Telecom Sector

Telcos are expanding revenue streams for diversification

Sector Weighting:
Market Weight

MENA Telecommunication

The UAE's telecom sector is strengthening its 5G network capabilities while expanding revenue streams through innovative product offerings and entry into new technology domains. At the same time, telecom operators are broadening their international footprint to capture new growth opportunities and boost overall revenues. Etisalat and DU are the two largest telecom operators in the UAE with a solid mobile subscriber base of 23.0 Mn as of 2Q25. Etisalat's mobile subscriber base in the UAE stood at 13.9 Mn, while DU's mobile subscriber base stood at 9.1 Mn as of 2Q25. The tourism sector in the UAE witnessed solid growth during 2Q25. According to the Government of Dubai, from January to July 2025, Dubai welcomed 11.17 Mn international visitors, compared to 10.62 Mn visitors in the same period during 2024. Furthermore, Abu Dhabi welcomed 15.8 Mn passengers during 1H25, marking a 13.1% YOY increase in passenger traffic, despite airspace disruption in May and June 2025, reflecting the emirate's growing popularity as a key destination for business & leisure travellers. Consistent tourism inflow supports the telecom sector in UAE. Etisalat (e&) witnessed a healthy growth in profitability during 2Q25. e&'s revenue from the UAE increased 5.0% YOY in 2Q25 while the international telecom revenue grew significantly by 62.6% YOY, primarily driven by the strong growth across all segments and consolidation of PPF Telecom. The international segment now contributes 44.6% of revenue in 2Q25 compared to 35.1% in 2Q24. e&'s total capex increased significantly from AED 1.8 Bn in 2Q24 to AED 2.7 Bn in 2Q25, spent on PPF Telecom acquisition along with license renewal/acquisition in Maurtania and Afghanistan. e&'s EBITDA margin moderated from 46.6% in 2Q24 to 44.5% in 2Q25 due to a change in revenue mix. Etisalat's diversification into tech is expected to generate solid returns in the medium term, with resilient performance expected from e& Life and e& Enterprise. e&'s revenue growth will outperform its peers in 2025, driven by PPF consolidation, but normalize in 2026. Etisalat's recent acquisitions align with its strategic goals but also add operational complexity and FX/regulatory risks. Similarly, Du's revenue increased 8.6% YOY in 2Q25, primarily driven by a solid rise across both services and non-services segments, attributable to an increase in subscriber base, higher ARPU and diversification of revenue sources. Du remained debt-free with an undrawn loan facility of AED 2.0 Bn and cash and cash equivalents of AED 578 Mn as of 2Q25, which provides flexibility for future investments with solid liquidity. Du is also expanding its fibre infrastructure to fulfil the increasing demand for high-speed connectivity. Moreover, Du also plans to make investments in data centres and is actively investing in the same to support future growth. Additionally, Du launched its hyperscale data centre project in collaboration with Microsoft, progressing its capabilities in AI-ready digital infrastructure. e& and Du are actively investing towards digital transformation and diversifying their revenue sources to boost margins.

Similar to the UAE, companies in Saudi Arabia are also diversifying its revenue streams by investing in ICT, AI, AR and data centres. Saudi Arabia is making continuous investments in the telecommunications sector to meet its Saudi Vision 2030 goals. Saudi Arabia's subscriber base is increasing at a strong pace as STC's mobile subscribers increased 5.7% YOY to 28.9 Mn in 2Q25, while Mobily's mobile subscribers grew 5.0% YOY to 12.8 Mn during the same period. Meanwhile, Zain KSA accounted for approximately 16% of Zain Group's total customer base, representing c. 8.1 Mn subscribers in 2Q25. Mobily, reported a healthy revenue growth of 8.1% YOY to SAR 4.8 Bn in 2Q25. This growth is attributed to continued business from the government, small and medium-sized, and enterprise businesses in the Business Segment, along with expansion in the subscriber base. Mobily's ICT business now delivers end-to-end B2B solutions, and it has also started data centers in Riyadh and Jeddah. Mobily strengthened its brand visibility at Hajj access points, resulting in increased inbound roaming. Mobily incurred a capex of SAR 2.7 Bn spent in 1H25, mainly focused on investment in expanding 5G technology and improving frequency spectrums. On the other hand, Saudi Telecom Company revenue grew 2.6% YOY to SAR 19.5 Bn in 2Q25, driven by growth in subscriber base and healthy performance of Solutions by stc. STC's 5G network now covers over 9,500 sites across KSA and became the first operator in the region to commercially activate the low-frequency 600 MHz (N71) band, significantly enhancing coverage and signal penetration, especially in remote areas. STC signed multiple partnerships that align with its vision of becoming a fully integrated digital service provider across the region.

Telecom companies in Egypt are prioritising the launch of 5G network along with expanding it throughout the nation. Companies are improving the country's digital infrastructure. Several subsea cables are currently under development, with Egypt serving as a key hub due to its strategic geographic position, which enables it to link continents through these high-efficiency cables. Egypt's authorities are focusing on enhancing network efficiency and delivering quality services to the population. Telecom Egypt witnessed a significant revenue growth of 2631% YOY to EGP 25.8 Bn in 2Q25, driven by a solid growth across both Retail and Wholesale segments. Increase in revenue is mainly driven by a rise in customer base, higher ARPU due to an increase in retail prices, along with growth in international call traffic, foreign currency appreciation, and solid contribution from cable projects. Meanwhile, EBITDA rose 38.1% YOY to EGP 11.3 Bn in 2Q25, whereas EBITDA margin surged 380 bps YOY to 43.6% due to cost optimization efforts. Telecom Egypt completed two landings of the SEA-ME-WE-6 subsea cable in Egypt and also signed a new MoU to develop subsea cable.

Orange Egypt and Huawei collaborated to accelerate 5G deployment in Egypt

Orange Egypt partnered with Huawei to launch 5G network across Egypt, enhancing digital infrastructure and enabling technologies such as AI, AR/VR, robotics, smart cities, and IoT. The deployment will leverage Huawei's Massive Multiple Input Multiple Output (MIMO) technology for better efficiency and its '0 Bit 0 Watt' energy management system to reduce power use. Additionally, Huawei's E-band microwave will provide high-speed backhaul in areas lacking fibre, supporting wider connectivity and digital growth.

GO Telecom buys majority stake in Ejad Tech

Saudi Arabia's Etihad Atheeb Telecommunication Co. (GO Telecom) has acquired a 51.0% stake in Ejad Tech for SAR 86.7 Mn (USD 23.1 Mn). Completed on 22 June 2025, this deal aims to diversify GO Telecom's business. Go Telecom paid SAR 40 Mn, while the remaining SAR 46.7 Mn will be settled in two instalments by the end of 2025 and 2026.

Omantel and du launch 275-km submarine cable to boost UAE-Oman connectivity

Omantel and the du launched the 275-km Oman Emirates Gateway (OEG) submarine cable, connecting Equinix MC1 in Barka, datamena DX1 in Dubai, and Equinix SN1 in Salalah. This cable provides dual terrestrial and subsea routes, offering enhanced resilience and faster cloud access, thereby strengthening the UAE–Oman digital corridor. OEG supports emerging technologies, improving scalability and customer experience, marking a key step in regional digital transformation and economic growth.

UAE's TII, VentureOne, and e& Launch QuantumConnect to strengthen network security

Technology Innovation Institute (TII) in partnership with VentureOne and e& launched QuantumConnect, a next-generation encryption solution featuring hardware-based quantum technology. Developed to comply with UAE regulations, QuantumConnect enhances cybersecurity for critical communications, positioning the UAE as a leader in quantum-secure communications and offering businesses robust and resilient encryption across their networks. Utilizing TII's Quantum Key Distribution (QKD), it secures data by transmitting encryption keys as quantum particles, protecting against current and future threats, including those from quantum computing.

STC Bahrain partners with Singapore Gulf Bank for innovative IT solutions
stc Bahrain partnered with Singapore Gulf Bank Bahrain to enhance its IT infrastructure and tailor technology solutions, supporting the bank's digital transformation in alignment with Bahrain's Economic Vision 2030.

STC Bahrain lands 2Africa cable, boosting digital growth
stc Bahrain has announced the successful launch of the 2Africa Pearls submarine cable, marking the country's first local submarine cable system. The 45,000 km cable features a capacity of 180 Tbps and is backed by a USD 205 Mn investment. It enhances international connectivity, reduces latency, and supports advanced technologies like 5G, AI, and IoT, positioning Bahrain as a regional ICT hub that drives digital transformation and fosters investment and innovation.

UAE unveils National System to monitor electromagnetic radiation
The UAE's Telecommunications and Digital Government Regulatory Authority (TDRA) launched a national system to monitor non-ionizing electromagnetic radiation from mobile towers and broadcasting stations. This interactive platform uses sensors to measure and share radiation data, ensuring compliance with health standards and highlighting the focus on public health and safe telecommunications.

Du sold 342 Mn shares to raise up to DH 3.39 Bn
UAE telecom operator du sold 342 Mn shares, comprising 7.55% of its total shares, through Mamoura Diversified Global Holding at prices between AED 9.00 and AED 9.90, aiming to raise more than AED 3.1 Bn. Mamoura's stake dropped to 2.52%, while the Emirates Investment Authority (50.12%) and DH 8 LLC (19.67%) remain as majority shareholders.

e& UAE started "Monitoring-as-a-Service" solution to boost business continuity
e& UAE introduced a "monitoring-as-a-service" (MaaS) solution to improve business continuity by providing complete infrastructure visibility to companies. Managed by e&'s technical teams, it offers early issue detection and tailored support for different industries through strategic partnerships, reflecting the company's commitment to investing in talent and technology.

Du and Huawei unveil 5G-Advanced in the UAE, revolutionizing network capabilities
Du and Huawei have launched 5G-Advanced (5G-A) in the UAE, significantly upgrading du's network with 64T64R Dual Band Active Antenna Units in the 3.7 GHz and 2.6 GHz bands. This upgrade provides data rates of up to 5.4 Gbps, improving averages by 33% and supporting services such as 8K streaming, real-time conferencing, and autonomous driving. Du called it a "monumental leap" for the telecom sector, while Huawei noted its alignment with UAE sustainability goals.

