

## Emirates Telecommunications Group Co (e&)

Resilient customer acquisition and momentum in digital adjacencies supported robust topline growth

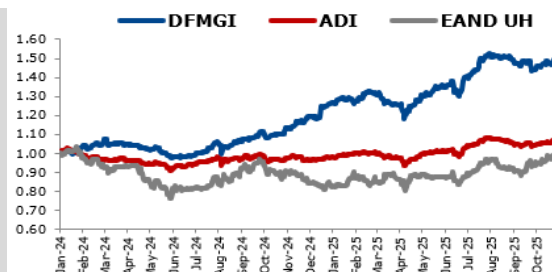
**Current Price**  
AED 19.40

**Target Price**  
AED 22.00

**Upside/Downside (%)**  
+13%

**Rating**  
**ACCUMULATE**

- Maroc Telecom has secured a 5G license in Morocco and plans to launch the service in 2025.
- Group subscriber base rose 14.0% YOY to 202.2 Mn in 3Q25, including a 24.9 Mn contribution from the consolidation of e& PPF Telecom.
- Capex rose to AED 3.8 Bn in 3Q25, mainly due to the acquisition of e& PPF Telecom and increased Maroc Telecom investments for accelerated network deployment in Morocco, alongside license acquisitions in Niger and Mali.
- The Company revised full-year guidance upwards, targeting revenue growth in the range of 23-24% YOY growth, along with 43-44% EBITDA margin and EPS of AED 1.62 per share for FY2025.



### Stock Information

Market Cap (AED, mn)	169,586.70
Paid Up Capital (mn)	8,696.75
52 Week High	19.94
52 Week Low	15.60
3M Avg. daily value (AED)	42,122,660

### 3Q25 Result Review (AED, mn)

Total Assets	194,056
Total Liabilities	132,606
Total Equity	61,450
EBITDA	8,385
Net Profit	2,986

### Financial Ratios

Dividend Yield (12m)	4.33
Dividend Pay-out (%)	45.02
Price-Earnings Ratio(x)	7.98
Price-to-Book Ratio (x)	3.28
Book Value (AED)	5.94
Return-on Equity (%)	29.74

### Stock Performance

5 Days	1.99%
1 Months	4.28%
3 Months	2.63%
6 Months	11.94%
1 Year	9.67%
Month to Date (MTD%)	0.52%
Quarter to Date (QTD%)	3.50%
(YTD%) Year to Date	19.49%

### 3Q25 Net Profit lower than our estimate

Emirates Telecommunications Group Co PJSC (e&/the Company) net profit marginally grew 0.8% YOY to AED 2,986 Mn in 3Q25, lower than our estimate of AED 3,386 Mn. The rise in net profit is driven by strong revenue growth across all segments and an increase in contribution from associates and joint ventures, partially offset by a decrease in finance and other income, coupled with an increase in federal royalty, finance and other costs, a rise in operating expenses, impairment charges, tax expense, and NCI.

### P&L Highlights

e&'s total Revenue surged 29.2% YOY to AED 18.6 Bn in 3Q25, driven by sustained strong growth across all verticals along with the consolidation of e& PPF Telecom. Additionally, the revenue expanded by 10.8% YOY on an LFL basis in reported currency in 3Q25. Revenue growth is driven by robust performance across both domestic and international telecom operations, as well as by the expanded scale of the Company's digital verticals. e& UAE revenue increased 6.5% YOY to AED 8.7 Bn in 3Q25, driven by higher mobile revenue. New high-value customers drove the revenue increase in the mobile segment, higher wholesale traffic, and growth in handset and ICT revenues. Moreover, e& international revenue rose from AED 5.1 Bn in 3Q24 to AED 8.5 Bn in 3Q25, driven by the consolidation of e& PPF Telecom, organic growth in Pakistan and Egypt, and the appreciation of the Moroccan currency against AED. Excluding e& PPF telecom, in constant currency, the international segment revenue increased 9.4% YOY in 3Q25, portraying the growth witnessed across key international markets. Maroc Telecom Group's revenue increased 10.2% YOY to AED 3.6 Bn in 3Q25. In terms of local currency, revenue increased marginally, as the strong organic growth of Moov Africa's

