

January 18, 2010

MOBILY (7020.SE)

- Etihad Etisalat's (Mobily) reported a total revenue of SAR 13.1 billion in 2009, 21% above 2008, and 1.5% above our forecast of SAR 12.9 billion. Revenue from the data segment accounted for 14% of total revenue, compared to 9% of total revenue in 2008. Mobile broadband revenue and wholesale revenue witnessed growth of 159% and 470% respectively in 2009, compared to 2008. As for 4Q2009, total revenue stood at SAR 3.54 billion, reflecting a 14% YoY growth, and a 1% QoQ growth; this was slightly above our forecast of SAR 3.51 billion (1% difference).
- On the EBITDA front, Mobily realized an EBITDA of SAR 4.8 billion in 2009, 27% above 2008, and 4.4% above our forecast of SAR 4.6 billion. This translates into an EBITDA margin of 37%, up from 35% in 2008. According to management, this improved margin is a result of the growing contribution from higher margin data revenue, increase in postpaid subscribers as well as improved efficiency. As for 4Q2009, EBITDA reached SAR 1.5 billion, reflecting a 22% YoY growth; this was 6% above our forecast.
- Mobily reported a net profit of SAR 3 billion in 2009, 44% above 2008. The increase in the bottom line is due to healthy top line growth, as well as increased efficiency; besides improved operating efficiency, the company also managed to reduce its finance charges by 53%. Net profit in 4Q2009 stood at a little over SAR 1 billion, reflecting a 35% YoY growth, and a 30% QoQ growth.
- According to Mobily's press release, the company had an overall subscriber base of 18.2 million at the end of 2009; this subscriber base includes over 1 million broadband internet subscribers.
- Mobily's board of directors have recommended to pay SAR 875 million as cash dividend for 2009, compared to SAR 525 million for 2008.
- We view this set of results positively; our fair value for Mobily (SAR 54) is now 13% over the closing price of 17 January 2010 (SAR 48), hence, our current recommendation on the stock is an "Accumulate". We will issue an update report on Mobily after the release of the full financial statements.

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Related Research

- Mobily Update - 04 Aug. 2009
- Mobily Update - 08 Feb. 2009

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