76 billion) and maintained a robust mobile subscriber base of 11.8 million, with prepaid subscribers accounting for 9.9 million.

- The telco provided comprehensive 3G, 4G, and 5G network coverage across Saudi Arabia, reaching over 98% of the population with its 3G and 4G services. The 5G network encompassed 52 cities, supported by over 5,900 5G sites, to offer 5G accessibility to more than 84% of the population in the Kingdom's seven largest urban centres.
- Furthermore, Mobily's extensive network infrastructure, spanning 60,670 kilometers, connects all major Saudi cities through a combination of long-distance, metropolitan, and fiber networks.

Strategic imperatives

Guided by its **2023-27 Strategy**, Mobily remains steadfast to deliver exceptional CX with innovative products. This strategic framework prioritises sustainable revenue growth and value creation for all stakeholders.

Exhibit 10: Mobily 2023-2027 strategy



Source: Telco financials- Investor relations, Annual Report-2023, Industry reporting, Twimbit analysis

The 2023-27 Strategy outlines a clear roadmap for Mobily's continued success. Key objectives include:

- 1. Dominating Consumer Revenue Growth:** Mobily strategically aims to capture the largest share of consumer revenue growth. This focus is achieved through sustained leadership in customer experience and by increasing revenue generated from digital and adjacent offerings within the B2C segment.
 - Enhanced Loyalty Programs: The Mar-2024 partnership with Tech Mahindra facilitated the deployment of Comviva's GenAI-powered MobiLytix Rewards. This initiative revamped the Mobily Neqaty loyalty program, delivering an enriched experience for individual and business customers.
 - Expanding Network Connectivity: A Feb-2024 interconnection agreement established with China Mobile allows Mobily to offer enhanced services to customers across both regions.
 - Elevating Digital and IoT B2B Offerings: In Oct-2023, a collaboration with Huawei was formed to focus on cloud services and enhance Mobily's B2B offerings within the digital and IoT space.
- 2. Securing B2B Market Leadership:** Mobily actively pursues a leadership position within the B2B market. This strategic objective is achieved through targeted growth in digital and adjacent revenue streams across select sectors.

Simultaneously, Mobily aims offer a comprehensive digital experience for small and medium-sized enterprises (SMEs).

- Leveraging AI and Machine Learning: A Mar-2024 extension of the managed services agreement with Ericsson signifies Mobily's commitment to innovation. This extended partnership leverages Artificial Intelligence (AI) and Machine Learning to facilitate autonomous network operations.

3. Diversifying into Digital and Adjacent Markets: Mobily pursues a multifaceted approach to capitalise on digital and adjacent markets.

- Strategic Partnerships: LEAP 2024 witnessed Mobily signing multiple agreements with key partners, including Huawei, Ericsson, Nokia, Elm, Jahez, and others. These collaborations position Mobily for continued growth.
- API-Driven Network Solutions: In Mar-2024, an agreement with Ericsson enabled the activation of new network capabilities exposed through Application Programmable Interfaces (APIs). This initiative enhances the programmability and adaptability of connectivity services, catering to diverse customer needs. Additionally, an Open RAN network agreement further strengthens Mobily's network flexibility.
- Hyperscaler Collaboration: Mobily has partnered with leading hyperscalers like Microsoft and Amazon to bolster its service offerings.

4. Vision 2030: A Committed Partner: Mobily positions itself as an anchor ICT partner for Saudi Arabia's Vision 2030. This commitment is exemplified by their pursuit of becoming the preferred partner for giga/mega projects established under the 2030 رؤية (Vision 2030).

