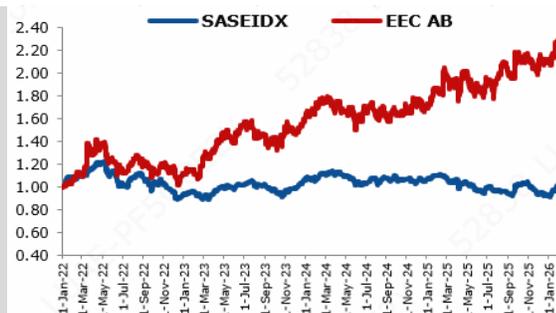


Etihad Etisalat (Mobily)

Growth in the customer base and service expansion supported revenue expansion

Current Price	Target Price	Upside/Downside (%)	Rating
SAR 65.60	SAR 72.00	+9.8%	HOLD

- The mobile subscriber base grew by 17.4% YOY to 14.4 Mn, including 12.3 Mn prepaid and 2.1 Mn postpaid subscribers, while the FTTH subscriber base increased 6.8% YOY to 305K Mn in 2025.
- Mobily's Capex stood at SAR 5.8 Bn in 2025, reflecting ongoing investments in spectrum, fiber, data centers, 5G expansion, and submarine cables.
- The Company provided guidance for 2026 revenue growth in the mid to high single digit range, with an EBITDA margin expected to be between 37% and 38%.
- The Board approved the distribution of SAR 1,228 Mn in cash dividends (SAR 1.60 per share) for 2H25, taking total dividend to SAR 2.8 per share for the period of 2025.



4Q25 Net Profit in line with our estimate

Etihad Etisalat (Mobily/the Company) net profit declined 2.7% YOY to SAR 953 Mn in 4Q25, in line with our estimate of SAR 959 Mn. The decline in net profit is attributed to an increase in cost of services, operating expenses, finance expenses, impairment loss, and zakat expenses along with fall in share in loss of an associate, partially offset by rise in services revenue, other income, and finance income.

P&L Highlights

Mobily's service revenue rose 10.4% YOY to SAR 5,186 Mn in 4Q25, driven by growth across all revenue segments, and rise in subscriber base. Revenue from consumer segment grew 11.9% YOY to SAR 3,347 Mn in 4Q25, driven by expansion of the customer base supported by competitive offerings. While, Business segment revenue expanded 6.0% YOY to SAR 1,202 Mn in 4Q25. Revenue from wholesale segment increased 13.8% YOY to SAR 531 Mn in 4Q25, due to expansion of international connectivity, continued investments in submarine cable infrastructure, and strategic partnerships enhancing next-generation digital solutions. Outsourcing segment revenue rose marginally 1.2% YOY to SAR 107 Mn in 4Q25. The Company's cost of services increased 5.5% YOY to SAR 2,312 Mn in 4Q25. As a result, Mobily's gross profit rose 14.7% YOY to SAR 2,874 Mn in 4Q25. Additionally, the gross profit margin increased 209 bps YOY to 55.4% in 4Q25. Selling and marketing expenses expanded 27.8% YOY to SAR 409 Mn in 4Q25, while general & administrative expenses grew substantially from SAR 141 Mn in 4Q24 to SAR 367 Mn in 4Q25. As a result, total operating expenses rose 68.3% YOY to SAR 776 Mn in 4Q25, substantially higher than growth in topline. Depreciation and amortization marginally increased from SAR 989 Mn in 4Q24 to SAR 993 Mn in

Stock Information

Market Cap (SAR, Mn)	50,358.00
Paid Up Capital (Mn)	7,700.00
52 Week High	71.60
52 Week Low	52.90
3M Avg. daily value(SAR)	47,275,830

4Q25 Result Review (SAR, Mn)

Total Assets	42,455
Total liabilities	22,128
Total Equity	20,328
EBITDA	2,060
Net Profit	953

Financial Ratios

Dividend Yield (12m)	3.71
Dividend Pay-out (%)	62.20
Price-Earnings Ratio(x)	14.51
Price-to-Book Ratio (x)	2.48
Book Value (SAR)	26.40
Return-on Equity (%)	17.68

Stock Performance

5 Days	-5.70%
1 Months	-7.50%
3 Months	3.15%
6 Months	0.77%
1 Year	5.14%
Month to Date (MTD%)	-7.10%
Quarter to Date (QTD%)	-0.91%
Year to Date (YTD%)	-0.91%

4Q25. Mobily recorded impairment loss of SAR 38 Mn in 4Q25 compared to reversal of SAR 3 Mn in 4Q24. As a result, operating profit grew marginally 0.9% YOY to SAR 1,068 Mn in 4Q25, while operating profit margin declined 193 bps YOY to 20.6% in 4Q25. Mobily's EBITDA grew from SAR 2,047 Mn in 4Q24 to SAR 2,060 Mn in 4Q25, whereas the EBITDA margin contracted 385 bps YOY to 39.7% in 4Q25. Other income increased significantly from SAR 12 Mn in 4Q24 to SAR 24 Mn in 4Q25. On the other hand, share in associate declined from SAR 10 Mn in 4Q24 to SAR 2 Mn in 4Q25. Finance expenses increased 12.6% YOY to SAR 171 Mn in 4Q25. While finance income grew 14.1% YOY to SAR 51 Mn in 4Q25. Furthermore, the Company recorded zakat charges of SAR 20 Mn in 4Q25, compared to reversal of SAR 6 Mn in 4Q24.

