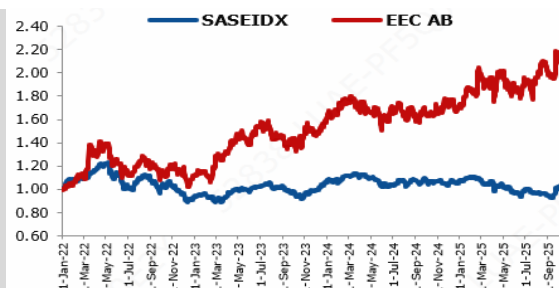


Etihad Etisalat (Mobily)

Lower finance charges coupled with topline growth aided profit

Current Price	Target Price	Upside/Downside (%)	Rating
SAR 66.05	SAR 72.00	+9.0%	HOLD

- Business segment expanded service operations in the SME market and advanced its digital infrastructure within the aviation sector.
- Wholesale segment solidified its market presence as a digital enabler by signing agreements with key partners.
- Mobile subscriber base increased 14.8% YOY to 13.4 Mn in 3Q25, comprising 11.4 Mn prepaid and 2.0 Mn postpaid subscribers.
- Capex amounted to SAR 932 Mn in 3Q25, driven by ongoing investments in network enhancements, 5G expansion and spectrum licenses.
- Distributed a cash dividend of SAR 1.20 per share for 1H25, accounting for a total dividend of SAR 924 Mn.



3Q25 Net Profit higher than our estimate

Etihad Etisalat (Mobily/the Company) net profit grew 10.6% YOY to SAR 916 Mn in 3Q25, higher than our estimate of SAR 820 Mn. The rise in net profit is attributed to an increase in revenue across all segments, and a reduction in tax charges, partially offset by an increase in the cost of services.

P&L Highlights

Mobily's service revenue rose 7.8% YOY to SAR 4,849 Mn in 3Q25, driven by growth in all revenue segments along with expansion of the overall subscriber base. The Company's growth in the Business segment is driven by the efforts to expand the geographic presence and increase service operations within the small and medium-sized enterprises (SME) market, while simultaneously improving its digital infrastructure solutions for the aviation sector. The Company's cost of services increased 11.7% YOY to SAR 2,158 Mn in 3Q25. As a result, Mobily's gross profit rose 4.9% YOY to SAR 2,691 Mn in 3Q25. Additionally, the gross profit margin shrank 154 bps YOY to 55.5% in 3Q25. The Company operating expenses rose 7.3% YOY to SAR 721 Mn in 3Q25 lower than growth in topline. Mobily's operating profit grew 8.1% YOY to SAR 1,038 Mn in 3Q25, while operating profit margin marginally rose 6 bps YOY to 21.4% in 3Q25. Depreciation and amortization increased from SAR 886 Mn in 3Q24 to SAR 932 Mn in 3Q25. Resultantly, the EBITDA grew from SAR 1,846 Mn in 3Q24 to SAR 1,970 Mn in 3Q25, whereas the EBITDA margin contracted 42 bps YOY to 40.6% in 3Q25. Mobily's other net expenses (including net finance costs and the Company's share in loss of an associate, along with other income) declined from SAR 102 Mn in 3Q24 to SAR 95 Mn in 3Q25 due to a decline in finance cost. Furthermore, the Company's zakat charges decreased from SAR 29 Mn in 3Q24 to SAR 26 Mn in 3Q25 supporting bottom line.

Stock Information

Market Cap (SAR, Mn)	50,858.50
Paid Up Capital (Mn)	7,700.00
52 Week High	69.00
52 Week Low	50.80
3M Avg. daily value(SAR)	64,129,510

3Q25 Result Review (SAR, Mn)

Total Equity	19,285
Revenue	4,849
EBITDA	1,970
Operating profit	1,038
Net Profit	916

Financial Ratios

Dividend Yield (12m)	3.79
Dividend Pay-out (%)	54.52
Price-Earnings Ratio(x)	14.54
Price-to-Book Ratio (x)	2.64
Book Value (SAR)	25.05
Return-on Equity (%)	18.79