	ETISALAT	MOBILY	STC	Telecom Egypt	DU
Rating	BUY	HOLD	BUY	BUY	HOLD
Local currency	AED	SAR	SAR	EGP	AED
CMP	18.46	64.80	43.34	48.50	9.35
Target Price	22.00	66.50	50.00	57.00	10.25
Potential change (%)	+19.2%	+2.6%	+15.4%	+17.5%	+9.6%

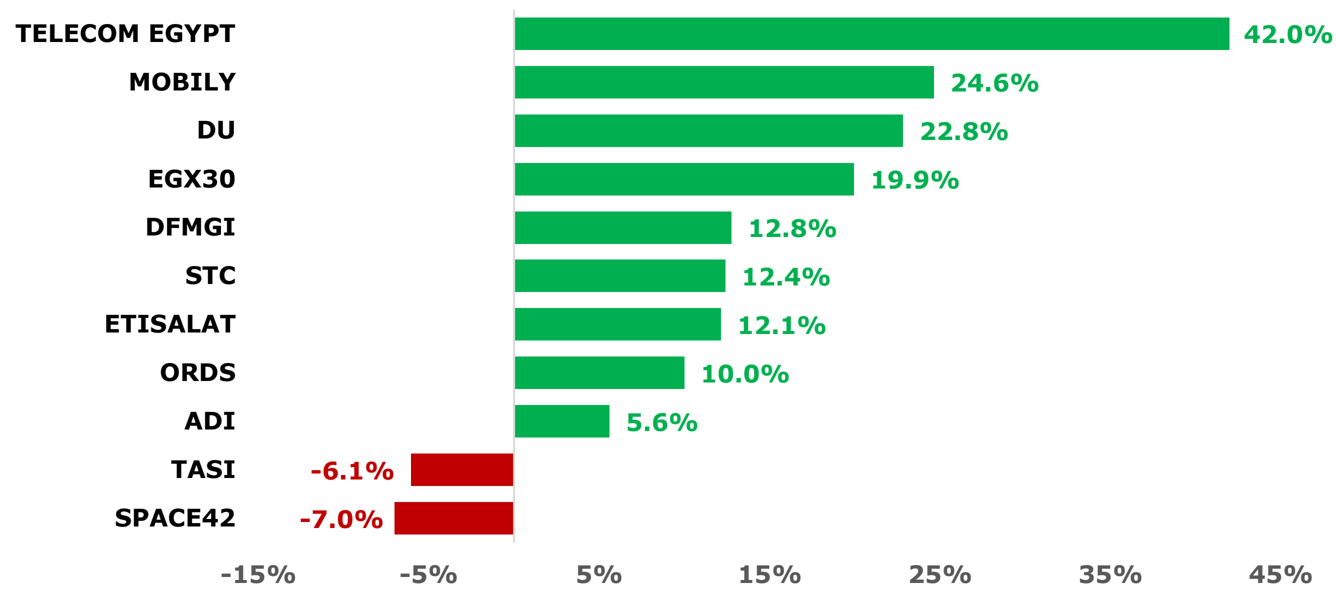
FABS Estimates & Co data

Contents:

Telecom stock performance in the YTD

Telecom Egypt is the best-performing stock among the peer group on YTD basis since December 2024 followed by Mobily. Space 42 generated the lowest returns among all of them. DU generated 22.8% YTD return, while STC recorded a 12.4% YTD return since December 2024.

MENA Telecom Stock & Market Indices Performance from December 2024 to 26 Sep 2025, ranked



Source: Bloomberg

Relative valuation and rating

Among the telecom stocks we cover, the PE falls between 15.6x (MOBILY) and 5.1x (TELECOM EGYPT). The EV/EBITDA ranges from 8.8x (STC) to 3.9x (TELECOM EGYPT). DU's expected dividend yield for 2025 is the highest at 6.6%. TELECOM EGYPT has the lowest PB multiple of 1.4x. TELECOM EGYPT's Net Debt/EBITDA stood highest at 1.83x followed by ETISALAT at 1.12 and MOBILY at 0.35x.

Relative Valuation

	ETISALAT	MOBILY	STC	TELECOM EGYPT	DU
CMP (LCY)	18.30	66.55	43.00	46.94	9.20
Number of shares (mm)	8,697	770	4,987	1,707	4,533
Market cap (LCY mm)	159,151	51,244	214,437	80,130	41,703
Market cap (US$ mm)	43,365	13,665	57,183	2,593	11,363
Gross debt (LCY mm)	65,360	5,957	15,222	80,950	0
Cash (LCY mm)	30,862	3,349	15,691	9,328	578
Net debt/-cash (LCY mm)	34,498	2,608	-469	71,622	-578
Non-controlling interest	9,302	0	2,815	30	0
EV	202,950	53,851	216,783	151,783	41,125
EBITDA (2025F)	30,867	7,349	24,575	39,056	7,332
BVPS (2025F)	6.15	26.57	16.54	34.64	2.21
EPS (2025F)	1.71	4.26	2.85	9.24	0.64
DPS (2025F)	0.86	2.45	2.20	1.80	0.60
EV/EBITDA (x)	6.6	7.3	8.8	3.9	5.6
P/BV (x)	3.0	2.5	2.6	1.4	4.2
PE (x)	10.7	15.6	15.1	5.1	14.5
Dividend yield	4.7%	3.8%	5.1%	3.7%	6.5%
Payout ratio	50.4%	57.5%	77.3%	19.5%	95.0%
Net debt/EBITDA (x)	1.12	0.35	-0.02	1.83	-0.08

Source: FABS from Bloomberg

Market Weight:

With 3x BUYs, 1x ACCUMULATE, and 2x HOLD we remain MARKET WEIGHT on MENA telecoms.

	ETISALAT	MOBILY	STC	Telecom Egypt	DU
Rating	**BUY**	**HOLD**	**BUY**	**BUY**	**HOLD**
Local currency	AED	SAR	SAR	EGP	AED
CMP	18.46	64.80	43.34	48.50	9.35
Target Price	22.00	66.50	50.00	57.00	10.25
Potential change (%)	+19.2%	+2.6%	+15.4%	+17.5%	+9.6%

FABS Estimates & Co data

3Q25 preview: Etisalat Group (e&)

Subscriber Growth and Lower Federal Royalty to Drive Profit Momentum

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 18.46	AED 22.00	+19.2%	BUY

3Q25 estimate

Emirates Telecommunications Group Co PJSC (e&/the Company) net profit is expected to increase 14.3% YOY to AED 3,386 Mn in 3Q25 primarily due to an anticipated increase in revenue, lower federal royalty, and higher finance and other income, partially offset by an increase in operating expenses, impairment loss, finance and other costs, tax expenses and NCI. e&'s revenue is expected to grow 25.8% YOY to AED 18,143 Mn in 3Q25, driven by its solid growth strategy and growing subscriber base, mainly due to e&'s international segment. Operating expenses are anticipated to grow 35.2% YOY to AED 12,903 Mn in 3Q25. The share of results of associates and joint ventures is forecasted to increase 12.7% YOY to AED 508 Mn in 3Q25. Moreover, the impairment loss on receivables and contract assets is projected to grow 20.0% YOY to AED 270 Mn in 3Q25, owing to higher losses on trade receivables, contract assets, and other assets. However, operating profit before federal royalty is expected to rise 7.3% YOY to AED 5,478 Mn in 3Q25. Federal royalty is expected to decline 7.6% YOY to AED 1,179 Mn in 3Q25. As a result, e&'s operating profit is anticipated to rise 12.2% YOY to AED 4,298 Mn in 3Q25. e&'s EBITDA is expected to rise 21.1% YOY to AED 7,855 Mn in 3Q25. We expect the EBITDA margin to decrease 169 bps YOY to 43.3% in 3Q25. Additionally, finance and other income are estimated to increase significantly 84.5% YOY to AED 1,035 Mn in 3Q25, whereas finance and other costs are projected to rise 59.7% YOY to AED 1,118 Mn in 3Q25. The Company tax expense is expected to rise 6.9% YOY to AED 632 Mn in 3Q25. In addition, e&'s profit share to NCI is forecasted to rise 43.0% YOY to AED 197 Mn in 3Q25.

2025 forecast

e&'s net profit is expected to grow 38.1% YOY to AED 14,847 Mn in 2025, driven by an anticipated growth in revenue and finance & other income coupled with lower finance & other costs, partially offset by increase in operating expenses, higher impairment loss on trade receivable and contract assets, coupled with lower share of results from associates and joint venture and higher federal royalty and tax expenses. The Company's revenue is expected to increase 20.2% YOY to AED 71,167 Mn in 2025, driven by anticipated growth in the subscriber base and a rise in product offerings across all geographies. Operating expenses are anticipated to rise 25.4% YOY to AED 49,505 Mn in 2025. Impairment losses are projected to increase 5.9% YOY to AED 2,263 Mn in 2025. Share of results of associates and JVs is estimated to fall 25.3% YOY to AED 1,850 Mn in 2025. Federal royalty is forecasted to increase 28.9% YOY to AED 6,809 Mn in 2025. As a result, operating profit after federal royalty is expected to fall 2.3% YOY to AED 14,440 Mn in 2025. Moreover, e&'s EBITDA is expected to grow 16.7% YOY to AED 30,867 Mn in 2025. However, we expect the EBITDA margin to decline 13 bps YOY to 43.4% in 2025. Furthermore, finance and other income are expected to increase significantly from AED 2,733 Mn in 2024 to AED 9,093 Mn in 2025, whereas finance and other costs are projected to decline 16.7% YOY to AED 4,339 Mn in 2025. Tax charges are estimated to rise 67.7% YOY to AED 2,879 Mn in 2025. The share of profit attributable to non-controlling interest holders is expected to stand at AED 1,468 Mn in 2025, compared to a loss of AED 169 Mn in 2024.

