

## Emirates Telecommunications Group Co (e&)

International expansion and operational resilience support 4Q25 performance

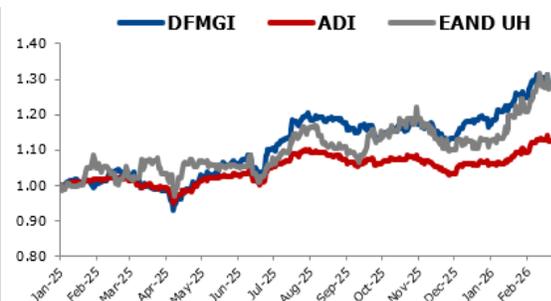
**Current Price**  
AED 20.82

**Target Price**  
AED 22.00

**Upside/Downside (%)**  
+6%

**Rating**  
HOLD

- Subscriber base increased 31.3% YOY to 244.7 Mn in 4Q25, driven by the consolidation of Telenor Pakistan and continued organic growth across Egypt, Moov Africa subsidiaries, and e& PPF Telecom.
- PTCL successfully completed the acquisition of 100% stake in Telenor Pakistan for PKR 108 Bn.
- O2 Slovakia signed a binding agreement to acquire 100% of UPC Slovakia for EUR 95 Mn, enhancing its converged service capabilities by integrating fixed and mobile operations.
- Announced dividend of 47 fils for 2H25 (90 fils for 2025).
- Management guided revenue growth of 8–10% (constant currency) and EBITDA growth of 4-5%, capex intensity expected at 16-17%, and dividend of 95 fils for 2026.



### 4Q25 Net Profit in line with our estimate

Emirates Telecommunications Group Co PJSC (e&/the Company) reported an 11.0% YOY increase in net profit to AED 2,547 Mn in 4Q25, in line with our estimate of AED 2,476 Mn. The growth was primarily driven by strong revenue expansion, lower impairment charges and income tax expenses, partially offset by fall in contribution from associates and joint ventures, a decline in finance and other income, higher federal royalty and finance costs, increased operating expenses, and a rise in NCI.

### P&L Highlights

e&'s total revenue grew 17.3% YOY to AED 19.3 Bn in 4Q25, driven by the continued growth across all verticals, supported by strong performance in both telecom and digital segments supported by operational excellence. Additionally, revenue expanded 10.1% YOY on an LFL basis, excluding e& PPF Telecom in 4Q25. e& UAE revenue increased 5.2% YOY to AED 8.9 Bn in 4Q25, driven by expansion across all revenue streams, reflecting continued improvement in operational KPIs. Moreover, e& international revenue rose from AED 6.7 Bn in 4Q24 to AED 8.8 Bn in 4Q25, primarily attributed to the consolidation of e& PPF Telecom, organic growth in Egypt & Pakistan, and appreciation of the Moroccan Dirham against the AED. Excluding e& PPF telecom and in constant currency terms, international segment revenue increased 8.0% YOY in 4Q25, reflecting solid growth across key markets. Maroc Telecom Group's revenue increased 8.1% YOY to AED 3.5 Bn in 4Q25. Furthermore, e& Egypt's revenue surged 38.1% YOY to AED 1.4 Bn in 4Q25, driven by growth in data and voice revenues supported by an expanding subscriber base. Revenue from PTCL Group increased 4.8% YOY to AED 820 Mn in 4Q25, supported by higher mobile data and fixed broadband revenues.

### Stock Information

Market Cap (AED, mn)	181,066.42
Paid Up Capital (mn)	8,696.75
52 Week High	21.60
52 Week Low	15.60
3M Avg. daily value (AED)	52,869,800

### 4Q25 Result Review (AED, mn)

Total Assets	205,059
Total Liabilities	143,297
Total Equity	61,763
EBITDA	8,248
Net Profit	2,547

### Financial Ratios

Dividend Yield (12m)	4.06
Dividend Pay-out (%)	33.93
Price-Earnings Ratio(x)	8.31
Price-to-Book Ratio (x)	3.50
Book Value (AED)	5.95
Return-on Equity (%)	29.51

### Stock Performance

5 Days	0.29%
1 Months	2.56%
3 Months	16.18%
6 Months	15.03%
1 Year	22.33%
Month to Date (MTD%)	5.69%
Quarter to Date (QTD%)	13.52%
(YTD%)Year to Date	13.52%

