المتحدة للأوراق المالية ش.م.م
UNITED SECURITIES LLC.

INVESTMENT RESEARCH – Saudi Arabia

Etihad Etisalat Company

BUY

Sector: Telecom

01 March 2026

Target price (SAR)	**72.00**
Current price (SAR)	**64.30**
Return	**+12.0%**

- **Revenue comes slightly above our expectation, as improvement is seen across verticals.**
- **Net income beats expectation on higher-than-expected gross margins and other income.**
- **We increase our target price to SAR72/share, and upgrade our rating to BUY.**

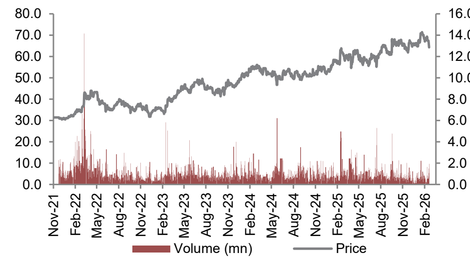
Etihad Etisalat Company (Mobily) reported a 10.4% YoY increase in revenue for 4Q25, reaching SAR 5.2 bn, slightly exceeding our expectations by 2.2%. Growth was broad-based across all operating segments and was primarily driven by the wholesale business, which rose 13.8% YoY. The consumer segment grew 11.9% YoY, while the business segment posted a 6.0% YoY increase. This performance was supported by a strong 17% YoY increase in mobile subscribers, driven mainly by prepaid growth of 19% YoY, while postpaid subscribers grew at a more moderate 5% YoY. FTTH subscriber base on the other hand grew at a steady pace of 7% YoY.

Gross profit rose 14.7% YoY to SAR 2.9 bn, with gross margin improving to 55.4% in 4Q25 from 53.3% in 4Q24. Operating expenses increased 24.8% YoY, primarily due to higher SG&A expenses, including increased salaries and employee compensation. Finance costs rose 12.6% YoY despite stable debt levels, driven by higher other finance charges. Debt-to-equity stood at 46.3% in 2025, remaining at a manageable level.

Overall, net income declined 2.7% YoY to SAR 953 mn, as revenue growth and improved gross margins were more than offset by higher operating expenses and finance costs. However, bottom-line results exceeded our forecast by 10.6%, supported by stronger-than-expected gross margins and higher net other income.

In 2025, Mobily's capex totaled SAR 5.8 bn, representing 30% of revenue. The increase was primarily driven by higher investments in upgrading its 5G network, acquiring spectrum licenses, expanding its submarine network, and investing in cloud infrastructure & data centers. For 2026, Mobily has guided for mid-to-high single digit revenue growth, with EBITDA margins expected to average between 37-38%. Capex is projected to remain high and account for 18-20% of revenue.

Valuation: Mobily's financial performance in 2025 has been strong, aided by a broad-based improvement in revenue and higher margins, resulting in a revenue and net income growth of 7.9% and 11.6% respectively. We expect this performance to broadly continue. We forecast wholesale segment will continue to drive the company's performance and will be aided by its consistent investments in infrastructure and new growth areas. The company is currently quoting at 13x its 2026e EPS and at a dividend yield of 4.5%, which we see as attractive providing upside. Overall, we have revised our medium-term estimates and increase our target price at SAR 72 per share and revise our rating at Buy.



Exchange	Saudi Arabia
Index weight (%)	2%

(mn)	SAR	USD
Market Cap	49,511	13,202
Enterprise Value	55,154	14,706

Major shareholders	
Emirates Telecommunication	28.0%
Blackrock Inc	2.4%
Vanguard Group Inc	2.2%
Others	67.4%

Valuation Summary (TTM)	
PER TTM (x)	14.3
P/Book (x)	2.4
EV/EBITDA (x)	7.2
Dividend Yield (%)	4.4
Free Float (%)	67%
Shares O/S (mn)	770
YTD Return (%)	-3%
Beta	1.1