2Q25 outturn

e&'s total revenue surged 28.1% YOY to AED 18.0 Bn in 2Q25, owing to solid growth in all verticals, along with the acquisition of PPF telecom. Additionally, the revenue expanded 10.4% YOY on a LFL basis in reported currency and 9.0% in constant currency during 2Q25. The revenue growth is driven by robust performance across both domestic and international telecom operations, as well as the expansion of the Company's digital verticals. e& UAE revenue increased 5.0% YOY to AED 8.6 Bn in 2Q25, driven by higher mobile and other revenue. The increase is driven by an expanding subscriber base and an emphasis on the postpaid segment with attractive product options, supplemented by an increase in wholesale revenues, stronger contributions from international and visitor roaming. Moreover, the e& international revenue rose from AED 5.0 Bn in 2Q24 to AED 8.0 Bn in 2Q25, driven by the acquisition of PPF telecom, strong growth performance in Egypt & Pakistan and appreciation of the Moroccan Dirham. Excluding e& PPF telecom, in constant currency, the international segment revenue increased 8.3% YOY in 2Q25. Maroc Telecom Group's revenue increased 7.7% YOY to AED 3.5 Bn in 2Q25. In terms of local currency, revenue declined marginally, owing to a slowdown in mobile business, partially offset by solid performance from Moov Africa Subsidiaries due to higher mobile data, mobile money, and fixed data revenue. Furthermore, e& Egypt's revenue surged 33.5% YOY to AED 1.1 Bn and 40.4% in constant currency terms for 2Q25, fueled by new additions in subscribers, increased consumption and elevated prices. Reported revenue from PTCL Group increased 11.5% YOY to AED 0.8 Bn in 2Q25. The growth is primarily driven by an increased mobile customer base. Additionally, Etisalat Afghanistan's revenue remained stable to AED 187 Mn in 2Q25, compared to 2Q24. e& PPF Telecom's revenue stood at AED 2.5 Bn in 2Q25. Moving ahead, the revenue from e& Enterprise expanded 38.9% YOY to AED 899 Mn in 2Q25, due to an increase in cybersecurity, cloud services and IoT. E& Life's revenue grew from AED 510 Mn in 2Q24 to AED 623 Mn in 2Q25, mainly by expansion of Careem Technologies operating activity and increased fintech revenue. The Company's operating expenses grew 35.8% YOY to AED 12.3 Bn in 2Q25, primarily through the consolidation of e& PPF Telecom, rising interconnection costs due to higher wholesale revenues and higher costs associated with inflation across various expense categories. Total impairment loss on trade receivables and other assets increased 28.4% YOY to AED 266 Mn in 2Q25. The share of profits from associates and joint ventures rose from AED 691 Mn in 2Q24 to AED 841 Mn in 2Q25. e&'s federal royalty declined 15.3% YOY to AED 1.2 Bn in 2Q25. Thus, the Company's operating profit increased 24.6% YOY to AED 5.2 Bn in 2Q25. Total EBITDA surged 22.2% YOY to AED 8.0 Bn in 2Q25, while the EBITDA margin shrank 212 bps YOY to 44.5% in 2Q25. Etisalat's UAE EBITDA increased marginally by 1.5% YOY to AED 4.3 Bn in 2Q25, while e& International EBITDA rose from AED 2.3 Bn in 2Q24 to AED 3.7 Bn in 2Q25 due to the acquisition of e& PPF Telecom. EBITDA for e& Enterprises grew 38.1% YOY to AED 63 Mn in 2Q25, while the e& Life reported a negative EBITDA of AED 182 Mn in 2Q25 compared to negative AED 210 Mn in 2Q24, driven by the expansion of Careem Technologies & fintech operations. Finance and other income increased from AED 559 Mn in 2Q24 to AED 1.7 Bn in 2Q25. Conversely, finance and other costs declined 33.5% YOY to AED 1.4 Bn in 2Q25. The Company recorded an income tax expense of AED 1.1 Bn in 2Q25 compared to a tax reversal of AED 71 Mn in 2Q24. Share of profit to NCI stood at AED 832 Mn in 2Q25, compared to a contribution in loss of AED 507 Mn in 2Q24.

Target price and recommendation

We maintain our BUY rating on e& with a target price of AED 22.00. The Company's top line surged in 2Q25, driven by the strong performance of the telecom and digital verticals, along with the consolidation of e& PPF Telecom. In constant currency terms, the revenue rose 8.5% YOY on an LFL basis for 1H25. e& reported robust subscriber growth in 2Q25, with the total base rising 13.1% YOY to 198 Mn, supported by strong additions across both UAE and international markets. e& UAE subscribers grew 6.3% YOY to 15.5 Mn, driven by a 7.2% YOY rise in mobile customers. Within mobile, postpaid subscribers increased 8.9%, while prepaid rose 6.6%, supported by targeted offerings and value-driven plans. Blended mobile ARPU in the UAE was stable at AED 76. International subscribers rose 13.7% YOY to 182.5 Mn. Growth was led by Egypt, where the base exceeded 40 Mn (11.8% YOY growth), and Pakistan, which reached 28.8 Mn (2.6% YOY growth). The consistent subscriber gains and steady ARPU underline e&'s ability to drive scale while maintaining monetization across its diversified footprint. e& introduced its 5G network slicing product for business customers to fulfil the current and future industry demands across the public and private sector. e& enterprise has expanded its strategic partnership with Microsoft to co-develop and deploy next-generation artificial intelligence solutions, accelerating AI adoption across priority markets in the MENAT region, including the UAE, Saudi Arabia, Egypt, Turkey and Qatar. The partnership is expected to deliver sector-specific AI and data-driven tools that address the unique needs of each market. Furthermore, the Company announced a partnership with Infobip to improve its customer relationship and experience with the launch of the new Customer Engagement Hub. The strategic disinvestment in Khazna and partial divestment of Airalo in 1H25 is expected to improve financial flexibility. Furthermore, the Company total debt reduced from AED 69.2 Mn in 4Q24 to AED 65.4 Mn in 2Q25 with c. 63% of the outstanding debt due beyond the next 12 months. Moreover, the net debt to EBITDA ratio stood at 1.19x in 2Q25 primarily due to a cash balance of AED 30.9 Bn due to payment of dividend and federal royalty for 2024. e& reported a 52.1% YOY increase in CAPEX to AED 2.7 Bn in 2Q25, driven by higher spending in the UAE, consolidation of e& PPF Telecom, and license renewals in key markets. Excluding spectrum and licenses, CAPEX stood at AED 2.5 Bn, with a 13.8% intensity ratio in 2Q25, below 2025 guidance. Investments focused on 5G rollout, network expansion, and digital infrastructure, reinforcing e&'s commitment to long-term growth and technology leadership. e& announced a dividend of AED 0.43 per share with a dividend payout ratio of 59.9% in 1H25. The Company guided Revenue growth of 17-20%, EBITDA margin of 43% and Capex/Intensity (excl. spectrum and license fee) of ~16% for 2025. e&'s EBITDA margin moderated from 46.6% in 2Q24 to 44.5% in 2Q25 due to a change in revenue mix. Etisalat's recent acquisitions align with its strategic goals but also add operational complexity and FX/regulatory risks. However, diversification into tech is expected to generate solid returns in the medium term, with resilient performance expected from e& Life and e& Enterprise. Thus, considering the above-mentioned factors, we maintain our BUY rating on the stock.

Etisalat - Relative valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
P/E (x)	17.63	17.08	15.90	15.44	14.80	10.72
P/B (x)	3.25	3.34	3.77	3.73	3.49	2.98
EV / EBITDA	6.28	6.22	6.95	7.21	7.25	6.57
BVPS	5.638	5.472	4.860	4.905	5.239	6.146
EPS	1.038	1.071	1.151	1.185	1.236	1.707
DPS	1.200	0.800	0.800	0.800	0.830	0.860
Dividend yield	6.5%	4.3%	4.3%	4.3%	4.5%	4.7%

FABS estimate and Co Data

Etisalat - P&L

AED Mn	3Q24	2Q25	3Q25F	YOY	QOQ	2024	2025F	Change
Revenue	14,424	18,046	18,143	25.8%	0.5%	59,203	71,167	20.2%
Operating expenses	-9,542	-12,279	-12,903	35.2%	5.1%	-39,479	-49,505	25.4%
Impairment	-225	-266	-270	20.0%	1.7%	-2,138	-2,263	5.9%
Share of results of associates and JVs	451	841	508	12.7%	-39.6%	2,475	1,850	-25.3%
Operating profit before federal royalty	**5,107**	**6,342**	**5,478**	**7.3%**	**-13.6%**	**20,061**	**21,249**	**5.9%**
Federal royalty	-1,276	-1,189	-1,179	-7.6%	-0.9%	-5,282	-6,809	28.9%
Operating profit	**3,831**	**5,152**	**4,298**	**12.2%**	**-16.6%**	**14,779**	**14,440**	**-2.3%**
EBITDA	**6,488**	**8,034**	**7,855**	**21.1%**	**-2.2%**	**26,454**	**30,867**	**16.7%**
Finance and other income	561	1,669	1,035	84.5%	-38.0%	2,733	9,093	NM
Finance and other costs	-700	-1,401	-1,118	59.7%	-20.2%	-5,212	-4,339	-16.7%
Profit before tax	**3,692**	**5,420**	**4,215**	**14.2%**	**-22.2%**	**12,300**	**19,194**	**56.1%**
Income tax expenses	-592	-1,116	-632	6.9%	-43.4%	-1,717	-2,879	67.7%
Profit for the period	**3,100**	**4,304**	**3,583**	**15.6%**	**-16.8%**	**10,583**	**16,315**	**54.2%**
Non-controlling interests	138	832	197	43.0%	-76.3%	-169	1,468	NM
Net Profit Attributable to Owners	**2,963**	**3,472**	**3,386**	**14.3%**	**-2.5%**	**10,752**	**14,847**	**38.1%**