Additionally, Etisalat Afghanistan's revenue increased 7.1% YOY to AED 198 Mn in 4Q25, while e& PPF telecom's revenue increased from AED 1.5 Bn in 4Q24 to AED 2.8 Bn in 4Q25. Revenue from e& Enterprise grew 12.9% YOY to AED 999 Mn in 4Q25, driven by strong performance in cybersecurity, cloud, and IoT segments, with a solid contribution from international markets. E& Life's revenue grew from AED 569 Mn in 4Q24 to AED 754 Mn in 4Q25, primarily driven by higher Careem Technologies and fintech revenues on growing base and usage. The Company's operating expenses increased 21.0% YOY to AED 13.7 Bn in 4Q25, mainly driven by higher depreciation and amortisation costs related to ongoing network investments and recently acquired licenses and spectrum in international markets, supporting telecom business expansion. Total impairment loss on trade receivables and other assets declined significantly from AED 1.5 Bn in 4Q24 to AED 312 Mn in 4Q25. The share of profits from associates and joint ventures fell 32.8% YOY to AED 592 Mn in 4Q25. e&'s federal royalty increased 21.8% YOY to AED 1.5 Bn in 4Q25. However, operating profit increased 31.7% YOY to AED 4.4 Bn in 4Q25. Total EBITDA rose 17.6% YOY to AED 8.2 Bn in 4Q25, while EBITDA margin remained broadly stable at 42.7% in 4Q25 compared to 42.6% in 4Q24. Etisalat's UAE EBITDA increased 5.9% YOY to AED 4.6 Bn in 4Q25. Meanwhile, e& International EBITDA rose from AED 2.9 Bn in 4Q24 to AED 3.7 Bn in 4Q25, reflecting strong momentum in Egypt and Pakistan, along with favorable FX impact from the appreciation of the Moroccan dirham against the AED. e& Enterprises reported negative EBITDA of AED 12 Mn in 4Q25, compared to negative AED 45 Mn in 4Q24. Similarly, e& Life also reported negative EBITDA of AED 148 Mn in 4Q25 versus negative AED 162 Mn in 4Q24, mainly due to continued investments by Careem Technologies to scale its service lines. Finance and other income decreased 34.5% YOY to AED 638 Mn in 4Q25. Conversely, finance and other costs increased 22.8% YOY to AED 1.5 Bn in 4Q25. The Company's income tax expense declined 23.1% YOY to AED 548 Mn in 4Q25. Share of NCI increased significantly from AED 71 Mn in 4Q24 to AED 427 Mn in 4Q25.

### Balance Sheet Highlights

e&'s consolidated capex increased from AED 4.3 Bn in 4Q24 to AED 4.7 Bn in 4Q25. Excluding licenses and spectrum costs, capex amounted to AED 4.0 Bn in 4Q25, representing a capex intensity of 20.7%, driven by higher investments in key international markets to support the rollout of 5G services and business expansion. e&'s gross debt declined from AED 69.2 Bn in 2024 to AED 67.6 Bn in 2025. The Company reported a net debt-to-EBITDA ratio of 1.04x in 4Q25, improving from 1.11x in 3Q25. Cash balance increased to AED 34.3 Bn in 4Q25, compared to AED 31.5 Bn in 3Q25.