Subsidiaries offset the decline in revenues from Morocco, which remained affected by the restrictive regulatory framework and competitive landscape. Furthermore, e& Egypt's revenue surged 35.4% YOY to AED 1.2 Bn and 35.8% YOY in constant currency terms for 3Q25, driven by growth in data and voice revenues, supported by an expanding base and service price increases. Reported revenue from PTCL Group increased 11.8% YOY to AED 824 Mn in 3Q25, supported by the growth in mobile & fixed broadband along with corporate revenues. Additionally, Etisalat Afghanistan's revenue declined marginally to AED 194 Mn in 3Q25, while e& PPF telecom's revenue stood at AED 2.7 Bn in 3Q25. Furthermore, the revenue from e& Enterprise grew 21.9% YOY to AED 836 Mn in 3Q25, driven by strong performance in the cloud, cybersecurity, and IoT segments, with a healthy contribution from international markets. E& Life's revenue grew from AED 484 Mn in 3Q24 to AED 647 Mn in 3Q25, primarily driven by growth across all revenue streams, with Careem Technologies leading, followed by fintech, which is experiencing increased usage. The Company's operating expenses grew 35.7% YOY to AED 13.0 Bn in 3Q25, primarily driven by the consolidation of e& PPF Telecom and supporting the growth of the new revenue streams along with higher interconnection and devices costs associated with growing wholesale and handsets revenues. Total impairment loss on trade receivables and other assets increased 24.7% YOY to AED 281 Mn in 3Q25. The share of profits from associates and joint ventures rose 10.3% YOY to AED 497 Mn in 3Q25. e&'s federal royalty increased 11.8% YOY to AED 1.4 Bn in 3Q25. However, the Company's operating profit increased 16.6% YOY to AED 4.5 Bn in 3Q25. Total EBITDA surged 29.2% YOY to AED 8.4 Bn in 3Q25, while the EBITDA margin remained flat at 45.0% in 3Q25 compared to 3Q24. Etisalat's UAE EBITDA increased 8.3% YOY to AED 4.6 Bn in 3Q25. At the same time, e& International EBITDA rose sharply from AED 2.3 Bn in 3Q24 to AED 3.9 Bn in 3Q25, driven by the consolidation of e& PPF Telecom and improved profitability in Egypt & Pakistan. EBITDA for e& Enterprises grew 56.3% YOY to AED 72 Mn in 3Q25. In contrast, e& Life reported negative EBITDA of AED 195 Mn in 3Q25, compared to negative AED 185 Mn in 3Q24, due to continued investment in scaling up its various segments, which remain in growth mode. Finance and other income decreased 9.8% YOY to AED 506 Mn in 3Q25. Conversely, finance and other costs increased 42.0% YOY to AED 994 Mn in 3Q25. The Company recorded an income tax expense of AED 652 Mn in 3Q25. Share of NCI increased drastically from AED 138 Mn in 3Q24 to AED 339 Mn in 3Q25.

### Balance Sheet Highlights

e&'s consolidated capex more than doubled from AED 1.8 Bn in 3Q24 to AED 3.8 Bn in 3Q25, attributed to the consolidation of e& PPF telecom and the increase in Maroc Telecom capex driven by accelerated network deployment in Morocco and the license acquisition in Niger and Mali. The capital intensity ratio rose from 12.6% in 3Q24 to 20.4% in 3Q25. e&'s gross debt increased from AED 69.2 Bn in 2024 to AED 65.4 Bn in 2Q25 and further increased to AED 65.6 Bn in 3Q25. The Company reported a net debt-to-EBITDA ratio of 1.11x in 3Q25, down from 1.19x in 2Q25. Cash balance reached AED 31.5 Bn in 3Q25, in line with AED 30.9 Bn in 2Q25.