FABS estimate & Co Data

Etisalat - Margins

	3Q24	2Q25	3Q25F	YOY	QOQ	2024	2025F	Change
Operating Profit	26.6%	28.6%	23.7%	-287	-486	25.0%	20.3%	-47
EBITDA	45.0%	44.5%	43.3%	-169	-123	44.7%	43.4%	-13
Net Profit	20.5%	19.2%	18.7%	-188	-58	18.2%	20.9%	27

FABS estimate & Co Data

3Q25 preview: Etihad Etisalat Company (Mobily)

Rise in activation and subscription fees expected to Uplift revenue

Current Price	12-m Target Price	Upside/Downside (%)	Rating
SAR 64.80	SAR 66.50	+2.6%	HOLD

3Q25 estimate

Etihad Etisalat (Mobily/the Company) is forecasted to report 3.1% YOY decline in net profit to SAR 803 Mn in 3Q25, owing to the anticipated contraction in gross margins and increase in operating expenses along with D&A charge coupled with expected decline in share in profit of associates, partially offset by expected increase in services revenue and other income, finance income and decrease in zakat expenses. Mobily's services revenue is expected to grow 8.4% YOY to SAR 4,875 Mn in 3Q25, owing to an anticipated increase in revenue across all the segments. Cost of services is projected to grow 14.3% YOY to SAR 2,209 Mn in 3Q25. Resultantly, gross profit is expected to rise 3.9% YOY to SAR 2,667 Mn in 3Q25. We expect gross margins to experience contraction from 57.0% in 3Q24 to 54.7% in 3Q25. Selling and marketing expense are forecasted to increase 4.5% YOY to SAR 334 Mn in 3Q25, while G&A expenses are estimated to rise 27.4% YOY to SAR 449 Mn in 3Q25. The Company's D&A expense is predicted to grow 4.3% YOY to SAR 924 Mn and impairments loss on account receivables is anticipated to grow marginally 1.7% YOY to SAR 49 Mn in 3Q25. As a result, operating profit is likely to fall 5.1% YOY to SAR 911 Mn in 3Q25. Operating profit margin is expected to decrease from 21.3% in 3Q24 to 18.7% in 3Q25. Mobily's EBITDA is anticipated to decline marginally 0.6% YOY to SAR 1,835 Mn, whereas its EBITDA margin is expected to fall 340 bps YOY to 37.6% in 3Q25. Furthermore, the Company's other income is anticipated to increase from SAR 9 Mn in 3Q24 to SAR 25 Mn in 3Q25. The Company's finance expenses are predicted to remain flat at SAR 167 Mn in 3Q25 compared to 3Q24. While finance income is projected to increase from SAR 38 Mn in 3Q24 to SAR 56 Mn in 3Q25. Zakat expense is forecasted to fall 24.2% YOY to SAR 22 Mn in 3Q25.

2025 forecast

Mobily is expected to record a 5.5% YOY growth in net profit to SAR 3,278 Mn in 2025, driven by an expected rise in services revenue, decline in impairment loss on accounts receivable, rise in other income, share in profit of an associate, and finance income, partially offset by anticipated rise in cost of services, operating expenses, finance expenses, and zakat expenses. Mobily's service revenue is anticipated to grow 7.0% YOY to SAR 19,480 Mn in 2025, attributed to forecasted healthy growth across all the business segments. The Company's cost of services is projected to increase 7.2% YOY to SAR 8,912 Mn in 2025. Thus, gross profit is likely to expand 6.8% YOY to SAR 10,568 Mn in 2025. Gross margin is expected to contract marginally by 9 bps YOY to 54.3% in 2025. Selling and marketing expenses are forecasted to rise 5.6% YOY to SAR 1,420 Mn in 2025, whereas G&A expenses are expected to increase 38.3% YOY to SAR 1,672 Mn in 2025. The Company's depreciation and amortization expense is projected to rise marginally 0.9% YOY to SAR 3,697 Mn, while impairment losses on accounts receivable is anticipated to decline from SAR 146 Mn in 2024 to SAR 127 Mn in 2025. As a result, Mobily's operating profit is likely to rise 3.4% YOY to SAR 3,652 Mn in 2025. However, operating profit margin is expected to decline 64 bps YOY to 18.7% in 2025. Moreover, the Company's EBITDA is expected to grow 2.2% YOY to SAR 7,349 Mn in 2025. Whereas, EBITDA margin is expected to fall 179 bps YOY to 37.7% in 2025. The Company is expected to record other income of SAR 78 Mn in 2025 compared to SAR 59 Mn in 2024. Share in profit of an associate is projected to increase significantly from SAR 44 Mn in 2024 to SAR 106 Mn in 2025. The Company's finance expense is projected to grow 9.5% YOY to SAR 674 Mn in 2025.Finance income is anticipated to expand 20.1% YOY to SAR 210 Mn in 2025. In addition, zakat expense is predicted to rise 9.1% YOY to SAR 94 Mn in 2025.

2Q25 outturn

Mobily's service revenue rose 8.1% YOY to SAR 4,828 Mn in 2Q25, driven by growth in all revenue segments along with expansion of the overall subscriber base. The Company's consumer segment expanded 6.1% YOY to SAR 3,012 Mn in 2Q25. While Business segment grew 8.0% YOY to SAR 1,130 Mn in 2Q25. The Company's Wholesale segment boosted 17.9% YOY to SAR 566 Mn in 2Q25. Additionally, outsourcing segment expanded 18.4% YOY to SAR 120 Mn in 2Q25. The Company's cost of services increased 5.7% YOY to SAR 2,206 Mn in 2Q25. As a result, Mobily's gross profit rose 10.3% YOY to SAR 2,623 Mn. Additionally, the gross profit margin expanded from 53.3% in 2Q24 to 54.3% in 2Q25. Selling and marketing expenses increased 2.6% YOY to SAR 361 Mn, while general & administrative expenses grew 28.9% YOY to SAR 425 Mn in 2Q25. Likewise, depreciation & amortisation expenses increased 4.6% YOY to SAR 932 Mn in 2Q25. While, impairment loss on accounts receivable declined from SAR 46 Mn in 2Q24 to 14 Mn in 2Q25. Hence, Mobily's operating profit rose 17.4% YOY to SAR 891 Mn in 2Q25, whereases operating profit margin expanded from 17.0% in 2Q24 to 18.5% in 2Q25. The Company's EBITDA grew from SAR 1,650 Mn in 2Q24 to SAR 1,823 Mn in 2Q25 and the EBITDA margin expanded 80 bps YOY 37.8% in 2Q25 due to revenue growth and operational efficiency. The Company is expected to record other income of SAR 78 Mn in 2025 compared to SAR 59 Mn in 2024. Share in profit of an associate is projected to increase significantly from SAR 44 Mn in 2024 to SAR 106 Mn in 2025. The Company's finance expense is projected to grow 9.5% YOY to SAR 674 Mn in 2025.Finance income is anticipated to expand 20.1% YOY to SAR 210 Mn in 2025. Furthermore, the Company's zakat charges fell from SAR 29 Mn in 2Q24 to SAR 23 Mn in 2Q25. As a result, net profit rose 25.5% YOY to SAR 830 Mn in 2Q25.

Target price and recommendation

We revised our rating from BUY to HOLD on Mobily with an unchanged target price of SAR 66.50. The stock price has increased by 19.1% since our last rating. Mobily's revenue grew 8.1% YOY to SAR 4.8 Bn in 2Q25, driven by the expansion of the overall customer base. The mobile subscriber base experienced 5.0% YOY growth to 12.8 Mn subscribers in 2Q25, consisting of 10.8 Mn prepaid subscribers and 2.0 Mn postpaid subscribers. However, the FTTH subscriber base reduced from 298K in 2Q24 to 289K in 2Q25. Furthermore, the Company expects the revenue to grow by mid to high single digits in 2025 and the EBITDA margin to range between 37.0% to 38.0%. Mobily's CAPEX reached SAR 2.7 Bn in 1H25, primarily directed towards strengthening infrastructure, advancing frequency spectrum capabilities, and accelerating the expansion of its 5G network. Mobily continues to reinforce its leadership in the TMT sector through innovative digital solutions that align with evolving customer expectations. In 2025, the Company played an important role in enabling seamless connectivity during the Hajj season, ensuring a reliable and fully integrated experience for pilgrims through advanced infrastructure and exceptional network performance. Mobily's robust financial and operational results reflect strong revenue growth and rising EBITDA and net income. The Business segment strengthened its digital infrastructure by launching two new data centres to meet increasing demand. Additionally, the Company broadened its ICT partnerships to provide a comprehensive end-to-end B2B solution. Furthermore, to boost revenue, the Company signed major long-term contracts with the government and strategic organisations. In the Consumer segment, Mobily enhanced user experiences through strategic partnerships and loyalty program initiatives. The Company reinforced its Wholesale segment by entering strategic agreements and MoUs to broaden global partnerships and deliver advanced communication services. The Company distributed a cash dividend of SAR 1.20 per share for 1H25, accounting to a total dividend of SAR 924 Mn. The expanding customer base with investment in digital infrastructure is expected to benefit the Company's top line in the near term. Thus, based on our analysis, we assign a HOLD rating on the stock.