### Target Price and Rating

We revise our rating on e& BUY to HOLD with an unchanged target price of AED 22.0. The from Company delivered solid performance in 4Q25, with revenue increasing 17.3% YOY to AED 19.3 Bn, supported by sustained growth across telecom and digital verticals, along with the continued consolidation of e& PPF Telecom. On a LFL basis and in constant currency terms, revenue grew 10.1% YOY in 4Q25, reflecting healthy operational momentum across key markets. e& subscribers increased 31.3% YOY to 244.7 Mn in 4Q25, supported by strong subscriber acquisition strategies across all markets. UAE recorded 16.3 Mn subscribers while international business reported 228.5 Mn subscribers. e& group welcomed c. 43.0 Mn new subscribers following PTCL Group completion of the acquisition of Telenor Pakistan in December 2025. The mobile customer base in UAE reached 14.6 Mn during 4Q25, supported by attractive offerings, world-class networks quality, and leading customer experience. Postpaid customers increased 12.0% YOY, while prepaid customers rose 9.0% YOY, adding approximately 1.2 Mn new customers during 2025 in the UAE. Additionally, the fixed broadband customer base increased 2.0% YOY to reach 1.4 Mn subscribers during 4Q25 in the UAE. International subscribers rose significantly by 33.3% YOY to 228.5 Mn, driven by the consolidation of Telenor Pakistan, along with growth in Egypt, Moov Africa, Pakistan and e& PPF telecom operations. Pakistan Telecommunication Company Limited (PTCL), a subsidiary of e& with an effective economic ownership of 23.4%, successfully completed the acquisition of 100% of Telenor Pakistan for an enterprise value of PKR 108 Bn on a cash-free, debt-free basis. O2 Slovakia, part of e& PPF Telecom Group BV, signed a binding agreement with Liberty Global to acquire 100% of UPC Broadband Slovakia for EUR 95 Mn on a cash-free, debt-free basis. e&'s stake in Vodafone Group plc increased to 16.6% in December 2025 due to Vodafone's share buyback programme, while e&'s total number of shares held remained unchanged at 3,944.7 Mn. The Company's capex excluding licenses and spectrum reached AED 4.0 Bn in 4Q25, with a capital intensity of 20.7%. Gross debt declined from AED 69.2 Bn in 4Q24 to AED 67.6 Bn in 4Q25, with approximately 55% of outstanding debt maturing beyond the next 12 months. The net debt-

to-EBITDA ratio stood at 1.04x in 4Q25, supported by the AED 34.3 Bn cash balance and strong cash generation. Management reiterated focus on extracting synergies from recent international acquisitions (PPF Telecom, Telenor Pakistan, Serbia Broadband), strengthening the UAE's role as a cash-generative engine, scaling profitable digital verticals, and maintaining leverage around current levels. Management guided for 2026 revenue growth of 8–10% in constant currency terms 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 a strong balance sheet. Management also indicated that EBITDA margins may face moderate pressure in 2026, as EBITDA growth is guided below revenue growth, primarily due to revenue mix changes and continued investments, rather than structural weakness in the core telecom business. The management announced the dividend of 47 fils for the period of 2H25 (90 fils for 2025) and guided for dividend of 95 fils for 2026. Thus, considering the above-mentioned factors, we assign HOLD rating on the stock.

#### e& - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	19.79	18.42	17.89	17.15	12.84	16.28
PB	3.87	4.36	4.32	4.04	3.57	3.35
EV/EBITDA	7.17	7.91	8.17	8.63	7.11	6.80
EPS	1.071	1.151	1.185	1.236	1.651	1.303
BVPS	5.472	4.860	4.905	5.243	5.946	6.333
DPS	0.800	0.800	0.800	0.830	0.900	0.950
Dividend yield	3.8%	3.8%	3.8%	3.9%	4.2%	4.5%

FABS Estimates & Co Data

#### e& - P&L

AED Mn	4Q24	3Q25	4Q25	4Q25F	Var	YOY	QOQ	2024	2025	Change
Revenues	16,473	18,629	19,319	19,404	-0.4%	17.3%	3.7%	59,203	72,858	23.1%
Operating expenses	-11,284	-12,953	-13,657	-14,466	-5.6%	21.0%	5.4%	-39,479	-50,414	27.7%
Imp loss on trade recv.	-1,463	-281	-312	-334	-6.7%	-78.7%	11.0%	-2,138	-1,152	-46.1%
Share of results of assoc.	880	497	592	540	9.6%	-32.8%	19.1%	2,475	1,948	-21.3%
<b>Operating profit before federal royalty</b>	<b>4,606</b>	<b>5,892</b>	<b>5,942</b>	<b>5,143</b>	<b>15.5%</b>	<b>29.0%</b>	<b>0.9%</b>	<b>20,061</b>	<b>23,241</b>	<b>15.8%</b>
Federal royalty	-1,257	-1,426	-1,531	-1,371	11.7%	21.8%	7.4%	-5,282	-7,424	40.5%
<b>Operating profit</b>	<b>3,349</b>	<b>4,466</b>	<b>4,411</b>	<b>3,773</b>	<b>16.9%</b>	<b>31.7%</b>	<b>-1.2%</b>	<b>14,779</b>	<b>15,817</b>	<b>7.0%</b>
<b>EBITDA</b>	<b>7,016</b>	<b>8,385</b>	<b>8,248</b>	<b>7,676</b>	<b>7.5%</b>	<b>17.6%</b>	<b>-1.6%</b>	<b>26,454</b>	<b>32,022</b>	<b>21.1%</b>
Finance and other inc.	974	506	638	482	32.5%	-34.5%	26.1%	2,733	8,167	NM
Finance and other costs	-1,244	-994	-1,528	-1,085	40.8%	22.8%	53.6%	-5,212	-4,624	-11.3%
<b>Profit before tax</b>	<b>3,078</b>	<b>3,977</b>	<b>3,521</b>	<b>3,169</b>	<b>11.1%</b>	<b>14.4%</b>	<b>-11.5%</b>	<b>12,300</b>	<b>19,360</b>	<b>57.4%</b>
Income tax expense	-712	-652	-548	-386	41.9%	-23.1%	-15.9%	-1,717	-3,203	86.6%
<b>Profit for the period</b>	<b>2,366</b>	<b>3,325</b>	<b>2,973</b>	<b>2,783</b>	<b>6.8%</b>	<b>25.7%</b>	<b>-10.6%</b>	<b>10,583</b>	<b>16,156</b>	<b>52.7%</b>
Non-controlling interest	71	339	427	307	39.1%	NM	25.8%	-169	1,796	NM
<b>Net Profit</b>	<b>2,295</b>	<b>2,986</b>	<b>2,547</b>	<b>2,476</b>	<b>2.9%</b>	<b>11.0%</b>	<b>-14.7%</b>	<b>10,752</b>	<b>14,360</b>	<b>33.6%</b>