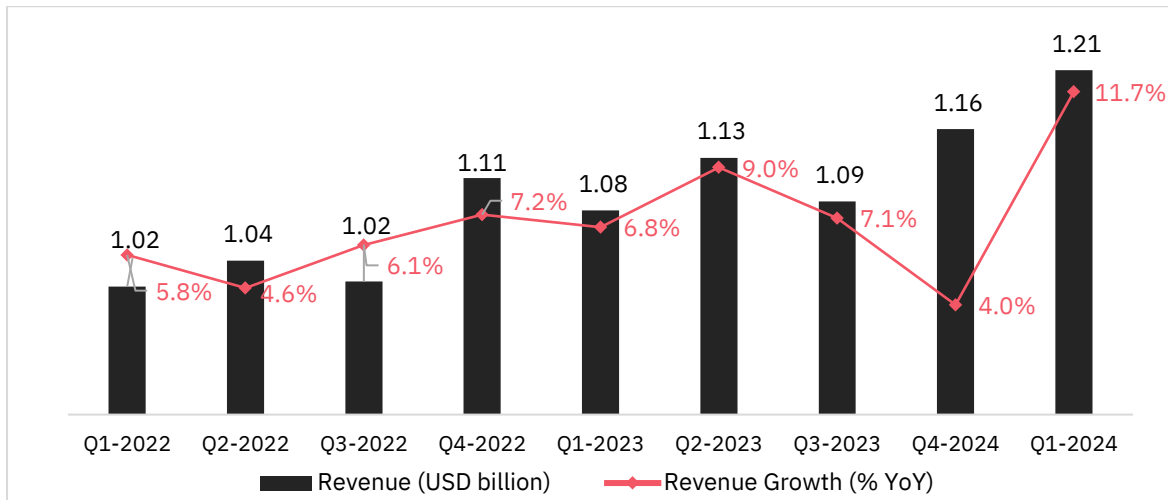
- Partnership with Tencent Cloud: Launched the "Go-Saudi" program to enable itself to diversify enterprise business services to explore and capture new opportunities in the ICT sector and beyond.

Mobily remains firmly focused on its transformative Strategy 2023+, a roadmap which propels the telco towards evolving into the TMT company of the future and outlines several key focus areas designed to solidify Mobily's position as a leader in the ever-evolving TMT landscape. These include

- Expand 5G leadership
- Market share growth
- Environmental, Social, and Governance (ESG) Excellence
- Total Experience leadership
- Capitalising on TMT opportunities
- Embracing new technological trends

Financial performance analysis

Exhibit 11: Mobily - Saudi Arabia Revenue trends, Q1-2022 to Q1-2024

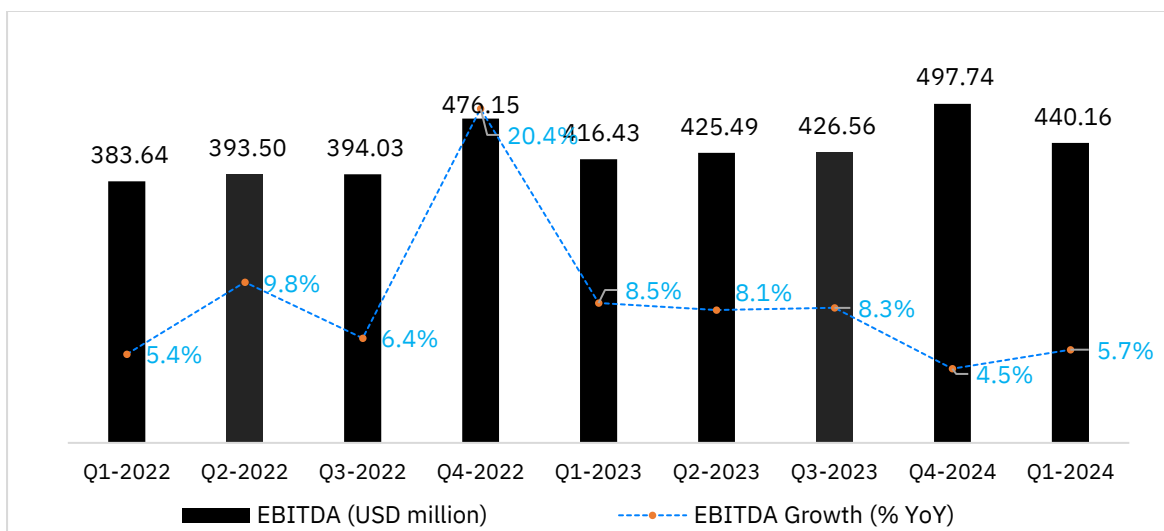


Source Source: Telco financials, Industry reporting, Twimbit analysis

Revenues increased 11.7% YoY to ~USD 1.21 billion (SAR 4.55 billion) in Q1-2024, driven by revenue growth in its consumer, business, and wholesale segment.