Stock Performance

5 Days	0.61%
1 Months	1.93%
3 Months	11.57%
6 Months	6.36%
1 Year	22.31%
Month to Date (MTD%)	-2.22%
Quarter to Date (QTD%)	-2.22%
Year to Date (YTD%)	23.69%

Balance Sheet Highlights

The Company's capex surged from SAR 471 Mn in 3Q24 to SAR 932 Mn in 3Q25, due to continued investments in network development, 5G expansion, and spectrum licenses. As a result, the capex/revenue surged from 10.5% in 3Q24 to 19.2% in 3Q25. The Company's gross debt rose 10.9% YOY to SAR 10.7 Bn in 3Q25, while the net debt increased 11.5% YOY to SAR 7.7 Bn in 3Q25. The Company's net debt to EBITDA ratio inched up from 0.98x in 3Q24 to 1.01x in 3Q25.

Target Price and Rating

We maintain our HOLD rating on Mobily with a revised target price of SAR 72.00. Mobily's revenue grew 7.8% YOY to SAR 4,849 Mn in 3Q25, driven by an increase in revenue across all segments coupled with a growth in mobile and FTTH subscriber base. The Company reports revenue under these segments including, Consumer, Business, Wholesale and Outsourcing Segment. Consumer segment is expected to provide stability while Business and Wholesale is expected to provide growth. The growth in Business segment is attributed to the expansion of service operations within the SME market and the enhancement of digital infrastructure in the aviation sector. The Consumer segment further improved its fiber-to-the-home (FTTH) coverage, enhancing service reliability and user experience, while the Wholesale segment strengthened the Company's position as a digital enabler through strategic partnerships with leading players in 3Q25. The mobile subscriber base increased 14.8% YOY to 13.4 Mn in 3Q25, comprising 11.4 Mn prepaid and 2.0 Mn postpaid subscribers, while the FTTH subscriber base rose 5.2% YOY to 0.3 Mn in 3Q25. Furthermore, the Company maintained its guidance and expects revenue to grow mid-to-high single digits, while the EBITDA margin is expected to range between 37% to 38% in 2025 and Net Debt/EBITDA of 1.0x. Mobily's Capex reached SAR 932 Mn in 3Q25, driven by ongoing investments in network enhancements, 5G expansion and spectrum licenses and anticipates the Capex/Revenue to be in the range of 16% to 18% in 2025. Furthermore, the Company's business growth was driven by continued efforts in forming strategic partnerships to advance digital infrastructure and strengthen collaboration with the public sector. Additionally, the Company distributed a cash dividend of SAR 1.20 per share for 1H25, accounting for a total dividend of SAR 924 Mn. The Company demonstrated healthy performance and strategic progress, supported by digital transformation initiatives, an expanding customer base, and a focus towards innovation. Thus, based on our analysis, we maintain our HOLD rating on the stock.

Mobily - Relative valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
P/E	66.16	48.36	31.28	23.22	16.68	14.85
P/B	3.59	3.41	3.17	2.94	2.75	2.51
EV/EBITDA	12.15	11.42	10.01	8.99	8.07	7.68
BVPS	18.760	19.735	21.245	22.887	24.514	26.844
EPS	1.107	1.392	2.152	2.899	4.035	4.531
DPS (SAR Per Share)	0.500	0.850	1.150	1.450	2.200	2.550
Dividend yield	0.7%	1.3%	1.7%	2.2%	3.3%	3.8%