### Target Price and Rating

We revise our rating on e& from BUY to ACCUMULATE with an unchanged target price of AED 22.00. The Company's top line surged in 3Q25, supported by strong growth across all verticals and the consolidation of e& PPF Telecom. In constant currency terms, the revenue rose 6.6% YOY on LFL basis for 9M25. e& reported robust subscriber growth in 3Q25, with the total base rising 14.0% YOY to 202.2 Mn, supported by the strong customer acquisition strategies across all markets and the recent consolidation of e& PPF Telecom. e& UAE subscribers grew 6.9% YOY to 15.7 Mn in 3Q25, supported by the strong acquisition activities in the Mobile segment and the growth in the Fixed Broadband segment. The mobile customer base has surpassed 14 Mn, supported by fast and reliable 5G connectivity and appealing offerings. Postpaid customers have increased by 10.5% YOY, while prepaid customers have risen by 6.9%, resulting in over 1 Mn new customers in past one year. Additionally, the fixed broadband customer base has continued to grow, increasing by 1.0% YOY to reach 1.4 Mn subscribers. International subscribers rose 14.7% YOY to 186.4 Mn, driven by strong customer acquisition activity in Egypt, Moov Africa subsidiaries, and Pakistan. Maroc Telecom obtained a 5G license in Morocco and is set to roll out the service in 2025. e& money has partnered with PayPal and MOHRE to advance the UAE's transition to a cashless economy. e& enterprise signed a landmark agreement with Serbia's Office for IT and eGovernment to enhance regional digital infrastructure, including data center expansion and sovereign cloud development. Additionally, e& and Ericsson signed a MoU to accelerate 5G monetization in the UAE, enabling enterprises with scalable, high-performance private 5G networks. The Company's capex excluding licenses and spectrum reached

AED 3.0 Bn in 3Q25, with a capital intensity of 16.3%. Furthermore, the Company's gross debt reduced from AED 69.2 Bn in 4Q24 to AED 65.6 Bn in 3Q25, with c. 70% of the outstanding debt due beyond the next 12 months. Moreover, the net debt-to-EBITDA ratio stood at 1.11x in 3Q25, primarily due to the AED 31.5 Bn cash balance. Investments focused on 5G rollout, network expansion, and digital infrastructure, reinforcing e&'s commitment to long-term growth and technology leadership. The company reported strong results driven by solid telecom operations. The Company's 9M25 performance exceeded management's full-year guidance, prompting an upward revision in the 2025 outlook. Revenue is now expected to grow by 23-24% YOY in 2025, compared to the previous guidance of 17-20%, while the EBITDA margin is projected at 43-44% versus the earlier 43% for 2025. The expected 2025 EPS has been revised to c. AED 1.62 per share, or c. AED 1.30 per share excluding the impact of the Khazna sale transaction and MT settlement. Thus, considering the above-mentioned factors, we assign ACCUMULATE rating on the stock.

#### e& - Relative valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
PE	18.50	17.92	16.69	16.20	15.53	11.77
PB	3.41	3.51	3.95	3.91	3.66	3.16
EV/EBITDA	6.57	6.52	7.24	7.51	7.55	6.70
EPS	1.038	1.071	1.151	1.185	1.236	1.631
BVPS	5.638	5.472	4.860	4.905	5.243	6.075
DPS	1.200	0.800	0.800	0.800	0.830	0.860
Dividend yield	6.3%	4.2%	4.2%	4.2%	4.3%	4.5%