- Consumer segment rose 5.8% YoY to USD 738.5 million (SAR 2.8 billion).
- Business segment rose 14.1% YoY to USD 283.4 million (SAR 1.1 billion).
- Wholesale segment rose 22.3% YoY to USD 119.7 million (SAR 449 million).

Exhibit 12: Mobily - Saudi Arabia EBITDA trends, Q1-2022 to Q1-2024



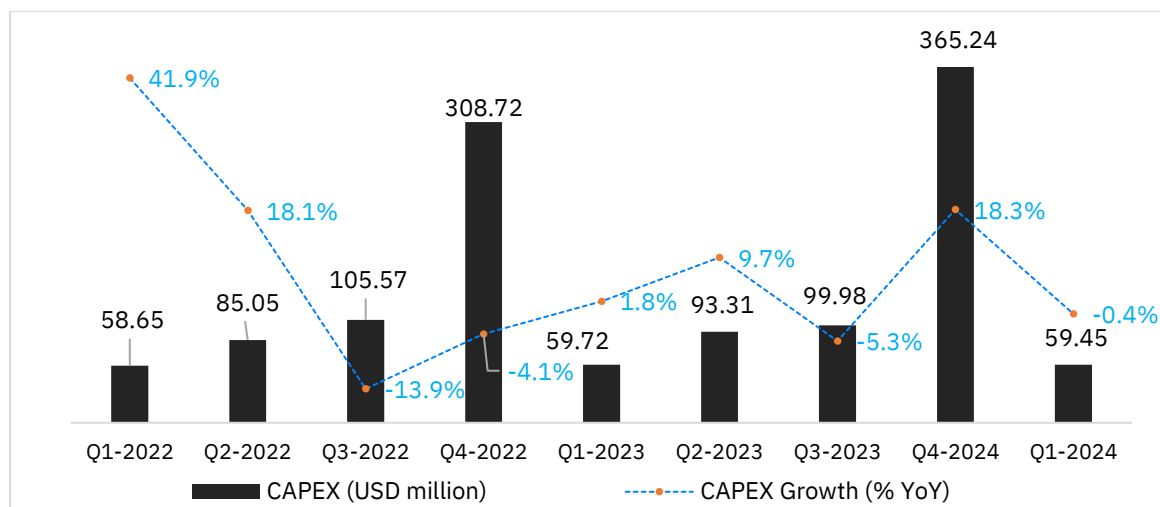
Source: Telco financials, Industry reporting, Twimbit analysis

EBITDA increased 5.7% YoY to reach USD 440.16 million (SAR 1.65 billion) in Q1-2024, driven by strong topline performance resulting in higher operating profit.

- Operating profit increased 18.5% YoY to USD 200.81 million (SAR 753.21 million).

However, EBITDA margin declined from 38.4% in Q1-2023 to 36.3% in Q1-2024, owing to relatively higher revenue growth than EBITDA.

