

## Etihad Etisalat (Mobily)

Top-line Growth and Lower Finance Costs Support Stable Earnings

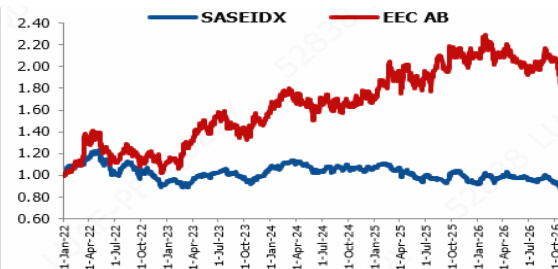
**Current Price**  
**SAR 57.45**

**Target Price**  
**SAR 75.00**

**Upside/Downside (%)**  
**+31%**

**Rating**  
**BUY**

- Mobile subscribers grew to 15.1 Mn in 3Q26 (12.9 Mn prepaid, 2.2 Mn postpaid), while the FTTH base expanded 6.4% YOY to 316K in 3Q26.
- The Company paid a dividend of SAR 1.4 per share for the period of 1H26 in August 2026.
- Mobily maintained its FY2026 guidance, expecting revenue growth in the mid-to-high single digits, an EBITDA margin of 37-38%, net debt to EBITDA of 0.9x-1.0x, and capex intensity of 18-20%.
- Mobily and BytePlus announced a strategic partnership to establish BytePlus's first public cloud region in the Middle East and Africa, located in Riyadh.



### Stock Information

|                          |            |
|--------------------------|------------|
| Market Cap (SAR, Mn)     | 43,543.50  |
| Paid Up Capital (Mn)     | 7,700.00   |
| 52 Week High             | 71.60      |
| 52 Week Low              | 56.45      |
| 3M Avg. daily value(SAR) | 66,167,440 |

### 3Q26 Result Review (SAR, Mn)

|                  |        |
|------------------|--------|
| Revenue          | 5,068  |
| EBITDA           | 2,001  |
| Operating profit | 1,004  |
| Net Profit       | 925    |
| Total Equity     | 20,735 |

### Financial Ratios

|                         |       |
|-------------------------|-------|
| Dividend Yield (12m)    | 5.31  |
| Dividend Pay-out (%)    | 62.20 |
| Price-Earnings Ratio(x) | 11.91 |
| Price-to-Book Ratio (x) | 2.09  |
| Book Value (SAR)        | 27.11 |
| Return-on Equity (%)    | 18.11 |

### Stock Performance

|                        |         |
|------------------------|---------|
| 5 Days                 | -6.14%  |
| 1 Months               | -11.15% |
| 3 Months               | -9.74%  |
| 6 Months               | -13.66% |
| 1 Year                 | -16.10% |
| Month to Date (MTD%)   | -12.46% |
| Quarter to Date (QTD%) | -12.46% |
| Year to Date (YTD%)    | -14.32% |

### 3Q26 Net Profit in line with our estimate

Etihad Etisalat (Mobily/the Company)'s net profit attributable to shareholders rose marginally by 0.9% YOY to SAR 925 Mn in 3Q26 in line with our estimate of SAR 911 Mn. This growth was supported by increase in the Consumer, Wholesale and Others segments revenue, partially offset by a decline in Business segment revenue coupled with increase in cost of services and depreciation & amortization expenses.

### P&L Highlights

Mobily's service revenue increased 4.5% YOY to SAR 5,068 Mn in 3Q26, driven by growth in the Consumer, Wholesale and Others segments and supported by continued expansion in the subscriber base. Revenue from the Consumer segment rose 5.3% YOY to SAR 3,130 Mn in 3Q26, supported by growth in the customer base and enhanced digital service offerings. Wholesale segment revenue increased 10.0% YOY to SAR 625 Mn in 3Q26, supported by strategic partnerships with regional and global industry players, and revenue from the Others segment grew 16.2% YOY to SAR 115 Mn in 3Q26. In contrast, Business segment revenue declined marginally by 0.9% YOY to SAR 1,198 Mn in 3Q26. The Company's cost of services increased 3.9% YOY to SAR 2,244 Mn in 3Q26, slower than revenue growth. As a result, gross profit increased 5.0% YOY to SAR 2,824 Mn in 3Q26, with gross margin improving by 24 bps YOY to 55.7%. Depreciation and amortization expense increased 7.0% YOY to SAR 997 Mn in 3Q26. Thus, operating profit declined 3.3% YOY to SAR 1,004 Mn in 3Q26, with operating margin declining 160 bps YOY to 19.8% in 3Q26. EBITDA rose 1.6% YOY to SAR 2,001 Mn in 3Q26, driven by revenue growth, however EBITDA margin contracted by 113 bps YOY to 39.5% in 3Q26. Net other expenses decreased to SAR 53 Mn in 3Q26 from SAR 95 Mn in 3Q25, owing to higher other

income and lower finance costs, while zakat charges remained flat at SAR 26 Mn in 3Q26.