FABS Estimates & Co Data

#### e& - P&L

AED Mn	3Q24	2Q25	3Q25	3Q25F	Var.	YOY	QOQ	2024	2025F	Change
Revenues	14,424	18,046	18,629	18,143	2.7%	29.2%	3.2%	59,203	72,943	23.2%
Operating expenses	-9,542	-12,279	-12,953	-12,903	0.4%	35.7%	5.5%	-39,479	-50,622	28.2%
Imp loss on trade recv.	-225	-266	-281	-270	3.9%	24.7%	5.7%	-2,138	-2,320	8.5%
Share of results of assoc.	451	841	497	508	-2.2%	10.3%	-40.9%	2,475	1,897	-23.4%
<b>Operating profit before federal royalty</b>	<b>5,107</b>	<b>6,342</b>	<b>5,892</b>	<b>5,478</b>	<b>7.6%</b>	<b>15.4%</b>	<b>-7.1%</b>	<b>20,061</b>	<b>21,898</b>	<b>9.2%</b>
Federal royalty	-1,276	-1,189	-1,426	-1,179	20.9%	11.8%	19.9%	-5,282	-6,917	30.9%
<b>Operating profit</b>	<b>3,831</b>	<b>5,152</b>	<b>4,466</b>	<b>4,298</b>	<b>3.9%</b>	<b>16.6%</b>	<b>-13.3%</b>	<b>14,779</b>	<b>14,981</b>	<b>1.4%</b>
<b>EBITDA</b>	<b>6,488</b>	<b>8,034</b>	<b>8,385</b>	<b>7,855</b>	<b>6.8%</b>	<b>29.2%</b>	<b>4.4%</b>	<b>26,454</b>	<b>31,450</b>	<b>18.9%</b>
Finance and other inc.	561	1,669	506	1,035	-51.1%	-9.8%	-69.7%	2,733	8,227	NM
Finance and other costs	-700	-1,401	-994	-1,118	-11.1%	42.0%	-29.0%	-5,212	-4,339	-16.7%
<b>Profit before tax</b>	<b>3,692</b>	<b>5,420</b>	<b>3,977</b>	<b>4,215</b>	<b>-5.6%</b>	<b>7.7%</b>	<b>-26.6%</b>	<b>12,300</b>	<b>18,869</b>	<b>53.4%</b>
Income tax expense	-592	-1,116	-652	-632	3.1%	10.2%	-41.6%	-1,717	-3,019	75.9%
<b>Profit for the period</b>	<b>3,100</b>	<b>4,304</b>	<b>3,325</b>	<b>3,583</b>	<b>-7.2%</b>	<b>7.3%</b>	<b>-22.7%</b>	<b>10,583</b>	<b>15,850</b>	<b>49.8%</b>
Non-controlling interest	138	832	339	197	72.1%	NM	-59.2%	-169	1,664	NM
<b>Net Profit</b>	<b>2,963</b>	<b>3,472</b>	<b>2,986</b>	<b>3,386</b>	<b>-11.8%</b>	<b>0.8%</b>	<b>-14.0%</b>	<b>10,752</b>	<b>14,186</b>	<b>31.9%</b>

FABS estimate & Co Data

#### e& - Margins

	3Q24	2Q25	3Q25	YOY	QOQ	2024	2025F	Change
Operating profit	26.6%	28.6%	24.0%	-259	-458	25.0%	20.5%	-44
EBITDA	45.0%	44.5%	45.0%	3	49	44.7%	43.1%	-16
Net profit	20.5%	19.2%	16.0%	-451	-321	18.2%	19.4%	13

FABS estimate & Co Data

### Key Developments:

- **16 June 2025** – Emirates Telecommunications Group Company PJSC (e&) announced that its shareholding in Vodafone Group plc stands at approximately 16% as of 16 June 2025. The change in ownership percentage results from Vodafone’s share buyback programme, which reduced the company’s total share capital. e&’s total shareholding remains unchanged at 3,944.7 Mn shares.
- **02 April 2025** – Emirates Telecommunications Group Company PJSC (e&) has completed the 100% acquisition of SBB d.o.o. Serbia, through its joint venture, e& PPF Telecom, for a total consideration of EUR 825 Mn on a cash-free, debt-free basis. The transaction was financed through debt raised by e& PPF Telecom, and SBB’s financial results will be consolidated into e& PPF Telecom starting April 2025. This acquisition will integrate SBB’s operations with Yettel, e&’s existing mobile subsidiary in Serbia, strengthening its position in the Serbian telecom market.
- **28 March 2025** – Etisalat announced that its subsidiary, Maroc Telecom, has reached a settlement with Inwi regarding a competition law dispute, reducing the indemnity amount from MAD 6.38 Bn to MAD 4.38 Bn. As part of the agreement, both companies have also entered into a strategic partnership to establish two joint ventures focused on fibre-optic infrastructure development and telecom tower deployment.
- **26 March 2025** – Emirates Telecommunications Group Company P.J.S.C. (e&) completed the divestment of Khazna Data Centre Holdings Ltd on 26 March 2025. The transaction generated USD 2.2 Bn (AED 8 Bn) in proceeds, which will be utilised to reduce debt. A capital gain of USD 1.4 Bn (AED 5.1 Bn), before federal royalty and corporate tax, was recognised in e&’s 1Q25 financial results.