Mobily – Relative Valuation

(At CMP)	**2020**	**2021**	**2022**	**2023**	**2024**	**2025F**
P/E (x)	65.42	47.82	30.93	22.96	16.49	15.63
P/B (x)	3.55	3.37	3.13	2.91	2.71	2.50
EV / EBITDA	11.55	10.76	9.39	8.42	7.54	7.33
BVPS	18.760	19.735	21.245	22.887	24.514	26.571
EPS	1.017	1.392	2.152	2.899	4.035	4.257
DPS	0.500	0.850	1.150	1.450	2.200	2.450
Dividend yield	0.8%	1.3%	1.8%	2.2%	3.4%	3.8%

FABS Estimates & Co Data

Mobily - P&L

SAR mm	**3Q24**	**2Q25**	**3Q25F**	**YOY Ch**	**QOQ Ch**	**2024**	**2025F**	**Change**
Services revenues	4,499	4,828	4,875	8.4%	1.0%	18,206	19,480	7.0%
Cost of services	-1,933	-2,206	-2,209	14.3%	0.1%	-8,312	-8,912	7.2%
Gross profit	**2,566**	**2,623**	**2,667**	**3.9%**	**1.7%**	**9,894**	**10,568**	**6.8%**
Selling and marketing expenses	-320	-361	-334	4.5%	-7.5%	-1,344	-1,420	5.6%
General & administrative expenses	-352	-425	-449	27.4%	5.6%	-1,209	-1,672	38.3%
Operating expenses	**-672**	**-786**	**-783**	**16.5%**	**-0.4%**	**-2,553**	**-3,092**	**21.1%**
Depreciation and amortisation	-886	-932	-924	4.3%	-0.8%	-3,664	-3,697	0.9%
Impairment loss on acc receivable	-48	-14	-49	1.7%	251.1%	-146	-127	-13.5%
Operating Profit	**960**	**891**	**911**	**-5.1%**	**2.2%**	**3,530**	**3,652**	**3.4%**
EBITDA	**1,846**	**1,823**	**1,835**	**-0.6%**	**0.7%**	**7,195**	**7,349**	**2.2%**
Other income	9	22	25	179.9%	15.3%	59	78	31.1%
Company's share in loss of an asso.	17	61	0	NM	NM	44	106	142.8%
Finance expenses	-167	-171	-167	0.3%	-2.3%	-615	-674	9.5%
Finance income	38	49	56	45.5%	13.1%	175	210	20.1%
Profit before zakat	**858**	**853**	**825**	**-3.9%**	**-3.3%**	**3,193**	**3,372**	**5.6%**
Zakat	-29	-23	-22	-24.2%	-1.9%	-86	-94	9.1%
Profit attributable	**829**	**830**	**803**	**-3.1%**	**-3.3%**	**3,107**	**3,278**	**5.5%**

FABS estimate & Co Data

Mobily - Margins

	3Q24	**2Q25**	**3Q25F**	**YOY**	**QOQ Ch**	**2024**	**2025F**	**Change**
Gross profit	57.0%	54.3%	54.7%	-234	39	54.3%	54.3%	-9
EBITDA	41.0%	37.8%	37.6%	-340	-11	39.5%	37.7%	-179
Operating profit	21.3%	18.5%	18.7%	-266	23	19.4%	18.7%	-64
Net profit	18.4%	17.2%	16.5%	-196	-73	17.1%	16.8%	-24

FABS estimate & Co Data

3Q25 preview: Saudi Telecom Company (STC)

Expanding subscriber base in KSA region to support revenue grow

Current Price	12-m Target Price	Upside/Downside (%)	Rating
SAR 43.34	SAR 50.00	+15.4%	BUY

3Q25 Estimate

Saudi Telecom Company (STC) is expected to report a 12.5% YOY decline in net profit to SAR 4,061 Mn in 3Q25. The decrease in net profit is expected to be mainly attributed to the absence of profit from discontinued operations, coupled with an expected increase in direct costs, operating expenses, depreciation expenses, financial charges, zakat expenses and NCI coupled with contraction in gross margins, partially offset by anticipated higher revenue. STC's revenue is expected to grow 5.9% YOY to SAR 19,739 Mn in 3Q25, driven by expected rise in revenue almost all of its segments, expect other revenue segment. However, the Company's direct cost is also expected to increase 12.5% YOY to SAR 9,277 Mn in 3Q25. Thus, gross profit is estimated to marginally increase 0.6% YOY to SAR 10,462 Mn in 3Q25. We expect the gross margins to decline from 55.8% in 3Q24 to 53.0% in 3Q25. STC's selling and overhead expenses are anticipated to fall marginally 0.2% YOY to SAR 1,934 Mn in 3Q25, and G&A expenses are anticipated to rise 3.9% YOY to SAR 1,737 Mn in 3Q25. Thus, operating expenses are expected to increase 1.7% YOY to SAR 3,671 Mn in 3Q25. STC's EBITDA is anticipated to rise marginally 0.1% YOY to SAR 6,790 Mn in 3Q25, primarily due to muted growth expected in gross profit. Similarly, EBITDA margin is expected to decrease from 36.4% in 3Q24 to 34.4% in 3Q25. Depreciation and amortisation expenses are expected to grow 5.9% YOY to SAR 2,517 Mn in 3Q25. As a result, operating profit is likely to fall 3.1% YOY to SAR 4,273 Mn in 3Q25. Operating profit margin is anticipated to decline from 23.7% in 3Q24 to 21.6% in 3Q25. The Company is expected to report other income of SAR 41 Mn in 3Q25 compared to other expenses of SAR 47 Mn in 3Q24. Finance income is anticipated to increase 3.9% YOY to SAR 433 Mn in 3Q25. Finance charges are forecasted to grow 10.2% YOY to SAR 304 Mn in 3Q25. Zakat expense is anticipated to grow from SAR 177 Mn in 3Q24 to SAR 311 Mn in 3Q25. Share to NCI is also expected to grow marginally 0.9% YOY to SAR 70 Mn in 3Q25. The Company is not expected to record any profit from discontinued operation in 3Q25 compared to AED 385 in 3Q24.

2025 Forecast

Saudi Telecom Company's net profit is expected to decline 42.4% YOY to SAR 14,230 Mn in 2025, primarily due to absence of profit from discontinued operations, along with forecasted increase in direct cost, operating expenses, depreciation expenses, and lower finance income, partially offset by an increase in revenue, lower financial charges, and zakat expenses. STC's revenue is estimated to grow 2.9% YOY to SAR 78,132 Mn in 2025, driven by expected increase in revenue in all segments. On the other hand, direct cost is anticipated to increase 3.2% YOY to SAR 39,847 Mn in 2025. As a result, gross profit is likely to grow 2.6% YOY to SAR 38,284 Mn in 2025. While gross profit margin is expected to decline 15 bps YOY to 49.0% in 2025. STC's selling and overhead expenses are expected to grow 2.9% YOY to SAR 6,755 Mn in 2025. G&A expenses are anticipated to increase 2.1% YOY to SAR 6,954 Mn in 2025. As a result, operating expenses are estimated to grow 2.5% YOY to SAR 13,709 Mn in 2025. Thus, EBITDA is forecasted to grow 2.7% YOY to SAR 24,575 Mn in 2025. EBITDA margins are expected to decline 7 bps YOY to 31.5% in 2025. D&A expenses are expected to rise 6.0% YOY to SAR 10,069 Mn in 2025. Operating profit is anticipated to increase marginally 0.6% YOY to SAR 14,507 Mn in 2025. Whereas operating profit margin is expected to fall 44 bps YOY to 18.6% in 2025. Furthermore, other expenses are expected to decline from SAR 2,775 Mn in 2024 to SAR 234 Mn in 2025. Finance income is estimated to decline 2.4% YOY to SAR 1,677 Mn in 2025, whereas finance cost is expected to decline 5.8% YOY to SAR 1,163 Mn in 2025. Zakat expenses are anticipated to decline significantly from SAR 1,192 Mn in 2024 to SAR 296 Mn in 2025. The profit share attributable to non-controlling interest holders is expected to rise 14.6% YOY to SAR 261 Mn in 2025. The Company is not expected to record any profit from discontinued operation in 2025 compared to AED 13,973 Mn in 2024.

2Q25 Outturn

STC's total revenue grew 2.6% YOY to SAR 19,451 Mn in 2Q25, supported by strong growth in customer base in KSA. STC KSA revenue grew 1.7% YOY to SAR 12,667 Mn in 2Q25 with a 5.7% YOY growth in mobile subscribers to SAR 28.93 Mn, due to prepaid, postpaid and M2M and 5.6% YOY growth in fixed subscribers to 5.98 Mn in 2Q25. STC Kuwait's revenue rose 5.5% YOY to SAR 1,074 Mn in 2Q25. However, mobile subscribers in Kuwait declined 3.2% YOY to 2.23 Mn in 2Q25, driven by the implementation of an improved credit policy and enhanced customer onboarding process. STC Bahrain witnessed a 6.1% YOY growth in revenue to SAR 503 Mn in 2Q25, supported by a strategic focus on postpaid services and enhancement of ARPU. Revenue from Channel segment declined 4.2% YOY to SAR 3,686 Mn in 2Q25. Whereas revenue from Solution segment grew 4.7% YOY to SAR 2,902 Mn in 2Q25. STC' Bank revenue rose 24.1% YOY to SAR 377 Mn in 2Q25. Revenue from Sirar grew 36.8% YOY to SAR 177 Mn in 2Q25. Revenue from specialized segment increased 19.0% YOY to SAR 103 Mn in 2Q25. Revenue from Other operating segment decline from SAR 162 Mn in 2Q24 to SAR 22 Mn in 2Q25. Center 3 revenue marginally increased by 1.3% YOY to SAR 494 Mn in 2Q25. IoT revenue increase from SAR 48 Mn in 2Q24 to SAR 74 Mn in 2Q25. While revenue from SCCC increased 32.1% YOY to SAR 49 Mn in 2Q25. Eliminations declined 6.6% YOY to SAR 2,676 Mn in 2Q25. The Company's direct costs declined 2.3% YOY to SAR 9,891 Mn in 2Q25, which led to an increase in gross profit by 8.2% YOY to SAR 9,560 Mn in 2Q25. Gross profit margin grew from 46.6% in 2Q24 to 49.1% in 2Q25. The Company's operating expenses increased 10.5% YOY to SAR 3,391 Mn in 2Q25, impacted by growth in S&M expenses and G&A expenses. S&M expenses expanded 13.2% YOY to SAR 1,704 Mn, and G&A expenses grew 7.9% YOY to SAR 1,687 Mn in 2Q25. As a result, EBITDA rose 7.0% YOY to SAR 6,168 Mn in 2Q25, while EBITDA margin expanded 129 bps YOY to 31.7% in 2Q25. D&A expenses grew 14.1% YOY to SAR 2,545 Mn in 2Q25. Thus, operating income increased 2.6% YOY to SAR 3,624 Mn in 2Q25. Moreover, the operating profit margin remained constant at 18.6% in 2Q25 compared to 2Q24. Other expenses declined significantly from SAR 131 Mn in 2Q24 to SAR 4 Mn in 2Q25. STC's finance income fell 23.4% YOY to SAR 331 Mn, while finance charges declined 27.6% YOY to SAR 261 Mn in 2Q25. The Company recorded a zakat reversal of SAR 216 Mn in 2Q25, compared to tax expenses of SAR 278 Mn in 2Q24, due to the release of Zakat provisions from previous years that were no longer required following the conclusion of historical tax assessments. The Company's NCI declined marginally 0.7% YOY to SAR 82 Mn in 2Q25.

