

Emirates Telecommunications Group Co (e&)

Current Price
AED 20.82

Target Price
AED 22.00

Upside/Downside (%)
+6%

Rating
HOLD

4Q25 Net Profit in line with our estimate

- Revenue increased 17.3% YOY to AED 19.3 Bn in 4Q25, driven by strong growth across telecom and digital verticals that was underpinned by operational excellence. e&'s revenue rose 10.1% YOY on LFL basis during 4Q25.
- Total subscribers increased 31.3% YOY to 244.7 Mn in 4Q25 (16.3 Mn in UAE and 228.5 Mn international) supported by strong subscriber acquisition strategies across all markets.
- Operating expenses increased 21.0% YOY to AED 13.7 Bn in 4Q25, mainly driven by higher depreciation and amortisation costs on the continuous improvement of network and the recently acquired licenses and spectrum in international markets, supporting our telecom business growth and outlook.
- Direct costs rose by 20.2% YOY to AED 6.2 Bn in 4Q25 due to higher interconnection, roaming, and device costs, in line with the expansion in wholesale and handset revenues.
- Federal royalty increased 21.8% YOY from AED 1.3 Bn in 4Q24 to AED 1.5 Bn in 4Q25.
- EBITDA rose 17.6% YOY to AED 8.2 Bn in 4Q25, while EBITDA margin remained flat at 42.7% in 4Q25 compared to 42.6% in 4Q24.
- Finance and other income decreased from AED 974 Mn in 4Q24 to AED 638 Mn in 4Q25.
- Net profit grew 11.0% YOY to AED 2.5 Bn in 4Q25, while net profit margin stood at 13.2% driven by strong revenue growth, lower impairments charge and lower income tax expenses.
- Capex (excluding spectrum & licenses) reached AED 4.0 Bn in 4Q25 with intensity of 20.7%, reflecting accelerated 5G rollout and network upgrades in key international markets.
- Total assets grew 11.9% YOY and 5.7% QOQ to AED 205.1 Bn in 4Q25.
- The Board approved a final dividend of 47 fils per share for 2H25, bringing 2025 dividend to 90 fils per share (vs. 83 fils in 2024). The Board also recommended an upward revision in dividend policy to 95 fils for 2026, subject to AGM approval.

Earnings Call Summary

- e& life continues to show strong revenue growth momentum with improving EBITDA trajectory, with management reiterating alignment with its previously communicated five-year profitability roadmap.
- Management highlighted e&'s evolution into a global technology group with operations in 38 countries and revenues of c. USD 20 Bn in 2025.
- The management described 2025 as a record year, delivering double-digit growth across all key financial metrics
- International operations accounted represented 45.4% of Group revenue in 4Q25, mainly driven by consolidation of PPF Telecom and organic growth in Egypt and Pakistan along with and the appreciation of the Moroccan currency.
- Egypt revenue grew 38.1% YOY to AED 1.4 Bn in 4Q25, while EBITDA increased 40.0% YOY to AED 420 Mn, supported by driven by growth in data and voice revenues driven by expanding base.
- e& enterprise revenue increased 12.9% YOY to AED 1.0 Bn in 4Q25, driven by strong performance of cybersecurity, cloud and IoT segments with strong contribution from international markets.
- Operating free cash flow excluding license & spectrum increased 4.6% YOY to AED 4.3 Bn in 4Q25.
- As of 4Q25, c. 35% of e&'s gross debt is due within the next 12 months, while net debt declined to AED 33.3 Bn and net debt/EBITDA improved to c. 1.04x, supported by strong cash generation and asset monetization.

- Management indicated that the Company is actively working on refinancing options and expects to benefit from the lower interest rate environment, which should help reduce finance costs going forward.
- The Group monetized its Khazna data centers stake in 2025, generating USD 2.2 Bn in proceeds that were primarily used to reduce debt.
- During 2025, e& strengthened its international footprint through the full consolidation and integration of PPF Telecom's assets across Central and Eastern Europe, alongside continued integration of Telenor Pakistan and the acquisition of Serbia Broadband (SBB).
- Pakistan Telecommunication Company Limited (PTCL), a subsidiary of e& with an effective economic ownership of 23.4%, has successfully completed the acquisition of a 100% stake in Telenor Pakistan for an enterprise value of PKR Bn on a cash-free, debt-free basis.
- O2, the mobile operator in Slovakia and part of e& PPF Telecom Group BV (e& PPF Telecom), a subsidiary of e&, has signed a binding agreement with Liberty Global to acquire 100% of UPC Broadband Slovakia (UPC Slovakia) for a total consideration of EUR 95 Mn on a cash-free, debt-free basis.
- Management guided for 2026 revenue growth of 8–10% (constant currency) and EBITDA growth of 4–5%, reflecting revenue mix impact. Capex intensity is expected at 16–17% in 2026, while maintaining disciplined capital allocation and strong balance sheet.
- Management reiterated focus on extracting synergies from recent international acquisitions (PPF Telecom, Telenor Pakistan, Serbia Broadband), strengthening UAE's role as a cash-generative engine, scaling profitable digital verticals, and maintaining leverage around current levels.
- Management indicated that EBITDA margins are likely to face some pressure in 2026, as EBITDA growth is guided below revenue growth, mainly due to revenue mix changes and continued investments rather than any structural weakness in the core telecom business.
- e&'s shareholding in Vodafone Group plc increased to 16.61% in December 2025 following Vodafone's share buyback programme, while e&'s total number of shares remained unchanged at 3,944.7 Mn.
- Vodafone stake remains a long-term strategic investment, with the thesis unchanged, as dividends from Vodafone continue to exceed the interest cost on the acquisition financing, supported by ongoing synergies and an expected decline in interest rates over the next 12-18 months.

Etisalat – P&L

AED Mn	4Q24	3Q25	4Q25	4Q25F	Var.	YOY Ch	QOQ Ch
Revenue	16,473	18,629	19,319	19,404	-0.4%	17.3%	3.7%
Operating expenses	-11,284	-12,953	-13,657	-14,466	-5.6%	21.0%	5.4%
Impairment loss	-1,463	-281	-312	-334	-6.7%	-78.7%	11.0%
Operating profit before federal royalty	4,606	5,892	5,942	5,143	15.5%	29.0%	0.9%
Federal royalty	-1,257	-1,426	-1,531	-1,371	11.7%	21.8%	7.4%
Operating profit	3,349	4,466	4,411	3,773	16.9%	31.7%	-1.2%
EBITDA	7,016	8,385	8,248	7,676	7.5%	17.6%	-1.6%
Finance and other income	974	506	638	482	32.5%	-34.5%	26.1%
Finance and other costs	-1,244	-994	-1,528	-1,085	40.8%	22.8%	53.6%
Profit before tax	3,078	3,977	3,521	3,169	11.1%	14.4%	-11.5%
Income tax expenses	-712	-652	-548	-386	41.9%	-23.1%	-15.9%
Profit for the period	2,366	3,325	2,973	2,783	6.8%	25.7%	-10.6%
Non-controlling interests	71	339	427	307	39.1%	NM	25.8%
Profit for the period	2,295	2,986	2,547	2,476	2.9%	11.0%	-14.7%

FABS estimate & Co Data