Balance Sheet Highlights

The Company's capex surged from SAR 2.6 Bn in 2024 to SAR 5.8 Bn in 2025 to support continued investments in spectrum licenses, fiber infrastructure, data centers, 5G expansion, and submarine cables. As a result, the capex intensity surged from 14.2% in 2024 to 29.7% in 2025. The Company's gross debt rose 12.4% YOY to SAR 10.8 Bn in 4Q25, while the net debt increased 9.4% YOY to SAR 7.0 Bn in 4Q25. Mobily's net debt to EBITDA ratio expanded from 0.89x in 2024 to 0.92x in 2025.

Target Price and Rating

We maintain our HOLD rating on Mobily with a target price of SAR 72.00. The Company met its 2025 guidance and exceeded certain targets during 2025. Revenue grew by 7.9%, in line with its mid-to-high single-digit growth guidance. Meanwhile, the EBITDA margin reached 38.8% in 2025, surpassing the guided range of 37–38%. Additionally, net Debt/EBITDA stood at 0.92x in 2025, outperforming the guidance level of 1.0x. The Consumer segment delivered strong performance in 2025, driven by customer base expansion supported by competitive offerings. Furthermore, Mobily increased its 5G site coverage by 133% in 2025, leading to a 122% YOY rise in data traffic along with significant growth in overall data consumption, enabling strong growth in the customer base, which subsequently contributed to higher segmental revenue. Additionally, the segment strengthened its ecosystem by onboarding new partners across various sectors, enhancing customer engagement and interaction frequency, further strengthening the segment. Similarly, the Business segment delivered a solid performance in 2025, reinforcing its position as a leading enabler to government entities, large corporations, and SMEs by providing innovative solutions and advanced digital infrastructure to support mega projects, enabling company to secure higher contract wins going forward, which should support growth in segment revenue. Mobily's wholesale segment also witnessed robust growth in 2025. The segment focusing on large-scale international connectivity infrastructure and sells bandwidth and connectivity solutions to global and domestic telecom operators, carriers, and large institutions, such as including submarine cable capacity such as the Mobily Red Sea Cable (MRSC). Additionally, the segment strengthened its digital infrastructure by entering into strategic partnerships to provide next-generation connectivity solutions to both international and domestic partners, thereby strengthening global operations and expanding the customer base worldwide to support segment growth. The mobile subscriber base increased 17.4% YOY to 14.4 Mn in 2025, comprising 12.3 Mn prepaid and 2.1 Mn postpaid subscribers, while the FTTH subscriber base rose 6.8% YOY to 305K in 2025. Mobily's Capex reached SAR 5.8 Bn in 2025, driven by continued investments in spectrum development licenses, fiber infrastructure, data centers, 5G expansion, and submarine cables. The Company expects Capex intensity to range between 18-20% in 2026, indicating its continued commitment to long-term growth and infrastructure development. The robust performance is further evidenced by the expansion of its infrastructure, including the commissioning of two new data centers to address rising data demand, increasing total 5G sites to more than 7,600 across 61 cities, and delivering high-speed connectivity to over 96% of residents in the Kingdom's seven main cities. Based on this strong performance in 2025, the Company expects revenue to grow at a mid to high single digit rate, while the EBITDA margin projected to range between 37% to 38% and Net Debt/ EBITDA between 0.9-1.0x for 2026. The management approved the distribution of SAR 1,228 Mn in interim cash dividends (SAR 1.60 per share, 16% of par value) for the 2H25, taking total dividend to SAR 2.8 per share (SAR 2,152 Mn) for the period of 2025 with a payout ratio of 62.1%. As a result, we maintain our HOLD rating on the stock.