Target price and recommendation

We maintain our BUY rating on Saudi Telecom Company with a target price of SAR 50.0. STC reported 15.7% YOY growth in net profit in 2Q25, driven by strong growth in customer base in KSA and improved operational efficiency, reflecting the company's strong market presence and sustained competitiveness within the telecommunications sector. The Company's KSA region's mobile subscriber expanded 5.7% YOY to 28.93 Mn and fixed subscriber to 5.56% YOY to 5.98 Mn in 2Q25. Furthermore, the Company continued to hold a leading position in the ICT, consumer, and business segments, primarily supported by its sustained investments in digital infrastructure over the past year. To strengthen its digital infrastructure, STC entered into multiple contracts in 2Q25. The Company formed a multi-year strategic partnership with Kyndryl, a global leader in IT infrastructure, to develop and implement an advanced Multicloud Management Platform strategy. Additionally, STC entered into a strategic partnership with Singtel Group to collaborate on digital platforms, talent development, subsea cable expansion, and IoT solutions. Moreover, the Company signed a partnership agreement with Oracle, valued at over SAR 2 Bn, to accelerate digital transformation across the Kingdom. STC's cost-efficiency program and transformational initiatives have strengthened operational efficiency and profitability, with further benefits anticipated through the remainder of the year and till 2026. To diversify its product portfolio, STC Bank plans to launch lending products in 2H25. STC's network recorded a 64% YOY increase in data usage and a 129% YOY surge in 5G traffic in Muzdalifah, which underpins the Company's robust network capabilities, scalability, and ongoing investments in infrastructure to support rising demand. STC's 5G network now covers over 9,500 sites across KSA and became the first operator in the region to commercially activate the low-frequency 600 MHz (N71) band, significantly enhancing coverage and signal penetration, especially in remote areas. Moreover, in line with its new dividend policy, the Company distributed a dividend of SAR 0.55 per share for 2Q25, totalling SAR 2,744.4 Mn. Thus, based on the factors mentioned above, we maintain our BUY rating on the stock.

STC – Relative Valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
P/E (x)	19.20	18.66	17.35	15.88	8.55	14.84
P/B (x)	3.30	3.05	2.87	2.67	2.36	2.55
EV/EBITDA	9.14	9.03	7.91	9.24	8.55	8.69
BVPS	12.789	13.854	14.700	15.797	17.883	16.541
EPS	2.199	2.262	2.434	2.659	4.938	2.846
DPS	2.000	1.600	1.600	2.600[1]	3.750[2]	2.200
Dividend yield	4.6%	3.7%	3.7%	6.0%	8.7%	5.1%

FABS Estimates & Co Data, [1]DPS for 2023 includes a special dividend of SAR 1 per share, [2]DPS for 2024 consists of a special dividend of SAR 2 per share

STC - P&L

SAR Mn	3Q24	2Q25	3Q25F	YOY Ch	QOQ Ch	2024	2025F	YOY Ch
Sales	18,643	19,451	19,739	5.9%	1.5%	75,893	78,132	2.9%
Direct costs	-8,247	-9,891	-9,277	12.5%	-6.2%	-38,593	-39,847	3.2%
Gross profit	**10,395**	**9,560**	**10,462**	**0.6%**	**9.4%**	**37,300**	**38,284**	**2.6%**
Selling & overhead exp	-1,937	-1,704	-1,934	-0.2%	13.5%	-6,562	-6,755	2.9%
General & Admin Exp.	-1,672	-1,687	-1,737	3.9%	3.0%	-6,813	-6,954	2.1%
Operating expenses	-3,610	-3,391	-3,671	1.7%	8.3%	-13,375	-13,709	2.5%
EBITDA	**6,786**	**6,168**	**6,790**	**0.1%**	**10.1%**	**23,926**	**24,575**	**2.7%**
Depreciation & Amortization	-2,376	-2,545	-2,517	5.9%	-1.1%	-9,500	-10,069	6.0%
EBIT	**4,410**	**3,624**	**4,273**	**-3.1%**	**17.9%**	**14,426**	**14,507**	**0.6%**
Other inc./(exp.)	-47	-4	41	NM	NM	-2,775	-234	-91.6%
Finance Income	417	331	433	3.9%	30.8%	1,718	1,677	-2.4%
Financial charges	-276	-261	-304	10.2%	16.5%	-1,234	-1,163	-5.8%
Profit before zakat	**4,504**	**3,690**	**4,443**	**-1.4%**	**20.4%**	**12,134**	**14,786**	**21.9%**
Zakat	-177	216	-311	76.1%	NM	-1,192	-296	-75.2%
Profit before NCI	**4,327**	**3,905**	**4,132**	**-4.5%**	**5.8%**	**10,943**	**14,491**	**32.4%**
Profit from disc oper	385	0	0	NM	NM	13,973	0	NM
NCI	70	82	70	0.9%	-14.2%	228	261	14.6%
Profit attributable	**4,643**	**3,823**	**4,061**	**-12.5%**	**6.2%**	**24,689**	**14,230**	**-42.4%**

FABS estimate & Co Data

STC- Margins

	3Q24	2Q25	3Q25F	YOY Ch	QOQ Ch	2024	2025F	YOY Ch
Gross profit	55.8%	49.1%	53.0%	-276	385	49.1%	49.0%	-15
EBITDA	36.4%	31.7%	34.4%	-200	269	31.5%	31.5%	-7
Operating profit	23.7%	18.6%	21.6%	-201	302	19.0%	18.6%	-44
Net profit	24.9%	19.7%	20.6%	-433	92	32.5%	18.2%	NM

FABS estimate & Co Data

3Q25 preview: Telecom Egypt (ETEL)

Strong data and retail momentum along with 5G rollout to drive topline growth

Current Price	12-m Target Price	Upside/Downside (%)	Rating
EGP 48.50	EGP 57.00	+17.5%	BUY

3Q25 Estimate

Telecom Egypt (ETEL/the Company) net profit is expected to be more than doubled from EGP 2,126 Mn in 3Q24 to EGP 4,620 Mn in 3Q25, driven by an expected rise in operating revenue, income from associates and decline in net finance costs partially offset by an anticipated increase in operating cost, selling & overhead expenses, income tax charge, and other expenses. Telecom Egypt's revenue is expected to surge 23.9% YOY to EGP 25,374 Mn in 3Q25 due to strong growth anticipated across retail and Wholesale segments. On the other hand, the Company's operating cost is estimated to increase 23.2% YOY to EGP 15,883 Mn in 3Q25. Thus, the gross profit is likely to grow 25.0% YOY to EGP 9,491 Mn in 3Q25. Telecom Egypt's selling and overhead expenses are expected to increase 19.4% YOY to EGP 3,933 Mn in 3Q25. The Company is expected to incur a loss in net operating revenue of EGP 186 Mn in 3Q25 compared to a profit of EGP 120 Mn in 3Q24. As a result, operating profit is estimated to grow 21.6% YOY to EGP 5,372 Mn in 3Q25. However, operating profit margin is expected to decline by 40 bps YOY to 21.2% in 3Q25. Telecom Egypt 's EBITDA is expected to increase 16.1% YOY to EGP 9,329 Mn in 3Q25. While EBITDA margin is anticipated to fall from 39.2% in 3Q24 to 36.8% in 3Q25. Additionally, the income from associates is expected to increase from EGP 2,354 Mn in 3Q24 to EGP 3,580 Mn in 3Q25. The Company's net finance cost is projected to decline 31.0% YOY to EGP 2,863 Mn in 3Q25. Additionally, ETEL's tax expense is estimated to grow significantly to EGP 1,461 Mn in 3Q25 from EGP 489 Mn in 3Q24. Furthermore, non-controlling interest is predicted to rise 29.7% YOY to EGP 7 Mn 3Q25.

2025 Forecast

We forecast Telecom Egypt's net profit to increase from EGP 10,098 Mn in 2024 to EGP 18,432 Mn in 2025, owing to an expected increase in operating revenue, income from associates, and decrease in net finance cost, partially offset by anticipated growth in operating cost, selling & overhead expenses, income tax expenses and loss in net operating revenue. The Company's revenue is expected to grow 22.7% YOY to EGP 100,695 Mn in 2025, driven by strong growth in the Retail and Wholesale segments. On the other hand, operating cost is estimated to increase 19.9% YOY to EGP 61,424 Mn in 2025. Thus, gross profit is projected to grow 27.5% YOY to EGP 39,271 Mn in 2025. Gross margin is also expected to expand 146 bps YOY to 39.0% in 2025. Selling and overhead expenses are estimated to rise 17.7% YOY to EGP 15,104 Mn in 2025. The Company is expected to incur loss on other operating revenue of EGP 906 Mn in 2025 compared to EGP 301 Mn in 2024. As a result, Telecom Egypt's operating profit is expected to grow 31.7% YOY to EGP 23,261 Mn in 2025. Moreover, operating profit margin is expected to increase 158 bps to 23.1% in 2025. The Company's EBITDA is anticipated to increase 18.5% YOY to EGP 39,056 Mn in 2025. Whereas EBITDA margin is predicted to fall 138 bps YOY to 38.8% in 2025. Furthermore, income from associates is predicted to increase 55.0% YOY to EGP 13,427 Mn in 2025. However, the Company's net finance cost is expected to decrease from EGP 15,758 Mn in 2024 to EGP 12,399 Mn in 2025. Income tax is predicted to increase significantly from EGP 451 Mn in 2024 to EGP 5,829 Mn in 2025. Additionally, non-controlling interest is expected to rise from EGP 13 Mn in 2024 to EGP 28 Mn in 2025.