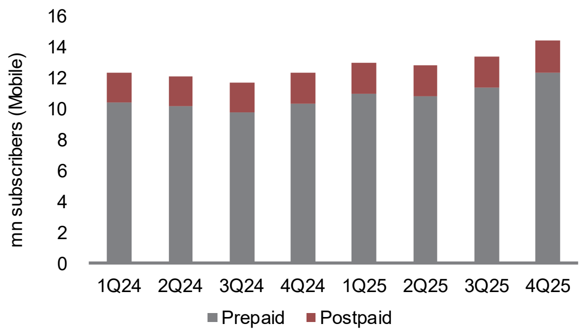
Key ratios	2023	2024	2025
EPS (SAR)	2.90	4.03	4.50
BVPS (SAR)	22.89	24.51	26.40
DPS (SAR)	1.45	2.20	2.80
Payout ratio (%)	50%	55%	62%

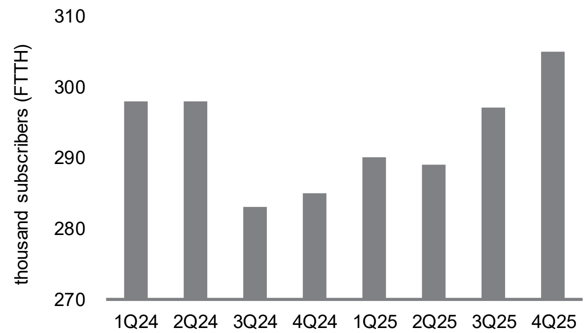
Price performance (%)	1M	3M	12M
Etihad Etisalat Co	-9%	2%	4%
Tadawul All Share Index	-5%	1%	-12%

52 week	High	Low	CTL*
Price (SAR)	71.60	52.90	21.6

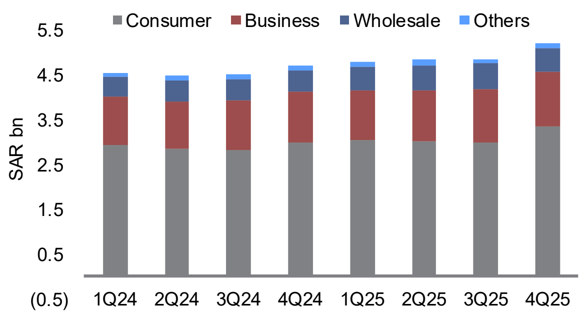
* CTL is % change in CMP to 52wk low

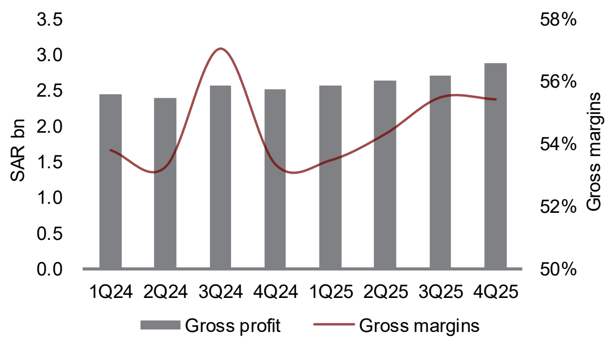
Both mobile and FTTH subscribers report growth



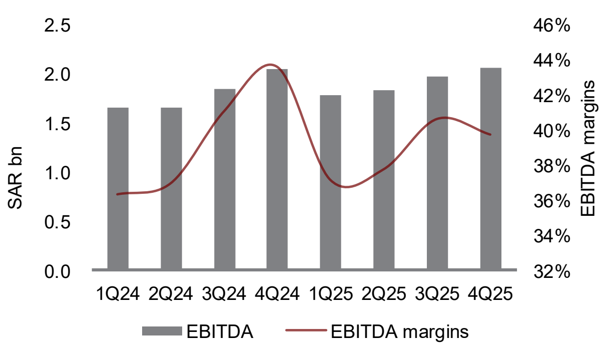


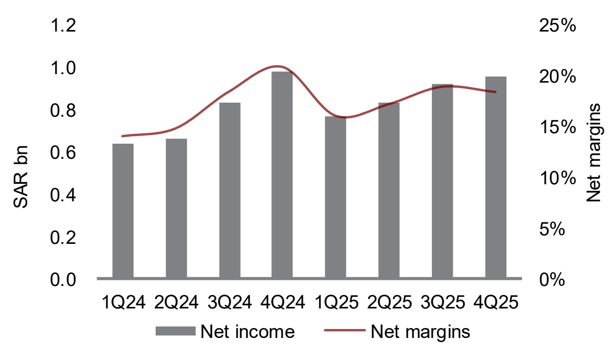
Topline supported by growth across segments, while gross margins report YoY improvement





