Emirates Integrated Telecommunications Co PJSC (DU)

Current Price	Target Price	Upside/Downside (%)	Rating
AED 9.18	AED 10.25	+11.7%	ACCUMULATE

3Q25 Net Profit in line with our estimate

- DU's revenue grew 7.9% YOY to AED 3.9 Bn in 3Q25, primarily driven by a strong growth across Mobile, Fixed and ICT businesses.
- Mobile Services revenue rose 8.4% YOY to AED 1.8 Bn in 3Q25, driven by continued expansion of the subscriber base and a favorable mix of prepaid and postpaid subscriber.
- Fixed service revenue grew 8.9% YOY to AED 1.1 Bn in 3Q25, supported by sustained customer growth across both Home Wireless and Fibre.
- Other revenues increased 5.9% YOY to AED 1.0 Bn in 3Q25 supported by higher inbound roaming and expansion across ICT, interconnection, and handset and accessories revenues, which offset the deliberate slowdown in Hubbing.
- EBITDA rose 6.7% YOY to AED 1.9 Bn in 3Q25 with an EBITDA Margin of 47.8% in 3Q25 compared to 48.4% in 3Q24. The growth was supported by stronger gross margins resulting from a favorable revenue mix across the Mobile and Fixed segments, alongside continued focus on cost efficiency and operational discipline.
- Net profit grew marginally by 1.8% YOY to AED 732 Mn in 3Q25, driven by strong revenue across Mobile and fixed segment, lower staff expenses, lower impairments partially offset by rise in federal royalty.
- DU's Capex amounted to AED 492 Mn with a capex intensity of 12.7% of total revenue in 3Q25.
- DU's mobile subscriber base grew 10.3% YOY to 9.2 Mn in 3Q25, mainly driven by 8.6% YOY growth in postpaid customers to 1.9 Mn owing to healthy increase in the enterprise segment.
- Prepaid consumers grew 10.7% YOY to 7.2 Mn in 3Q25.
- Operating free cash flow grew 11.0% YOY to AED 1.4 Bn in 3Q25.

Earnings Call Summary

- Du completed a secondary public offering of 342 Mn shares, representing 7.55% of the company's total share capital and 75% of Mubadala's shareholding in du. The transaction attracted strong demand from both domestic and international investors, with 5% allocated to retail investors and 95% to qualified institutional investors.
- The offer enhanced trading liquidity, diversified the shareholder base, and increased free float.
- Mobile subscriber base grew 10.3% YOY in 3Q25 to 9.2 Mn, driven by net additions of 854k new customer.
- Fixed-line customer base increased 9.7% YOY to 718k in 3Q25, supported by net additions of 64k new customers, supported by sustained demand for home wireless services and high-speed broadband connectivity.
- Formed a partnership with ELCOME to enhance maritime and offshore connectivity through Starlink technology.
- Secured an exclusive agreement with Dubai Airport to provide high-performance Wi-Fi solutions.
- Collaborated with Sharjah Airport to deploy advanced 5G private networks, supporting digital transformation and operational efficiency.
- Signed an MoU with Dubai Taxi Corporation to enhance operational efficiency through du's National HyperCloud platform.
- Entered into a partnership with AI PARK Dubai to develop a 500,000 sqm AI hub, featuring multi-liquid-cooled hyperscale data centers with a total capacity of up to 1 GW.

- CAPEX stood at AED 492 Mn, representing 12.7% of revenue compared to 14.2% in 3Q24, primarily used towards mobile modernization, core network expansion, and data center deployment.
- The Company noted that CapEx is backloaded, with a larger allocation anticipated in 4Q25.
- The Company expects slower revenue growth in 4Q25, mainly due to a high base effect arising from a one-off gain in ICT equipment revenue recorded in 4Q24, rather than any underlying business weakness
- The company aims to sustain healthy margins through continued market share gains driven by superior offerings and execution, enhanced customer retention via AI-based analytics and CVM initiatives, and incremental contributions from "beyond core" segments such as financial services and data centers.
- DU intends to drive innovation to stimulate new demand, particularly in the fixed broadband segment, which continues to offer significant untapped potential.
- In the mobile segment, ARPU remained stable and outperformed industry trends of decline, supported by an improved product mix, targeted promotions, and periodic price adjustment.
- In the fixed segment, ARPU declined slightly; however, revenue recorded double-digit growth driven by strong subscriber additions.
- As data center operations scale up, the Company expected to enhance ICT profitability and offset margin dilution from other ICT segments.
- Du expects to increase CAPEX next year, primarily driven by data center projects such as Hub and Merkley deployment, along with continued investments in ICT infrastructure.
- Home wireless continues to be a key driver in the Fixed Segment due to its accessibility and affordability. Going forward, the growth in the segment will be driven by increase in population and migration of subscribers from FWA to Fiber.
- Du signed an agreement with the Municipality of Ajman to provide digitized Internet of Business (IOB) services, representing another step forward in advancing public-sector digital transformation.
- Additionally, the company entered into MOUs with several market participants seeking to expand their presence in liquid-cooled data centers.
- Du stated additional contracts and MOUs will be publicly disclosed once it is finalized.
- Du continues to expand its postpaid customer base through both market share gains and the ongoing migration from prepaid to postpaid, reflecting an improving revenue mix.

DU – P&L

(AED Mn)	**3Q24**	**2Q25**	**3Q25**	**3Q25F**	**Var.**	**YOY Ch**	**QOQ Ch**
Revenue	3,589	3,902	3,872	3,934	-1.6%	7.9%	-0.8%
Costs	-1,727	-1,984	-1,908	-1,969	-3.1%	10.5%	-3.8%
Marketing expense	-59	-61	-60	-65	-7.3%	1.8%	-0.7%
Exp. Credit losses	-67	-53	-51	-59	-13.4%	-24.2%	-4.1%
EBITDA	**1,736**	**1,826**	**1,852**	**1,841**	**0.6%**	**6.7%**	**1.4%**
D&A and Impairment	-543	-531	-539	-568	-5.1%	-0.7%	1.4%
Operating profit	**1,193**	**1,295**	**1,313**	**1,273**	**3.2%**	**10.0%**	**1,193**
Finance income/exps	-8	-6	-14	-5	206.4%	83.8%	-8
Pre-royalty profit	**1,185**	**1,288**	**1,298**	**1,268**	**2.4%**	**9.5%**	**0.7%**
Federal Royalty	-395	-490	-493	-482	2.4%	25.0%	0.7%
Tax	-71	-72	-73	-71	2.6%	1.8%	0.7%
Net Profit	**719**	**727**	**732**	**715**	**2.3%**	**1.8%**	**0.7%**

FABS estimate & Co Data

Du Guidance:

Revenues year-on-year growth	6-8%
EBITDA Margin	45-47%

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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