2Q25 Outturn

Telecom Egypt's revenue grew 26.1% YOY to EGP 25,799 Mn in 2Q25, mainly driven by solid growth in the Retail and Wholesale segments. The retail segment revenue rose 37.7% YOY to EGP 15,230 Mn in 2Q25 due to solid growth across the Home services business. Revenue from Home Services grew 44.6% YOY to EGP 12,843 Mn in 2Q25, supported by a rising customer base and higher ARPU due to a price hike. On the other hand, Enterprise Solution revenue grew 9.8% YOY to EGP 2,387 Mn in 2Q25, mainly driven by a healthy contribution from Managed data services. The Wholesale segment revenues grew 12.3% YOY to EGP 10,569 Mn in 2Q25, due to strong growth across International Carrier Affairs (ICA) and International Cable and Network (IC&N) revenues, partially offset by a decline in domestic revenues. Domestic Wholesale revenue fell 11.1% YOY to EGP 2,347 in 2Q25. ICA revenue surged significantly, 34.4% YOY to EGP 4,852 Mn in 2Q25, owing to an increase in international call traffic and foreign currency appreciation, while IC&N revenue increased 6.7% YOY to EGP 3,371 Mn due to healthy contributions from cable projects and customer support. Furthermore, operating costs rose 21.3% YOY to EGP 15,201 Mn in 2Q25 due to an increase in call cost, staff cost and other operating costs. The call cost was mainly driven by the effect of currency devaluation. Thus, gross profit grew by 33.6% YOY to EGP 10,598 Mn in 2Q25. Gross margin also improved 233 bps YOY to 41.1% in 2Q25. Selling and overhead expenses increased 8.5% YOY to EGP 3,509 Mn in 2Q25. Telecom Egypt recorded other operating expenses of EGP 211 Mn in 2Q25 compared to an income of EGP 103 Mn in 2Q24. Hence, operating profit rose 43.3% YOY to EGP 6,878 Mn in 2Q25. The Company's EBITDA rose 38.1% YOY to EGP 11,246 Mn in 2Q25, whereas EBITDA margin surged 380 bps YOY to 43.6% in 2Q25 due to cost optimization efforts. Income from associates rose significantly, 69.9% YOY to EGP 3,544 Mn in 2Q25, owing to the strong contribution from Vodafone Egypt. Net finance cost fell 25.3% YOY to EGP 2,650 Mn in 2Q25, mainly due to a decline in finance cost. In addition, income tax expense more than doubled from EGP 710 Mn in 2Q24 to EGP 1,906 Mn in 2Q25. As a result, the net profit of Telecom Egypt increased from EGP 2,629 Mn in 2Q24 to EGP 5,862 Mn in 2Q25.

Target price and recommendation

We maintain our BUY rating on Telecom Egypt with a target price of EGP 57.00. Telecom Egypt posted strong results in the 2Q25, with revenue growth supported by higher ARPU, more subscribers, increased call traffic, and progress on major cable projects. The Company's customer base expanded across all services, mobile subscribers grew 11.7% YOY to 14.6 Mn, fixed broadband customers rose 7.7% YOY to 10.6 Mn, and fixed line users increased 6.1% YOY to 13.6 Mn in 2Q25.ARPU also improved significantly, with fixed line ARPU up 35.9% YOY to EGP 47.13 and fixed data ARPU up 30.7% YOY to EGP 314.66, mainly due to the price increases introduced last year. Earnings from associates were another source of growth, led by Vodafone Egypt's strong performance. This is expected to continue, with Telecom Egypt set to receive EGP 2.5 Bn in dividends from Vodafone in 2025 following its new dividend policy. On the infrastructure side, Telecom Egypt and SubCom completed two landings of the SEA-ME-WE-6 subsea cable in Egypt at Port Said and Ras Ghareb, with diverse terrestrial routes connecting them. To further strengthen its global role, Telecom Egypt signed an MoU with PCCW Global, Sparkle, and Zain Omantel International to jointly develop the AAE-2 subsea cable, which will link Hong Kong and Singapore to Italy through secure terrestrial paths across Thailand, the Arabian Peninsula, and Egypt. Domestically, Telecom Egypt signed agreements with Orange Egypt worth around EGP 15 Bn. These extend transmission services until 2032, introduce a fibre-to-the-site (FTTS) contract to upgrade Orange's mobile network, and establish a Service Level Agreement to prepare for 5G. Such long-term deals provide reliable revenue streams and support the digital future of Egypt. Telecom Egypt established a new Point of Presence at Aqaba Digital Hub, supported by the Coral Bridge subsea cable with NaiTel. This expansion strengthens Middle East connectivity, boosts data exchange, and supports cloud, AI, and international traffic, reinforcing Telecom Egypt's role as a key regional digital transformation enabler. NaiTel and Telecom Egypt completed the Coral Bridge subsea cable, the first direct Egypt-Jordan link in 25 years. Spanning 15 km with 48 fiber pairs, it delivers petabit-scale capacity, low latency, and sustainable infrastructure, enhancing regional connectivity, supporting cloud and AI applications, and strengthening Middle East digital transformation. Telecom Egypt expects revenue growth in the range of low 20% range in 2025, with EBITDA margins in the range of high 30%. Thus, based on our analysis, we maintain our BUY rating on the stock.

Telecom Egypt –Relative Valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
P/E (x)	20.32	10.82	10.19	8.04	9.82	5.09
P/B (x)	2.07	1.81	1.73	1.58	1.75	1.36
EV / EBITDA	8.85	6.54	6.10	5.23	4.66	3.89
BVPS (EGP)	22.697	25.960	27.168	29.798	26.897	34.642
EPS (EGP)	2.313	4.343	4.614	5.847	4.786	9.242
DPS (EGP)	0.750	1.000	1.250	1.497	1.497	1.800
Dividend yield	1.5%	2.1%	2.6%	3.1%	3.1%	3.7%

FABS estimate & Co Data

Telecom Egypt-P&L

EGP Mn	3Q24	2Q25	3Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Operating Revenue	20,478	25,799	25,374	23.9%	-1.6%	82,037	100,695	22.7%
Operating costs	-12,887	-15,201	-15,883	23.2%	4.5%	-51,242	-61,424	19.9%
Gross profit	**7,591**	**10,598**	**9,491**	**25.0%**	**-10.4%**	**30,795**	**39,271**	**27.5%**
Selling & overhead expenses	-3,294	-3,509	-3,933	19.4%	12.1%	-12,836	-15,104	17.7%
Net operating revenue (others)	120	-211	-186	NM	-11.6%	-301	-906	201.3%
Operating profit	**4,416**	**6,878**	**5,372**	**21.6%**	**-21.9%**	**17,658**	**23,261**	**31.7%**
EBITDA	**8,032**	**11,246**	**9,329**	**16.1%**	**-17.0%**	**32,953**	**39,056**	**18.5%**
Income from Associates	2,354	3,544	3,580	52.1%	1.0%	8,663	13,427	55.0%
Net Finance income/(cost)	-4,150	-2,650	-2,863	-31.0%	8.1%	-15,758	-12,399	-21.3%
Profit before zakat	**2,620**	**7,773**	**6,088**	**NM**	**-21.7%**	**10,562**	**24,289**	**NM**
Zakat	-489	-1,906	-1,461	NM	-23.3%	-451	-5,829	NM
Profit before N-C interests	**2,131**	**5,867**	**4,627**	**NM**	**-21.1%**	**10,111**	**18,459**	**82.6%**
Non-controlling interests	-6	-5	-7	29.7%	40.6%	-13	-28	NM
Profit attributable	**2,126**	**5,862**	**4,620**	**117.3%**	**-21.2%**	**10,098**	**18,432**	**82.5%**

FABS estimate & Co Data

Telecom Egypt - Margins

	3Q24	2Q25	3Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Gross profit	37.1%	41.1%	37.4%	34	-367	37.5%	39.0%	146
EBITDA	39.2%	43.6%	36.8%	-246	-683	40.2%	38.8%	-138
Operating profit	21.6%	26.7%	21.2%	-40	-549	21.5%	23.1%	158
Net profit	10.4%	22.7%	18.2%	783	-451	12.3%	18.3%	600

FABS estimate & Co Data

3Q25 preview: Emirates Integrated Telecommunications (du)

Bottomline to remain resilient amid offset between revenue and expense

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 9.35	AED 10.25	+9.6%	HOLD

3Q25 Estimate

Emirates Integrated Telecommunications (DU/The Company) net profit is expected to marginally decline 0.5% YOY to AED 715 Mn in 3Q25, driven by anticipated increase in direct and operating costs, marketing expenses and federal royalty, partially offset by an increase in revenue and lower expected credit loss. DU's revenue is expected to grow 9.6% YOY to AED 3,934 Mn in 3Q25, mainly due to an anticipated increase in revenue across all its segments excluding other segment. Mobile segment revenue is forecasted to increase 10.6% YOY to AED 1,806 Mn due to the expected rise in mobile subscribers, and the Fixed revenue segment is expected to surge 6.0% YOY to AED 1,074 Mn in 3Q25. Similarly, Wholesale segment revenue is projected to increase from AED 195 Mn in 3Q24 to AED 560 Mn in 3Q25. In contrast, other segment revenue is expected to decline 34.1% YOY to AED 493 Mn in 3Q25. The Company's cost of sales, excluding depreciation & amortization and marketing expenses, is anticipated to rise 14.0% YOY to AED 1,969 Mn in 3Q25, while marketing expenses are estimated to rise 9.8% YOY to AED 65 Mn in 3Q25. Additionally, expected credit losses (ECL) are projected to decline 12.4% YOY to AED 59 Mn in 3Q25. Thus, DU's EBITDA is projected to rise 6.0% YOY to AED 1,841 Mn in 3Q25. However, we also expect the EBITDA margins to decline from 48.4% in 3Q24 to 46.8% in 3Q25. Depreciation and amortization expense is anticipated to grow 4.6% YOY to AED 568 Mn in 3Q25. As a result, operating profit is likely to grow 6.6% YOY to AED 1,273 Mn in 3Q25. Operating profit margin is expected to decline from 33.2% in 3Q24 to 32.4% in 3Q25. The Company is expected to record a net finance expense of AED 5 Mn in 3Q25 compared to a net finance expense of AED 9 Mn in 3Q24. In addition, federal royalty is expected to increase 22.1% YOY to AED 482 Mn in 3Q25. The Company tax expense is anticipated to decline marginally 0.8% YOY to AED 71 Mn in 3Q25.