### Balance Sheet Highlights

The Company's capex declined 21.2% YOY to SAR 734 Mn in 3Q26, while it continued to be directed towards fiber network development, data centres and 5G network expansion. Net cash from operating activities rose 10.5% YOY to SAR 5,052 Mn in 9M26. The Company's total shareholders equity increased 7.5% YOY to SAR 20.7 Bn as of 9M26. The Company's gross debt declined 3.8% YOY to SAR 10.3 Bn in 3Q26, while net debt fell 5.9% YOY to SAR 7.2 Bn during the same period. As a result, Mobily's net debt to EBITDA ratio improved from 1.01x in 3Q25 to 0.90x in 3Q26, reflecting a stronger leverage profile and in line with the lower end of the Company's FY2026 guidance range of 0.9-1.0x.

### Target Price and Rating

We maintain our BUY rating on Mobily with a target price of SAR 75.00. The Company reported a marginal growth in 3Q26, with revenue increasing 4.5% YOY to SAR 5.1 Bn in 3Q26, supported by growth in the Consumer, Wholesale and Others segments and sustained growth in the subscriber base. The mobile subscriber base increased 12.3% YOY to 15.1 Mn in 3Q26, comprising 12.9 Mn prepaid and 2.2 Mn postpaid subscribers, while the FTTH subscriber base reached growth of 6.4% YOY to 316K in 3Q26. By segment, the Consumer segment continued to enhance its digital services and introduce differentiated products to address evolving customer needs, with revenue rising 5.3% YOY to SAR 3,130 Mn in 3Q26. The Business segment refined its strategy to deepen the integration of ICT services and strengthen its position as a strategic partner for digital transformation, although revenue declined marginally by 0.9% YOY to SAR 1,198 Mn in 3Q26. The Wholesale segment continued to deliver services through strategic partnerships with leading regional and global players, while showcasing its digital infrastructure and global connectivity investments at prominent industry events, with revenue increasing 10.0% YOY to SAR 625 Mn in 3Q26. The EBITDA margin stood at 39.5% in 3Q26, down from 40.6% in 3Q25. During 3Q26, Mobily obtained the Local Content Certificate for the seventh consecutive year and signed 23 agreements with leading global companies during its participation at LEAP 2026. Mobily and BytePlus announced a strategic partnership to establish BytePlus's first public cloud region in the Middle East and Africa, located in Riyadh. On the fintech front, Mobily Pay participated in Money20/20 Middle East, forging strategic partnerships aimed at advancing financial innovation. The Company continued to invest across its infrastructure, with capex of SAR 734 Mn in 3Q26 directed towards fiber network development, data centres and 5G network expansion, while maintaining a net debt to EBITDA ratio of 0.90x in 3Q26. The Company paid a dividend of SAR 1.4 per share for the period of 1H26 in August 2026. Looking ahead, the Company maintained its FY2026 guidance, expecting revenue growth in the mid-to-high single digits, an EBITDA margin of 37-38%, net debt to EBITDA of 0.9x-1.0x, and capex intensity of 18-20%. As a result, we maintain our BUY rating on the stock.

#### Mobily - Relative valuation

| (at CMP)       | 2021   | 2022   | 2023   | 2024   | 2025   | 2026F  |
|----------------|--------|--------|--------|--------|--------|--------|
| P/E            | 41.93  | 27.12  | 20.13  | 14.46  | 12.96  | 11.75  |
| P/B            | 2.96   | 2.75   | 2.55   | 2.38   | 2.21   | 2.04   |
| EV/EBITDA      | 10.18  | 8.89   | 7.95   | 7.12   | 6.62   | 6.41   |
| BVPS           | 19.735 | 21.245 | 22.887 | 24.514 | 26.432 | 28.644 |
| EPS            | 1.392  | 2.152  | 2.899  | 4.035  | 4.502  | 4.964  |
| DPS            | 0.850  | 1.150  | 1.450  | 2.200  | 2.800  | 3.100  |
| Dividend Yield | 1.5%   | 2.0%   | 2.5%   | 3.8%   | 4.8%   | 5.4%   |