Mobily - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
P/E	48.22	31.18	23.15	16.63	14.90	14.66
P/B	3.40	3.16	2.93	2.74	2.53	2.37
EV/EBITDA	11.39	9.98	8.97	8.05	7.49	7.21
BVPS	19.735	21.245	22.887	24.514	26.485	28.258
EPS	1.392	2.152	2.899	4.035	4.502	4.578
DPS (SAR)	0.850	1.150	1.450	2.200	2.800	3.000
Dividend Yield	1.3%	1.7%	2.2%	3.3%	4.2%	4.5%

FABS Estimates & Co Data
Mobily – P&L

SAR mm	4Q24	3Q25	4Q25	4Q25F	Var.	YOY Ch	QOQ Ch	2024	2025	Change
Services revenues	4,697	4,849	5,186	5,103	1.6%	10.4%	6.9%	18,206	19,642	7.9%
Cost of services	-2,192	-2,159	-2,312	-2,360	-2.0%	5.5%	7.1%	-8,312	-8,900	7.1%
Gross profit	2,505	2,691	2,874	2,743	4.8%	14.7%	6.8%	9,894	10,742	8.6%
S&M expenses	-320	-352	-409	-374	9.3%	27.8%	16.4%	-1,344	-1,502	11.7%
G&A expenses	-141	-420	-367	-317	15.6%	NM	-12.6%	-1,209	-1,604	32.7%
Operating expenses	-461	-771	-776	-692	12.2%	68.3%	0.6%	-2,553	-3,106	21.7%
D&A	-989	-931	-993	-931	6.6%	0.4%	6.6%	-3,664	-3,780	3.2%
Impairment loss	3	50	-38	-69	-45.4%	NM	NM	-146	-8	-94.7%
Operating Profit	1,058	1,038	1,068	1,052	1.5%	0.9%	2.9%	3,530	3,847	9.0%
EBITDA	2,047	1,970	2,060	1,983	3.9%	0.7%	4.6%	7,195	7,627	6.0%
Other income	12	13	24	29	-16.1%	NM	NM	59	64	7.3%
Company's share in loss of an associate	10	10	2	34	-95.4%	NM	NM	44	118	NM
Finance expenses	-152	-167	-171	-170	0.5%	12.6%	2.6%	-615	-675	9.7%
Finance income	45	49	51	44	15.1%	14.1%	5.0%	175	203	16.0%
Profit before zakat	973	943	974	989	-1.5%	0.1%	3.3%	3,193	3,556	11.4%
Zakat	6	-26	-20	-29	-31.0%	NM	-23.2%	-86	-90	4.4%
Profit attributable	979	916	953	959	-0.6%	-2.7%	4.0%	3,107	3,466	11.6%

FABS estimate & Co Data
Mobily – Margins

	4Q24	3Q25	4Q25	YOY	QOQ Ch	2024	2025	Change
Gross Profit	53.3%	55.5%	55.4%	209	-6	54.3%	54.7%	34
EBITDA	43.6%	40.6%	39.7%	-385	-89	39.5%	38.8%	-68
Operating Profit	22.5%	21.4%	20.6%	-193	-82	19.4%	19.6%	19
Net Profit	20.9%	18.9%	18.4%	-247	-51	17.1%	17.6%	58

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	74.79	70.0%	52.35
Relative Valuation (RV)	65.50	30.0%	19.65
Weighted Average Valuation (SAR)			72.00
Current market price (SAR)			65.60
Upside/Downside (%)			+9.8%

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 9.3%. It has arrived after using cost of equity of 9.6% and after-tax cost of debt of 6.5% with debt-to-equity ratio of 11.1%. Cost of equity is calculated by using 10-year government bond yield of 5.4%, beta of 1.0 and equity risk premium of 4.1%. 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 6.6% after adjusting a tax rate arriving at after-tax cost of debt of 6.5%. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (SAR, Mn)	17,119
Terminal value (SAR, Mn)	46,111
FV to Comon shareholders (SAR, Mn)	67,586
No. of share (Mn)	770
Current Market Price (SAR)	65.60
Fair Value per share (SAR)	74.79

DCF Method

(All Figures in SAR Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
NOPAT	3,829	4,182	4,531	4,866	5,161
D&A	4,068	4,188	4,307	4,423	4,535
Working Capital	-146	-177	-114	-332	-244
(-) Capex	-3,966	-4,089	-4,196	-4,284	-4,350
Free Cash Flow to Firm (FCFF)	3,785	4,104	4,527	4,673	5,101
Discounting Factor	0.93	0.85	0.78	0.71	0.65
Discounted FCFF	3,507	3,478	3,510	3,314	3,309

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 7.1x in line with peers.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2026E	2027E	2026E	2027E
Saudi Telecom	57,456	8.2	7.8	14.6	13.9
Verizon Communication	209,535	7.1	6.9	10.1	9.5
Deutsche Telekom AG	186,191	7.1	6.7	15.2	13.5
Telstra Group Limited	41,690	8.8	8.6	25.7	24.1
Emirates Integrated Telecommunication Company	13,389	6.2	6.0	15.5	15.0
SAFARICOM PLC	10,011	6.7	5.9	13.8	11.9
Average		7.4x	7.0x	15.8x	14.6x
Median		7.1x	6.8x	14.9x	13.7x
Max		7.9x	7.6x	15.5x	14.7x
Min		6.8x	6.2x	14.0x	12.3x

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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