Exhibit 13: Mobily- Saudi Arabia CAPEX trends, Q1-2022 to Q1-2024

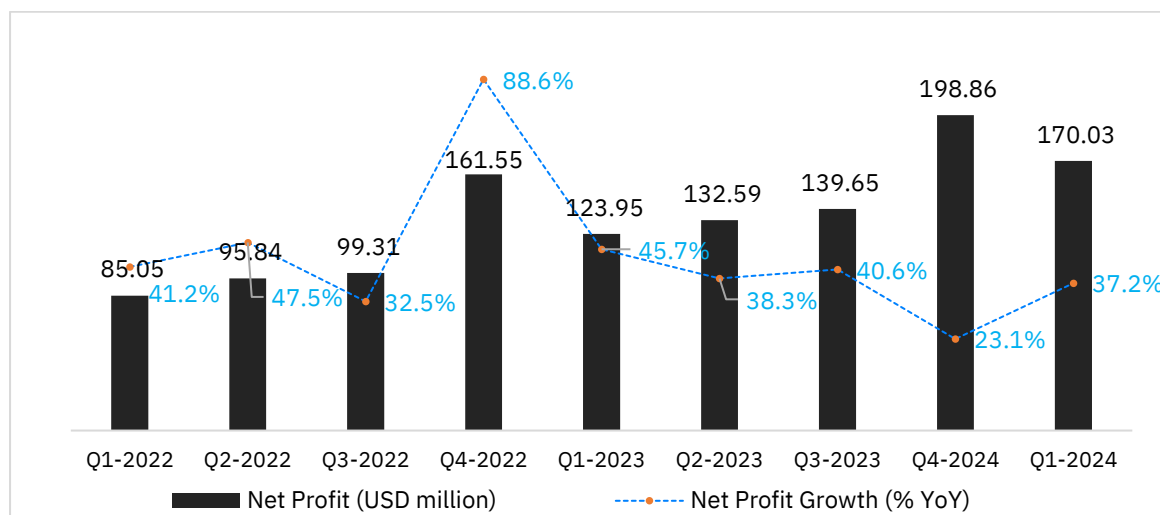


Source: Telco financials, Industry reporting, Twimbit analysis

CAPEX declined by 0.5% YoY to USD 59.45 million (SAR 223 million) in Q1-2024, owing to investments already made in the future of connectivity by expanding 5G network, IoT infrastructure, and data centres.

As a result, CAPEX intensity declined from 5.5% in Q1-2023 to 4.9% in Q1-2024.

Exhibit 14: Mobily - Saudi Arabia Profitability trends, Q1-2022 to Q1-2024



Source: Telco financials, Industry reporting, Twimbit analysis

Net profit increased 37.2% YoY to USD 170.03 million (SAR 637.77 million) in Q1-2024, driven by robust revenue and EBITDA growth alongwith moderate decline of 3.1% in finance expenses also contributed to overall profit growth.

The net profit margin increased by 260 bps YoY to 14% in Q1-2024.

Omantel - Saudi Arabia

Overview

Omantel maintains a strategic presence within the telecommunications landscape through its 21.9% stake in Zain Group, with a holding valued at approximately USD 1.5 billion in Q1-2024. This investment underscores Omantel's commitment to the telecommunications sector and its growth potential.

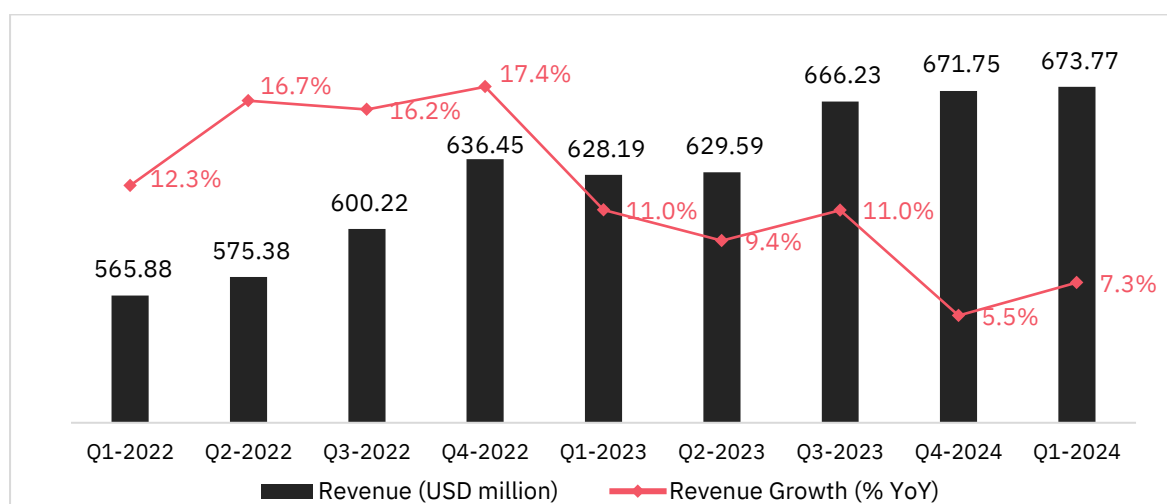
In Mar-2023, Omantel further solidified its regional presence by launching a joint venture with Zain Group named "Zain Omantel International (ZOI)" to cater to the end-to-end telecommunications requirements of a diverse clientele, including telcos in the Middle East, international carriers, data centres, hyperscalers, content providers, and cloud providers seeking services within the region and globally.

