

Emirates Integrated Telecommunications Co PJSC (DU)

Current Price	Target Price	Upside/Downside (%)	Rating
AED 12.26	AED 12.50	+2.0%	HOLD

3Q26 Net Profit in line with our estimate

- DU's revenue increased 7.1% YOY to AED 4.2 Bn in 3Q26, driven by strong growth in Mobile, Fixed, and Wholesale revenues, alongside higher ICT and handset revenues.
- Mobile Services revenue rose 3.9% YOY to AED 1.8 Bn in 3Q26, driven by subscriber growth and a favourable customer mix.
- Fixed service revenue grew 7.1% YOY to AED 1.2 Bn in 3Q26, supported by continued growth in Home Wireless services and enterprise connectivity.
- Other revenues grew 12.6% YOY to AED 1.1 Bn in 3Q26, driven by higher ICT revenues from data centres and cloud services, increased wholesale interconnection demand and stronger handset sales following the iPhone 18 launch.
- EBITDA increased 6.7% YOY to AED 2.0 Bn in 3Q26, supported by favourable revenue mix across Mobile and Fixed segments and continued cost efficiencies partially offset by higher direct costs and inflationary pressures. The EBITDA margin declined 17 bps YOY to 47.7% in 3Q26.
- Net profit increased 7.3% YOY to AED 786 Mn in 3Q26, driven by higher revenue, partially offset by higher direct costs, net operating expenses, D&A, net financing expenses, federal royalty and income tax charges.
- Capex amounted to AED 647 Mn, with a capex intensity of 15.6% of total revenue in 3Q26, reflecting targeted investments in data centre infrastructure and continued enhancements to Du's network.
- Mobile subscriber base increased 3.3% YOY to 9.5 Mn in 3Q26.
- Prepaid subscribers increased 2.5% YOY to 7.4 Mn, driven by attractive offers under easy and alo plans, which helped offset the decline in tourist subscribers. Meanwhile, postpaid subscribers grew 6.4% YOY to 2.0 Mn, supported by sustained demand in the premium consumer segment, although the pace of overall subscriber growth moderated amid regional headwinds.
- Fixed subscriber base increased 5.2% YOY to 756K in 3Q26, supported by continued growth in home wireless services, driven by demand for flexible, convenient and cost-effective connectivity solutions.
- Operating free cash flow declined 2.3% YOY to AED 1.3 Bn in 3Q26, primarily reflecting higher capital expenditure during the quarter.

Earnings Call Summary

- Fixed subscriber growth remained healthy, supported by Home Wireless adoption, although the shift towards lower-ARPU offerings moderated sequential revenue.
- Enterprise connectivity demand remained resilient, supported by customers increasing requirements for network redundancy, service continuity and cybersecurity amid regional uncertainty.
- International interconnection demand supported wholesale revenue growth despite a 5% decline in national interconnection, highlighting divergent trends across wholesale connectivity streams.
- Other revenue growth benefited from ICT, international wholesale and handset sales, although the higher contribution of lower-margin products diluted gross margins.
- Higher handset sales accounted for most of the increase in device-related direct costs, although management reiterated that device sales primarily support customer retention rather than serve as a core profit driver.

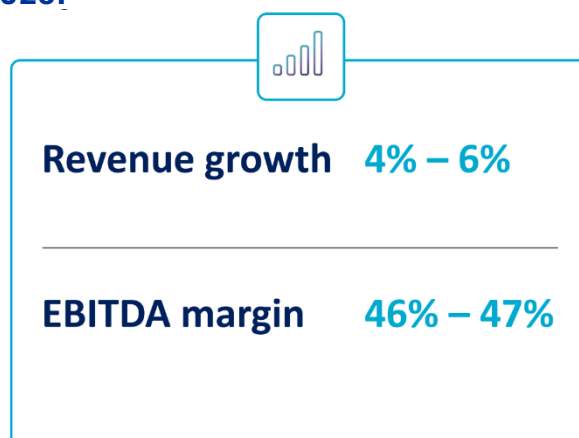
- DU reinforced its network leadership with a world-first 5G-Advanced six-carrier aggregation deployment, alongside a 6GHz trial demonstrating the potential to double network capacity. The telecom licence renewal for 20 years and three-year extension of the royalty regime strengthened regulatory visibility and provided a longer-term foundation for investment.
- Data centres continued supporting recurring ICT growth, with the first Microsoft-related capacity block expected towards the end of 4Q26 and further contributions dependent on phased commissioning.
- Management expects data-centre investment to remain opportunity-led, with deployment dependent on securing customers and meeting project return rather than following a fixed capex trajectory.
- DuPay expanded into digital lending through FlexiCash Loan, although its revenue contribution remains small and lending is currently facilitated through third-party providers.
- Improved collection trends enabled Du to reverse half of the provision recognised in 1Q26, with further adjustments dependent on collection performance during 4Q26.
- Du maintained a strong liquidity position, supported by AED 542 Mn in cash and AED 2 Bn in committed credit facilities.
- Management retained flexibility to use debt for value-accretive investments while balancing infrastructure spending with shareholder distributions.
- Du's 2026 guidance remained unchanged at 4%-6% revenue growth and a 46%-47% EBITDA margin.