Higher opex and finance cost restricts bottom-line performance





Income Statement (SAR mn)	2023	2024	2025	2026e	2027e	2028e	2029e	2030e
Revenue	16,763	18,206	19,642	21,359	22,820	24,012	25,069	25,705
Cost of sales	(7,509)	(8,312)	(8,900)	(9,678)	(10,340)	(10,881)	(11,360)	(11,647)
Gross profit	**9,253**	**9,894**	**10,742**	**11,680**	**12,480**	**13,132**	**13,710**	**14,057**
Operating expenses	(6,276)	(6,364)	(6,894)	(7,591)	(8,069)	(8,505)	(8,918)	(9,247)
Operating profit	**2,977**	**3,530**	**3,847**	**4,090**	**4,411**	**4,627**	**4,791**	**4,810**
Other income	(2)	103	182	184	185	187	189	191
Finance expenses - Net	(526)	(441)	(472)	(485)	(461)	(438)	(414)	(388)
Earnings before tax	**2,449**	**3,193**	**3,556**	**3,788**	**4,135**	**4,376**	**4,566**	**4,613**
Tax	(217)	(86)	(90)	(102)	(112)	(118)	(123)	(125)
Net income	**2,232**	**3,107**	**3,466**	**3,686**	**4,024**	**4,258**	**4,443**	**4,489**

Balance Sheet (SAR mn)	2023	2024	2025	2026e	2027e	2028e	2029e	2030e
Property and equipment	19,012	18,851	20,245	21,295	22,456	23,672	24,915	26,115
Intangibles	7,316	6,998	8,292	7,919	7,571	7,247	6,945	6,662
Right to use assets	2,730	2,719	3,236	3,753	4,256	4,734	5,185	5,592
Other non-current assets	259	451	253	373	495	618	742	867
Total non-current assets	**29,317**	**29,019**	**32,027**	**33,340**	**34,778**	**36,271**	**37,787**	**39,236**
Contract assets	1,424	1,363	1,676	1,822	1,947	2,049	2,139	2,193
Receivables	3,391	4,060	4,029	4,381	4,681	4,926	5,142	5,273
Inventories	151	213	132	144	154	162	169	173
Cash & Cash Equivalents	1,641	1,400	3,162	3,680	4,164	4,627	5,100	5,549
Investments	2,128	1,786	615	615	615	615	615	615
Other current assets	839	804	814	823	831	839	848	856
Total current assets	**9,574**	**9,627**	**10,428**	**11,465**	**12,392**	**13,217**	**14,013**	**14,659**
Total assets	**38,891**	**38,646**	**42,455**	**44,805**	**47,170**	**49,488**	**51,799**	**53,895**
Share Capital	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700
Total reserves	9,923	11,175	12,628	14,102	15,712	17,415	19,192	20,987
Total equity	**17,623**	**18,875**	**20,328**	**21,802**	**23,412**	**25,115**	**26,892**	**28,687**
Short term borrowings	1,611	460	529	492	455	418	381	344
Short term lease liabilities	1,179	1,213	1,151	916	1,000	1,000	1,000	1,000
Trade payables	3,415	3,604	4,490	4,882	5,217	5,489	5,731	5,876
Contract liabilities	786	971	775	842	900	947	989	1,014
Other current liabilities	4,280	4,295	4,294	4,592	4,846	5,056	5,244	5,360
Total current liabilities	**11,271**	**10,542**	**11,239**	**11,725**	**12,419**	**12,911**	**13,345**	**13,595**
Long term debt	6,700	5,725	5,196	4,833	4,470	4,107	3,744	3,381
Long term lease liabilities	2,045	2,062	2,544	3,213	3,562	3,981	4,383	4,749
Other non-current liabilities	1,253	1,441	3,149	3,233	3,308	3,374	3,436	3,483
Total non-current liabilities	**9,998**	**9,228**	**10,889**	**11,278**	**11,340**	**11,462**	**11,563**	**11,613**
Total Liabilities	**21,268**	**19,770**	**22,128**	**23,003**	**23,758**	**24,374**	**24,907**	**25,208**
Equity and liabilities	**38,891**	**38,646**	**42,455**	**44,805**	**47,170**	**49,488**	**51,799**	**53,895**