FABS Estimates & Co Data

#### Mobily – P&L

|                                            | 3Q25         | 2Q26         | 3Q26         | 3Q26F        | Var.         | YOY Ch       | QOQ Ch       | 2025          | 2026F         | Change       |
|--------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|
| <b>SAR Mn</b>                              |              |              |              |              |              |              |              |               |               |              |
| Services revenues                          | 4,849        | 5,080        | 5,068        | 5,111        | -0.8%        | 4.5%         | -0.2%        | 19,642        | 20,804        | 5.9%         |
| Cost of services                           | -2,159       | -2,235       | -2,244       | -2,249       | -0.2%        | 3.9%         | 0.4%         | -8,900        | -9,258        | 4.0%         |
| <b>Gross profit</b>                        | <b>2,691</b> | <b>2,845</b> | <b>2,824</b> | <b>2,862</b> | <b>-1.3%</b> | <b>5.0%</b>  | <b>-0.7%</b> | <b>10,742</b> | <b>11,546</b> | <b>7.5%</b>  |
| D&A                                        | -931         | -985         | -997         | -996         | 0.1%         | 7.0%         | 1.2%         | -3,780        | -3,957        | 4.7%         |
| <b>Operating Profit</b>                    | <b>1,038</b> | <b>978</b>   | <b>1,004</b> | <b>985</b>   | <b>1.9%</b>  | <b>-3.3%</b> | <b>2.6%</b>  | <b>3,847</b>  | <b>4,136</b>  | <b>7.5%</b>  |
| <b>EBITDA</b>                              | <b>1,970</b> | <b>1,963</b> | <b>2,001</b> | <b>1,981</b> | <b>1.0%</b>  | <b>1.6%</b>  | <b>1.9%</b>  | <b>7,627</b>  | <b>8,093</b>  | <b>6.1%</b>  |
| <b>Profit before zakat</b>                 | <b>943</b>   | <b>924</b>   | <b>951</b>   | <b>934</b>   | <b>1.8%</b>  | <b>0.9%</b>  | <b>2.9%</b>  | <b>3,556</b>  | <b>3,918</b>  | <b>10.2%</b> |
| Zakat                                      | -26          | -23          | -26          | -23          | 12.6%        | -1.1%        | 13.9%        | -90           | -108          | 20.4%        |
| <b>Profit attributable to shareholders</b> | <b>916</b>   | <b>901</b>   | <b>925</b>   | <b>911</b>   | <b>1.5%</b>  | <b>0.9%</b>  | <b>2.6%</b>  | <b>3,466</b>  | <b>3,810</b>  | <b>9.9%</b>  |

FABS estimate & Co Data

#### Mobily – Margins

|                  | 3Q25  | 2Q26  | 3Q26  | YOY Ch | QOQ Ch | 2025  | 2026F | Change |
|------------------|-------|-------|-------|--------|--------|-------|-------|--------|
| Gross Profit     | 55.5% | 56.0% | 55.7% | 24     | -28    | 54.7% | 55.5% | 81     |
| EBITDA           | 40.6% | 38.6% | 39.5% | -113   | 84     | 38.8% | 38.9% | 7      |
| Operating Profit | 21.4% | 19.3% | 19.8% | -160   | 55     | 19.6% | 19.9% | 29     |
| Net Profit       | 18.9% | 17.7% | 18.3% | -65    | 51     | 17.6% | 18.3% | 66     |

FABS estimate & Co Data

## Valuation:

We use Discounted Cash Flow (DCF), and Relative Valuation (RV) method to value Mobily. We have assigned 70% weight to DCF, and the remaining 30% to the RV method.

| Valuation Method                        | Target | Weight | Weighted Value |
|-----------------------------------------|--------|--------|----------------|
| DCF Method                              | 79.46  | 70.0%  | 55.62          |
| Relative Valuation (RV)                 | 64.61  | 30.0%  | 19.38          |
| <b>Weighted Average Valuation (SAR)</b> |        |        | <b>75.00</b>   |
| Current market price (SAR)              |        |        | 57.45          |
| Upside/Downside (%)                     |        |        | +31%           |