DU – P&L

(AED Mn)	3Q25	2Q26	3Q26	3Q26F	Var	YOY Ch	QOQ Ch
Revenue	3,872	4,083	4,145	4,099	1.1%	7.1%	1.5%
Direct Costs	-1,234	-1,263	-1,355	-1,246	8.7%	9.8%	7.3%
Gross Profit	2,638	2,820	2,790	2,853	-2.2%	5.8%	-1.1%
Net Operating Expenses excl. D&A	-786	-826	-815	-844	-3.5%	3.7%	-1.4%
EBITDA	1,852	1,994	1,975	2,009	-1.7%	6.7%	-0.9%
D&A and Impairment	-539	-573	-562	-558	0.8%	4.4%	-1.9%
Operating profit	1,313	1,421	1,413	1,451	-2.6%	7.6%	-0.5%
Finance income/exps	-14	-7	-19	-6	NM	30.6%	NM
Pre-royalty profit	1,298	1,414	1,394	1,445	-3.5%	7.4%	-1.4%
Federal Royalty	-493	-537	-531	-549	-3.4%	7.6%	-1.2%
Tax	-73	-79	-78	-81	-3.3%	7.4%	-1.0%
Net Profit	732	798	786	815	-3.6%	7.3%	-1.5%

FABS estimate & Co Data

Management Guidance for 2026:



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%

FAB Securities Contacts:

Research Analyst

Ahmad Banihani	+971-2-6161629	Ahmad.Banihani@Bankfab.com
Shahrukh Nawaz	+971-2-6161612	Shahrukh.Nawaz@Bankfab.com

Sales & Execution

Abu Dhabi Head Office		
Trading Desk	+971-2-6161700/1 +971-2-6161777	Online Trading Link
Institutional Desk	+971-4-4245765	

DISCLAIMER

This report has been prepared by FAB Securities (FABS), which is authorised by the UAE Securities and Commodities Authority, licensing registration number 604002, and is a member of the Abu Dhabi Securities Exchange and Dubai Financial Market. The information, opinions and materials contained in this report are provided for information purposes only and are not to be used, construed, or considered as an offer or the solicitation of an offer or recommendation to sell or to buy or to subscribe for any investment security or other financial instrument. The information, opinions and material in this report have been obtained and derived from publicly available information and other sources considered reliable without being independently verified for their accuracy or completeness. FABS gives no representation or warranty, express or implied, as to the accuracy and completeness of information and opinions expressed in this report. Opinions expressed are current as of the original publication date appearing on the report only and the information, including the opinions contained herein, are subject to change without notice. FABS is under no obligation to update this report. The investments referred to in this report might not be suitable for all recipients. Recipients should not base their investment decisions on this report and should make their own investigations, and obtain independent advice, as appropriate. Any loss or other consequences arising from the uses of material contained in this report shall be the sole and exclusive responsibility of the recipient and FABS accepts no liability for any such loss or consequence. The value of any investment could fall as well as rise and the investor may receive less than the original amount invested. Some investments mentioned in this report might not be liquid investments, which could be difficult to realise in cash. Some investments discussed in this report could be characterised by high level of volatility, which might result in loss. FABS owns the intellectual property rights and any other material contained in this report. No part of this report may be reproduced, utilised or modified in any form either in whole or in part or by any electronic, mechanical or other means, now known or hereafter invented, including photocopying and recording, or stored in any retrieval system without the prior consent of FABS in writing. While utmost care has been taken to ensure that the information provided is accurate and correct, neither FABS, nor its employees shall, in any way, be responsible for the contents. By accepting this document, the recipient agrees he/she has read the above disclaimer and to be bound by the foregoing limitations/restrictions.