FABS Estimates & Co Data

Mobily – P&L

SAR mm	3Q24	2Q25	3Q25	3Q25F	Var	YOY Ch	QOQ Ch	2024	2025F	Change
Services revenues	4,499	4,828	4,849	4,875	-0.5%	7.8%	0.4%	18,206	19,590	7.6%
Cost of services	-1,933	-2,206	-2,158	-2,209	-2.3%	11.7%	-2.2%	-8,312	-8,960	7.8%
Gross profit	2,566	2,623	2,691	2,667	0.9%	4.9%	2.6%	9,894	10,629	7.4%
Operating expenses	-672	-786	-721	-783	-7.9%	7.3%	-8.2%	-2,553	-2,966	16.2%
D&A	-886	-932	-932	-925	0.8%	5.2%	0.0%	-3,664	-3,698	0.9%
Operating Profit	960	891	1,038	911	14.0%	8.1%	16.5%	3,530	3,838	8.7%
EBITDA	1,846	1,823	1,970	1,835	7.3%	6.7%	8.1%	7,195	7,536	4.7%
Profit before zakat	858	853	942	842	11.8%	9.8%	10.5%	3,193	3,588	12.4%
Zakat	-29	-23	-26	-23	14.3%	-11.5%	14.5%	-86	-99	15.4%
Profit attributable	829	830	916	820	11.7%	10.6%	10.4%	3,107	3,489	12.3%

FABS estimate & Co Data

Mobily – Margins

	3Q24	2Q25	3Q25	YOY	QOQ Ch	2024	2025F	Change
Gross Profit	57.0%	54.3%	55.5%	-154	118	54.3%	54.3%	-8
EBITDA	41.0%	37.8%	40.6%	-42	287	39.5%	38.5%	-105
Operating Profit	21.3%	18.5%	21.4%	6	295	19.4%	19.6%	20
Net Profit	18.4%	17.2%	18.9%	47	170	17.1%	17.8%	74

FABS estimate & Co Data

Valuation:

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

Valuation Method	Target	Weight	Weighted Value
DCF Method	78.60	70.0%	55.02
Relative Valuation (RV)	56.62	30.0%	16.99
Weighted Average Valuation (SAR)			72.00
Current market price (SAR)			66.05
Upside/Downside (%)			+9%

1) DCF Method:

Mobily is valued using free cash flow to firm. We have discounted the cash flow using the weighted average cost of capital of 9.2%. It has arrived after using cost of equity of 9.5% and after-tax cost of debt of 6.2% with debt-to-equity ratio of 11.5%. Cost of equity is calculated by using 10-year government bond yield of 5.3%, beta of 1.0 and equity risk premium of 4.2%. Government bond yield is calculated after adding KSA 10-year CDS spread over 10-year US risk free rate. The cost of debt is calculated using the cost of 6.3% after adjusting a tax rate arriving at after-tax cost of debt of 6.2%. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (SAR, Mn)	19,722
Terminal value (SAR, Mn)	48,476
FV to Comon shareholders (SAR, Mn)	60,520
No. of share (Mn)	770
Current Market Price (SAR)	66.05
Fair Value per share (SAR)	78.60

DCF Method

(All Figures in SAR Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
NOPAT	3,818	4,186	4,470	4,747	5,015	5,290
D&A	3,698	3,783	3,862	3,937	4,021	4,111
Working Capital	-110	-68	-153	-121	-179	-208
(-) Capex	-3,330	-3,434	-3,418	-3,555	-3,699	-3,826
Free Cash Flow to Firm (FCFF)	4,077	4,468	4,761	5,009	5,157	5,367
Discounting Factor	0.98	0.90	0.83	0.76	0.69	0.63
Discounted FCFF	1,002¹	4,026	3,929	3,787	3,572	3,405

Source: FAB Securities, ¹Adjusted for partial year

2) Relative Valuation:

We have used regional and international peers to value Mobily, and it is valued using the EV/EBITDA multiple. It is valued at FY2026 EV/EBITDA multiple of 6.4x in line with peers.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2025E	2026E	2025E	2026E
Saudi Telecom	59,818	9.0	8.5	16.1	15.3
Verizon Communication	167,810	6.8	6.6	8.5	8.2
Deutsche Telekom AG	166,288	6.6	6.2	15.1	13.4
Telstra Group Limited	36,172	8.9	8.5	25.8	24.1
Emirates Integrated Telecommunication Company	11,328	5.9	5.5	14.6	13.7
SAFARICOM PLC	8,712	5.3	6.0	11.7	12.3
Average		7.1x	6.9x	15.3x	14.5x
Median		6.7x	6.4x	14.8x	13.5x
Max		8.4x	8.0x	15.8x	14.9x
Min		6.0x	6.0x	12.4x	12.6x

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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