2025 Forecast

DU's net profit is anticipated to rise 15.8% YOY to AED 2,881 Mn in 2025, mainly due to expected growth in revenue and other income and lower ECL coupled with higher operational efficiency, partially offset by projected increase in direct cost, D&A expense, along with federal royalty and tax charges. Revenue is expected to grow 7.4% YOY to AED 15,721 Mn in 2025, mainly due to projected growth in revenue across all its segments except the Other segment. Mobile segment revenue is forecasted to increase 10.0% YOY to AED 7,205 Mn, and the Fixed revenue segment is expected to grow by 6.9% YOY to AED 4,279 Mn in 2025. Similarly, Wholesale segment revenue is projected to increase 28.0% YOY to AED 2,344 Mn in 2025, while Other segment revenue is expected to decline 16.0% YOY to AED 1,893 Mn in 2025. Cost of sales, excluding depreciation & amortization and marketing expenses, is expected to rise 3.7% YOY to AED 7,924 Mn in 2025. Marketing expenses are anticipated to increase 1.2% YOY to AED 267 Mn in 2025. In addition, ECL is also estimated to decline 15.8% YOY to AED 220 Mn in 2025. Thus, EBITDA is expected to grow 13.3% YOY to AED 7,332 Mn in 2025. EBITDA margin is likely to rise 242 bps YOY to 46.6% in 2025. Depreciation and amortization expense is anticipated to increase 2.9% YOY to AED 2,216 Mn in 2025. As a result, operating profit is predicted to rise 18.0% YOY to AED 5,094 Mn in 2025. Operating profit margin is anticipated to grow 292 bps YOY to 32.4% in 2025. Moreover, net finance expense is expected to decrease 5.1% YOY to AED 10 Mn in 2025. Federal royalty is expected to increase 23.4% YOY to AED 1,940 Mn in 2025. The Company's tax expenses are forecasted to increase 15.4% YOY to AED 285 Mn in 2025.

2Q25 Outturn

DU's revenue grew 8.6% YOY to AED 3,902 Mn in 2Q25, primarily driven by healthy growth across service and non-service revenue. The growth in services revenue is driven by solid growth in subscriber base, and improved product mix. Mobile Services revenue rose 7.7% YOY to AED 1,736 Mn in 2Q25, mainly due to a consistent expansion of prepaid and postpaid customer base, strong growth of tailored service offerings, and the positive impact of focused marketing efforts. Additionally, the strategic use of both digital platforms and retail outlets improved customer onboarding and interaction, contributing further to revenue growth. Fixed revenues rose by 10.1% YOY to AED 1.1 Bn in 2Q25, mainly driven by the sustained growth in the home wireless and fibre customer base, coupled with an increased traction in the SME segment and rising adoption of Office Wireless solutions. Other revenues grew 8.8% YOY to AED 1.1 Bn in 2Q25, driven by increased inbound roaming and interconnection revenues, due to a larger mobile subscriber base, robust tourism activity, higher handset sales, and growth in ICT revenues. DU's cost of revenue, excluding D&A and marketing expenses, rose 3.8% YOY to AED 1,984 Mn in 2Q25. Marketing expenses surged 28.6% YOY to AED 61 Mn in 2Q25, while expected credit losses (ECL) charges declined 19.2% YOY to AED 53 Mn for the same period. As a result, DU's EBITDA grew 16.4% YOY to AED 1,826 Mn in 2Q25 with an expansion in EBITDA Margin from 43.7% in 2Q24 to 46.8% in 2Q25. D&A charges declined marginally 0.3% YOY to AED 531 Mn in 2Q25. The Company's operating profit increased 23.1% YOY to AED 1,273 Mn in 2Q25. Additionally, operating profit margin expanded from 28.8% in 2Q24 to 32.6% in 2Q25. The Company's net finance expense rose 12.1% YOY to AED 6 Mn in 2Q25. Furthermore, DU's Federal royalty charge expanded 25.0% YOY to AED 490 Mn in 2Q25, whereas the tax charges amounted to AED 72 Mn in 2Q25, compared to 58 Mn in 2Q24. As a result, net profit increased from AED 581 Mn in 2Q24 to AED 727 Mn in 2Q25.

Target price and rating

We maintain our HOLD rating on DU with a target price of AED 10.25. The Company recorded robust financial performance in 2Q25, supported by strategic focus on value-added offerings and disciplined cost control. DU's mobile subscriber base increased 10.8% YOY to 9.1 Mn subscribers in 2Q25, reflecting the net-additions of 893K, indicating strong customer acquisition and favorable market dynamics. Moreover, its postpaid subscriber rose 9.8% YOY to 1.9 Mn in 2Q25, supported by strong traction in the enterprise segment, whereas its prepaid subscribers expanded 11.1% to 7.3 Mn in 2Q25, driven by the continued success of the Alo brand among blue-collar workers, the expansion of retail reach in underserved regions, and strong tourism activity coupled with increasing population. Similarly, Fixed customer base subscriber, boosted 12.0% YOY to 706K, with net addition of 76K customers, driven by the continued success of our Home Wireless offering and steady demand for fibre broadband services, indicating robust demand for reliable and high-capacity internet services and the effectiveness of the company's broadband strategy. DU has made significant strides in advancing its strategic investments across adjacent business areas to drive long-term growth and innovation. A notable milestone was the deployment of a hyperscale data centre in collaboration with Microsoft, alongside the launch of the National Hypercloud platform. These initiatives aim to strengthen DU's position in the digital ecosystem by enabling secure, scalable, and sovereign cloud and AI services hosted within UAE-based data centres. By partnering with global technology leaders, DU is enhancing its capabilities to support enterprise transformation and meet the evolving needs of public and private sector clients. Simultaneously, DU has reinforced its commitment to infrastructure development by expanding its fibre network and commercially rolling out 5G Advanced services. These efforts have significantly boosted network coverage, performance, and capacity, positioning the Company to meet rising demand for high-speed and reliable connectivity across the UAE. From a strategic perspective, DU remains focused on driving profitable growth across both core telecom operations and non-core digital and ICT segments. The Company continues to manage operations efficiently to protect and grow margins. As a result of ongoing efforts, EBITDA margins expanded in 1H25 supported by elevated gross margin, postpaid plan mix, and increased subscription for unlimited data plans. In line with its digital-first vision, DU is also executing a robust IT transformation program to deliver enhanced customer experiences through industry-leading digital platforms and next-generation technologies. The Company provided an upgraded 2025 guidance, projecting revenue growth of 6-8% YOY and an EBITDA margin of 45-47%, driven by the strong performance in 1H25 and management's confidence in sustaining DU's growth trajectory. Moreover, the Company distributed an interim cash dividend of AED 0.24 per share for the period of 1H25 amount to AED 1,088 Mn. Thus, based on above analysis, we assign a HOLD rating on DU.

DU – Relative Valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
P/E (x)	31.73	41.59	37.54	27.45	18.40	15.89
P/B (x)	5.34	5.37	5.22	4.95	4.63	4.57
EV/EBITDA	14.61	14.28	13.02	11.22	9.12	8.42
BVPS	1.890	1.882	1.935	2.039	2.179	2.211
EPS	0.318	0.243	0.269	0.368	0.549	0.635
DPS	0.280	0.210	0.240	0.340	0.540	0.604
Dividend yield	3.0%	2.2%	2.6%	3.6%	5.8%	6.5%

FABS Estimates & Co Data

DU - P&L

AED mm	3Q24	2Q25	3Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	3,589	3,902	3,934	9.6%	0.8%	14,636	15,721	7.4%
Costs (ex D&A, marketing exp)	-1,727	-1,984	-1,969	14.0%	-0.7%	-7,642	-7,924	3.7%
Marketing expense	-59	-61	-65	9.8%	7.1%	-264	-267	1.2%
Expected Credit Loss	-67	-53	-59	-12.4%	10.7%	-261	-220	-15.8%
Other income/expense	0	22	0	NM	NM	3	22	NM
EBITDA	**1,736**	**1,826**	**1,841**	**6.0%**	**0.8%**	**6,472**	**7,332**	**13.3%**
D&A & Impairment	-543	-531	-568	4.6%	6.9%	-2,154	-2,216	2.9%
Operating profit	**1,193**	**1,273**	**1,273**	**6.6%**	**0.0%**	**4,315**	**5,094**	**18.0%**
Financing income/expense	-9	-6	-5	-47.1%	-25.6%	-10	-10	-5.1%
Pre-royalty profit	**1,185**	**1,288**	**1,268**	**7.0%**	**-1.6%**	**4,306**	**5,106**	**18.6%**
Federal Royalty	-395	-490	-482	22.1%	-1.6%	-1,572	-1,940	23.4%
Tax	-71	-72	-71	-0.8%	-1.8%	-247	-285	15.4%
Net profit	**719**	**727**	**715**	**-0.5%**	**-1.6%**	**2,488**	**2,881**	**15.8%**

FABS estimate & Co Data

DU - Margins

	3Q24	2Q25	3Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Gross profit	51.9%	49.2%	49.9%	-195	78	47.8%	49.6%	181
EBITDA	48.4%	46.8%	46.8%	-158	-2	44.2%	46.6%	242
Operating profit	33.2%	32.6%	32.4%	-90	-28	29.5%	32.4%	292
Net Profit	20.0%	18.6%	18.2%	-184	-44	17.0%	18.3%	133

FABS estimate & Co Data

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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