FABS estimate & Co Data

**e& - Margins**

	4Q24	3Q25	4Q25	YOY	QOQ	2024	2025	Change
Operating Profit	20.3%	24.0%	22.8%	250	-114	25.0%	21.7%	-325
EBITDA	42.6%	45.0%	42.7%	10	-232	44.7%	44.0%	-73
Net profit	13.9%	16.0%	13.2%	-75	-285	18.2%	19.7%	155

FABS estimate & Co Data

**Key Developments:**

- 31 December 2025:** Pakistan Telecommunication Company Limited (PTCL), a subsidiary of e& with an effective economic ownership of 23.4%, successfully completed the acquisition of a 100% stake in Telenor Pakistan for an enterprise value of PKR 108bn on cash free, debt free basis. The in-market consolidation is expected to enable the combined entity to leverage operational synergies, expand network coverage, and enhance service quality, thereby supporting Pakistan's broader digital and economic development.
- 18 December 2025:** O2 Slovakia, the mobile operator in Slovakia and part of e& PPF Telecom Group BV (a subsidiary of e&), signed a binding agreement with Liberty Global to acquire a 100% stake in UPC Broadband Slovakia (UPC Slovakia) for a total consideration of EUR 95 Mn on a cash-free, debt-free basis. The acquisition will enable O2 Slovakia to integrate UPC's fixed network infrastructure with its existing mobile operations, strengthening its competitive positioning through a fully converged service offering.
- 3 December 2025:** e& announced that its shareholding in Vodafone Group plc increased to 16.6113% in December 2025. The increase reflects Vodafone's ongoing share buyback programme, which reduced its total issued share capital, while e&'s total number of shares held remained unchanged at 3,944.7 Mn.
- 16 June 2025** – Emirates Telecommunications Group Company PJSC (e&) announced that its shareholding in Vodafone Group plc stands at approximately 16% as of 16 June 2025. The change in ownership percentage results from Vodafone's share buyback programme, which reduced the company's total share capital. e&'s total shareholding remains unchanged at 3,944.7 Mn shares.
- 02 April 2025** – Emirates Telecommunications Group Company PJSC (e&) has completed the 100% acquisition of SBB d.o.o. Serbia, through its joint venture, e& PPF Telecom, for a total consideration of EUR 825 Mn on a cash-free, debt-free basis. The transaction was financed through debt raised by e& PPF Telecom, and SBB's financial results will be consolidated into e& PPF Telecom starting April 2025. This acquisition will integrate SBB's operations with Yettel, e&'s existing mobile subsidiary in Serbia, strengthening its position in the Serbian telecom market.
- 28 March 2025** - Etisalat announced that its subsidiary, Maroc Telecom, has reached a settlement with Inwi regarding a competition law dispute, reducing the indemnity amount from MAD 6.38 Bn to MAD 4.38 Bn. As part of the agreement, both companies have also entered into a strategic partnership to establish two joint ventures focused on fibre-optic infrastructure development and telecom tower deployment.
- 26 March 2025** – Emirates Telecommunications Group Company P.J.S.C. (e&) completed the divestment of Khazna Data Centre Holdings Ltd on 26 March 2025. The transaction generated USD 2.2 Bn (AED 8 Bn) in proceeds, which will be utilised to reduce debt. A capital gain of USD 1.4 Bn (AED 5.1 Bn), before federal royalty and corporate tax, was recognised in e&'s 1Q25 financial results.