- **Synergy and Expertise:** ZOI leverages the combined strengths of both partners. Zain Group brings its established retail and digital sector expertise across the Middle East, while Omantel contributes its robust wholesale capabilities and comprehensive international subsea and terrestrial networks. This synergy positions ZOI to deliver exceptional value to its customers.

In FY-2023, Omantel - Saudi Arabia reported revenue of ~USD 2.6 billion (RO 999.27 million). This financial performance highlights Omantel's continued success within the region.

Financial performance analysis

Exhibit 15: Omantel - Saudi Arabia Revenue trends, Q1-2022 to Q1-2024

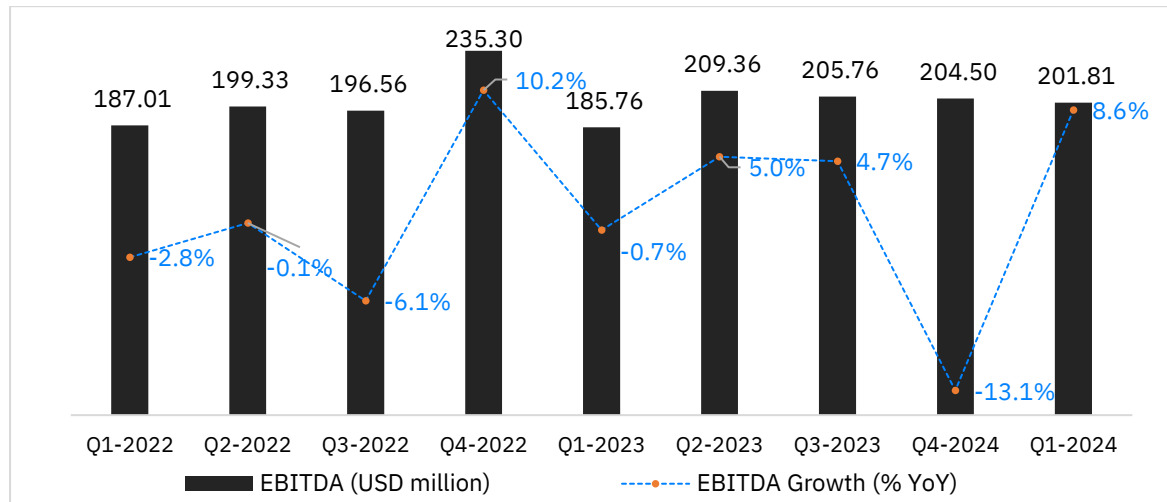


Source: Telco financials, Industry reporting, Twimbit analysis

Revenue increased 7.3% YoY to USD 673.77 million (RO 259.37 million) in Q1-2024, driven by airtime, data & subscription revenue growth.

- Airtime, data and subscription revenue increased 9.5% YoY to ~USD 599.07 million (RO 230.62 million) in Q1-2024.