## Valuation:

We use Discounted Free Cash flow (DCF) and Relative Valuation (RV) to value e&. We have assigned 70% weight to DCF, and 30% to RV method. We have also included the value of interest owned by E& in Vodafone Plc and Etihad Etisalat Co. e&'s value of ownership in both entities is included in DCF and RV.

Valuation Method	Target	Weight	Weighted Value
DCF Method	21.91	70.0%	15.34
EV/EBITDA	22.22	30.0%	6.66
<b>Weighted Average Valuation (AED)</b>			<b>22.00</b>
Current market price (AED)			19.40
Upside/Downside (%)			+13%

### 1) DCF Method:

e& is valued using free cash flow to the firm. We have discounted the cash flow using the weighted average cost of capital of 8.2%. It is arrived after using cost of equity of 9.2% and after-tax cost of debt of 4.8% with debt-to-equity ratio of 39.3%. Cost of equity is calculated by using 10-year government bond yield of 4.8%, beta of 1.0 and equity risk premium of 4.5%. Government bond yield is calculated after adding Abu Dhabi 10-year spread over 10-year US risk free rate. Cost of debt is calculated using cost of 4.8% after adjusting a tax rate of 16.0%. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	53,410
Terminal value (AED, Mn)	144,892
<b>FV to Common shareholders (AED, Mn)</b>	<b>198,302</b>
No. of share (Mn)	8,697
Current Market Price (AED)	19.20
Net debt as of Sept 2025	-28,935
Minority Interest (AED, Mn)	-9,757
Mobily share included in E&	14,053
Vodafone share included in E&	16,860
<b>Total Equity Value</b>	<b>190,522</b>
No of shares	8,697
Current market price (AED)	19.40
<b>Fair Value per share (AED)</b>	<b>21.91</b>

Source: FAB Securities

### DCF Method

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
EBIT*(1-tax)	12,584	15,359	15,659	16,099	15,909	15,694
D&A	9,552	8,482	9,106	9,116	9,719	10,294
Change in working capital	2,528	-2,305	1,311	461	1,097	276
(-) Capex	-11,671	-11,567	-12,080	-12,387	-12,642	-12,871
<b>Free Cash Flow to Firm (FCFF)</b>	<b>12,993</b>	<b>9,969</b>	<b>13,995</b>	<b>13,289</b>	<b>14,083</b>	<b>13,393</b>
Discounting Factor	0.99	0.91	0.84	0.78	0.72	0.66
<b>Discounted FCFF</b>	<b>3,204<sup>1</sup></b>	<b>9,083</b>	<b>11,781</b>	<b>10,335</b>	<b>10,118</b>	<b>8,890</b>

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

## 2) Relative Valuation:

We have used international peers to value e&, which is valued using the EV/EBITDA multiple. It is valued at a 2026 EV/EBITDA multiple of 6.1x.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2025F	2026F	2025F	2026F
Saudi Telecom	59,477	9.0	8.5	15.9	15.2
Mobile Telecommunication Company	7,214	6.3	5.9	10.4	9.2
Verizon Communication	1,65,786	6.7	6.6	8.4	8.1
SAFARICOM PLC	9,146	5.3	6.1	11.7	12.9
Deutsche Telekom AG	1,61,314	6.5	6.1	14.6	13.0
Telstra Group Limited	36,660	8.9	8.5	25.8	24.3
Mobily	13,685	7.6	7.2	15.0	13.6
Ooredoo Q.P.S.C	11,473	4.8	4.7	10.4	10.2
Emirates Integrated Telecommunications Co.	11,439	5.8	5.6	14.6	13.8
Oman Telecommunications Company	2,017	5.5	5.4	10.6	9.4
<b>Average</b>		<b>6.6x</b>	<b>6.5x</b>	<b>13.7x</b>	<b>13.0x</b>
<b>Median</b>		<b>6.4x</b>	<b>6.1x</b>	<b>13.1x</b>	<b>12.9x</b>
<b>Max</b>		<b>7.4x</b>	<b>7.0x</b>	<b>14.9x</b>	<b>13.7x</b>
<b>Min</b>		<b>5.6x</b>	<b>5.7x</b>	<b>10.5x</b>	<b>9.6x</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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