## Valuation:

We use Discounted Free Cash flow (DCF) and Relative Valuation (RV) to value e&. We have assigned 70% weight to DCF, and 30% to RV method. We have also included the value of interest owned by E& in Vodafone Plc and Etihad Etisalat Co. e&'s value of ownership in both entities is included in DCF and RV.

Valuation Method	Target	Weight	Weighted Value
DCF Method	20.61	70.0%	14.43
EV/EBITDA	25.25	30.0%	7.57
<b>Weighted Average Valuation (AED)</b>			<b>22.00</b>
Current market price (AED)			20.82
Upside/Downside (%)			+6%

### 1) DCF Method:

e& is valued using free cash flow to the firm. We have discounted the cash flow using the weighted average cost of capital of 8.3%. It is arrived after using cost of equity of 9.3% and after-tax cost of debt of 4.8% with debt-to-equity ratio of 39.3%. Cost of equity is calculated by using 10-year government bond yield of 4.9%, beta of 1.0 and equity risk premium of 4.4%. Government bond yield is calculated after adding Abu Dhabi 10-year spread over 10-year US risk free rate. Cost of debt is calculated using cost of 4.8% after adjusting a tax rate of 16.5%. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	50,038
Terminal value (AED, Mn)	143,397
<b>FV to Common shareholders (AED, Mn)</b>	<b>193,435</b>
Net debt incl. lease as of Dec 2025	-38,985
Minority Interest (AED, Mn)	-10,055
Mobily share included in E&	13,810
Vodafone share included in E&	21,034
<b>Total Equity Value</b>	<b>179,239</b>
No of shares	8,697
Current market price (AED)	20.82
<b>Fair Value per share (AED)</b>	<b>20.61</b>

Source: FAB Securities

### DCF Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
EBIT*(1-tax)	14,139	14,988	16,146	16,423	16,461
D&A	11,011	11,455	11,262	11,733	12,181
Change in working capital	-685	-220	-391	-971	-929
(-) Capex	-12,980	-13,642	-14,154	-14,489	-14,669
<b>Free Cash Flow to Firm (FCFF)</b>	<b>11,485</b>	<b>12,580</b>	<b>12,862</b>	<b>12,696</b>	<b>13,046</b>
Discounting Factor	0.93	0.86	0.80	0.74	0.68
<b>Discounted FCFF</b>	<b>10,732</b>	<b>10,855</b>	<b>10,248</b>	<b>9,341</b>	<b>8,862</b>

Source: FAB Securities

## 2) Relative Valuation:

We have used international peers to value e&, which is valued using the EV/EBITDA multiple. It is valued at a 2026 EV/EBITDA multiple of 7.0x.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2026F	2027F	2026F	2027F
Saudi Telecom	56,268	8.1	7.6	14.3	13.6
Mobile Telecommunication Company	7,652	5.3	5.0	8.5	7.9
Verizon Communication	210,294	7.1	6.9	10.1	9.5
SAFARICOM PLC	10,213	6.9	6.1	14.1	12.1
Deutsche Telekom AG	186,385	7.1	6.7	15.2	13.6
Telstra Group Limited	40,430	8.6	8.4	24.7	23.2
Mobily	13,712	7.2	6.8	13.5	12.3
Ooredoo Q.P.S.C	12,389	4.6	4.4	10.9	10.4
Emirates Integrated Telecommunications Co.	13,266	6.1	5.9	15.4	14.8
Oman Telecommunications Company	2,474	4.8	4.7	10.9	9.7
<b>Average</b>		<b>6.6x</b>	<b>6.2x</b>	<b>13.8x</b>	<b>12.7x</b>
<b>Median</b>		<b>7.0x</b>	<b>6.4x</b>	<b>13.8x</b>	<b>12.2x</b>
<b>Max</b>		<b>7.2x</b>	<b>6.9x</b>	<b>15.0x</b>	<b>13.6x</b>
<b>Min</b>		<b>5.5x</b>	<b>5.2x</b>	<b>10.9x</b>	<b>9.8x</b>

Source: FAB Securities