Exhibit 16: Omantel - Saudi Arabia, EBITDA trends, Q1-2022 to Q1-2024

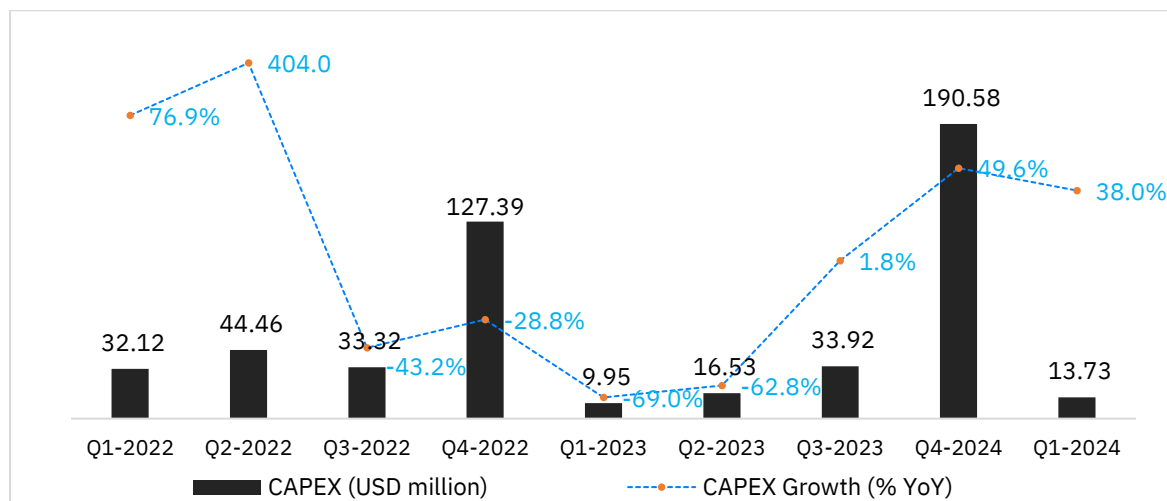


Source: Telco financials, Industry reporting, Twimbit analysis

EBITDA grew by 8.6% YoY to USD 201.81 million (RO 77.69 million) in Q1-2024, owing to increased topline performance and Net profit before interest and tax.

Net profit before interest increased 19.8% YoY to USD 64.2 (RO 24.7 million), resulting in EBITDA margin increasing by 40bps to reach 30% in Q1-2024.

Exhibit 17: Omantel - Saudi Arabia CAPEX trends, Q1-2022 to Q1-2024

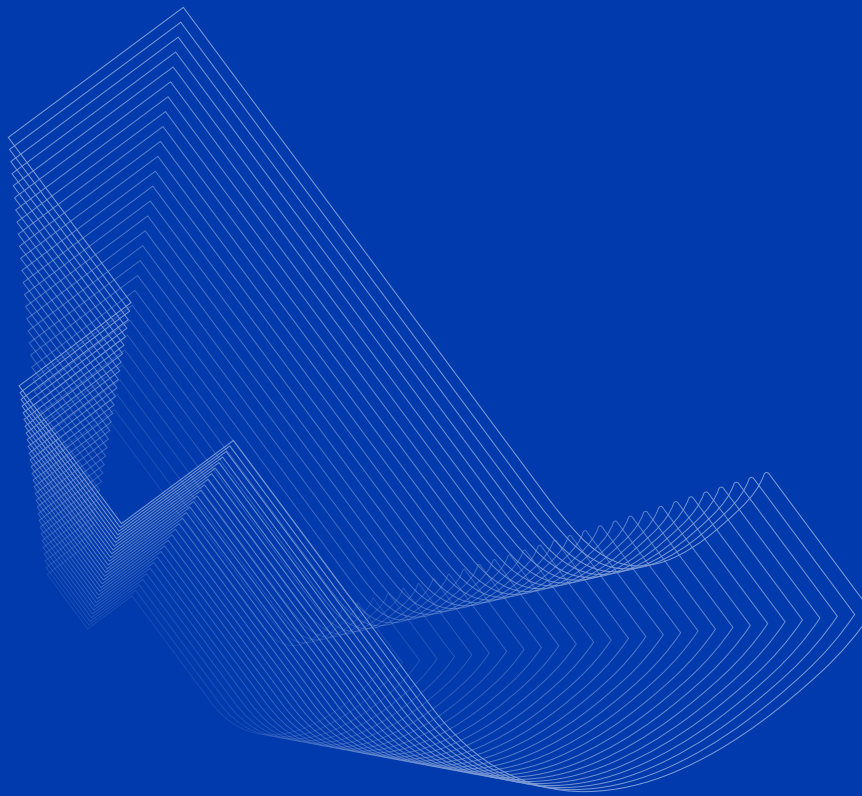


Source: Telco financials, Industry reporting, Twimbit analysis

CAPEX spending increased 38% YoY to USD 13.73 million (RO 5.28 million) in Q1-2024. CAPEX intensity increased marginally from 1.6% in Q1-2023 to 2% in Q1-2024.

Research Methodology and Assumptions

- The “Saudi Arabia telcos performance benchmarks - July 2024” report offers crucial insights into the performance of telecom companies. It analyses key financial indicators such as Revenues, EBITDA and CAPEX for the period Q1-2022 to Q1-2024.
- The report evaluates the performance of the leading Middle east telcos having operations in Saudi Arabia. The telcos analysed in the report include stc, Zain, Omantel and Mobily.
- This report utilises data collected from telecom firms and extensive secondary research. Twimbit follows a calendar year for its data analysis, with FY representing January to December.
- To maintain consistency and enable accurate comparisons, the report applies a constant currency conversion rate, reflecting the average USD exchange rate for January - March 2024.



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