### 1) DCF Method:

Mobily is valued using free cash flow to firm. We have discounted the cash flow using the weighted average cost of capital of 9.3%. It has arrived after using cost of equity of 9.7% and after-tax cost of debt of 6.5%. Cost of equity is calculated by using 10-year government bond yield of 4.8%, beta of 1.0 and equity risk premium of 3.9%. Government bond yield is calculated after adding KSA 10-year CDS spread over 10-year US risk free rate. The cost of debt is calculated using the cost of 6.6% after adjusting a tax rate arriving at after-tax cost of debt of 6.5%. Also, assumed a terminal growth rate of 2.0%.

|                                           |               |
|-------------------------------------------|---------------|
| Sum of PV (SAR, Mn)                       | 19,283        |
| Terminal value (SAR, Mn)                  | 48,800        |
| <b>FV to Comon shareholders (SAR, Mn)</b> | <b>68,083</b> |
| No. of share (Mn)                         | 768           |
| Current Market Price (SAR)                | 57.45         |
| <b>Fair Value per share (SAR)</b>         | <b>79.46</b>  |

### DCF Method

| (All Figures in SAR Mn)              | FY 2026E               | FY 2027E     | FY 2028E     | FY 2029E     | FY 2030E     | FY 2031E     |
|--------------------------------------|------------------------|--------------|--------------|--------------|--------------|--------------|
| NOPAT                                | 4,114                  | 4,240        | 4,614        | 4,818        | 5,007        | 5,330        |
| D&A                                  | 3,957                  | 4,080        | 4,199        | 4,321        | 4,439        | 4,553        |
| Working Capital                      | -315                   | 3            | -31          | -7           | -11          | 83           |
| (-) Capex                            | -3,953                 | -4,012       | -4,146       | -4,269       | -4,347       | -4,415       |
| <b>Free Cash Flow to Firm (FCFF)</b> | <b>3,803</b>           | <b>4,310</b> | <b>4,637</b> | <b>4,862</b> | <b>5,089</b> | <b>5,550</b> |
| Discounting Factor                   | 0.98                   | 0.90         | 0.82         | 0.75         | 0.69         | 0.63         |
| <b>Discounted FCFF</b>               | <b>934<sup>1</sup></b> | <b>3,875</b> | <b>3,815</b> | <b>3,659</b> | <b>3,504</b> | <b>3,496</b> |

Source: FAB Securities, <sup>1</sup>Adjusted for partial year

## 2) Relative Valuation:

We have used regional and international peers to value Mobily, and it is valued using the EV/EBITDA multiple. It is valued at FY2027 EV/EBITDA multiple of 6.8x in line with peers.

| Company                                       | Market<br>(USD Mn) | EV/EBITDA (x) |             | P/E (x)      |              |
|-----------------------------------------------|--------------------|---------------|-------------|--------------|--------------|
|                                               |                    | 2026F         | 2027F       | 2026F        | 2027F        |
| Saudi Telecom                                 | 55,025             | 8.3           | 7.9         | 14.5         | 13.8         |
| Verizon Communication                         | 185,054            | 7.0           | 6.8         | 8.9          | 8.5          |
| Deutsche Telekom AG                           | 140,272            | 5.8           | 5.4         | 11.3         | 9.9          |
| Telstra Group Limited                         | 37,016             | 8.7           | 8.1         | 24.4         | 22.2         |
| Emirates Integrated Telecommunication Company | 14,957             | 7.1           | 6.8         | 17.3         | 16.5         |
| SAFARICOM PLC                                 | 10,857             | 6.1           | 5.5         | 11.7         | 10.1         |
| <b>Average</b>                                |                    | <b>7.2x</b>   | <b>6.7x</b> | <b>14.7x</b> | <b>13.5x</b> |
| <b>Median</b>                                 |                    | <b>7.1x</b>   | <b>6.8x</b> | <b>13.1x</b> | <b>12.0x</b> |
| <b>Max</b>                                    |                    | <b>8.0x</b>   | <b>7.6x</b> | <b>16.6x</b> | <b>15.9x</b> |
| <b>Min</b>                                    |                    | <b>6.3x</b>   | <b>5.8x</b> | <b>11.4x</b> | <b>9.9x</b>  |

Source: FAB Securities

## Research Rating Methodology:

| Rating     | Upside/Downside potential |
|------------|---------------------------|
| BUY        | Higher than +15%          |
| ACCUMULATE | Between +10% to +15%      |
| HOLD       | Lower than +10% to -5%    |
| REDUCE     | Between -5% to -15%       |
| SELL       | Lower than -15%           |

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