Cash Flows (SAR mn)	2023	2024	2025	2026e	2027e	2028e	2029e	2030e
Cash from operations	5,752	6,337	6,655	7,888	8,413	8,836	9,232	9,426
Cash from investments	(2,017)	(1,956)	(1,488)	(3,929)	(4,198)	(4,417)	(4,612)	(4,729)
Cash from financing	(2,922)	(4,622)	(3,404)	(3,441)	(3,730)	(3,955)	(4,147)	(4,248)
Net changes in cash	814	(242)	1,762	518	484	463	473	449
Closing balance (C/b)	**1,641**	**1,400**	**3,162**	**3,680**	**4,164**	**4,627**	**5,100**	**5,549**

Ratios	2023	2024	2025	2026e	2027e	2028e	2029e	2030e
Per Share (SAR)								
EPS	2.9	4.0	4.5	4.8	5.2	5.5	5.8	5.8
BVPS	22.9	24.5	26.4	28.3	30.4	32.6	34.9	37.3
DPS	1.5	2.2	2.8	2.9	3.1	3.3	3.5	3.5
FCF/share	4.9	5.7	6.7	5.1	5.5	5.7	6.0	6.1
Valuations								
M.Cap (SAR mn)	33,363	46,208	49,511	49,511	49,511	49,511	49,511	49,511
EV (SAR mn)	41,128	52,482	55,154	54,670	54,220	53,776	53,305	52,821
EBITDA (SAR mn)	6,625	7,195	7,627	8,089	8,643	9,094	9,494	9,735
P/E	14.9	14.9	14.3	13.4	12.3	11.6	11.1	11.0
EV/EBITDA	6.2	7.3	7.2	6.8	6.3	5.9	5.6	5.4
EV/Sales	2.5	2.9	2.8	2.6	2.4	2.2	2.1	2.1
P/BV	1.9	2.4	2.4	2.3	2.1	2.0	1.8	1.7
P/S	2.0	2.5	2.5	2.3	2.2	2.1	2.0	1.9
Div. yield	3.3%	3.7%	4.4%	4.5%	4.9%	5.2%	5.4%	5.4%
Liquidity								
Cash Ratio	0.1	0.1	0.3	0.3	0.3	0.4	0.4	0.4
Current ratio	0.8	0.9	0.9	1.0	1.0	1.0	1.1	1.1
Quick ratio	0.8	0.9	0.9	1.0	1.0	1.0	1.0	1.1
Return ratio								
ROA	5.7%	8.1%	8.2%	8.2%	8.5%	8.6%	8.6%	8.3%
ROE	12.7%	16.5%	17.1%	16.9%	17.2%	17.0%	16.5%	15.6%
ROCE	10.2%	12.5%	12.9%	13.1%	13.4%	13.4%	13.2%	12.6%
Cash cycle								
Contract asset turnover	11.8	13.4	11.7	11.7	11.7	11.7	11.7	11.7
Payables turnover	2.2	2.3	2.0	2.0	2.0	2.0	2.0	2.0
Contract liabilities turnover	9.6	10.0	11.5	11.5	11.5	11.5	11.5	11.5
Receivables turnover	4.9	4.6	4.9	4.9	4.9	4.9	4.9	4.9
Inventory turnover	49.8	39.0	67.3	67.3	67.3	67.3	67.3	67.3
Contract asset days	31	27	31	31	31	31	31	31
Payable days	166	158	184	184	184	184	184	184
Contract liabilities days	38	36	32	32	32	32	32	32
Receivables days	74	79	75	75	75	75	75	75
Inventory days	7	9	5	5	5	5	5	5
Cash Cycle	(92)	(79)	(104)	(104)	(104)	(104)	(104)	(104)
Profitability ratio								
EBITDA margins	39.5%	39.5%	38.8%	37.9%	37.9%	37.9%	37.9%	37.9%
Operating margins	17.8%	19.4%	19.6%	19.1%	19.3%	19.3%	19.1%	18.7%
PBT margins	14.6%	17.5%	18.1%	17.7%	18.1%	18.2%	18.2%	17.9%
Net margins	13.3%	17.1%	17.6%	17.3%	17.6%	17.7%	17.7%	17.5%
Leverage								
Total debt (SAR mn)	11,534	9,460	9,420	9,454	9,487	9,507	9,509	9,474
Net debt (SAR mn)	9,893	8,060	6,258	5,774	5,323	4,880	4,409	3,925
Debt/Total assets	29.7%	24.6%	22.2%	21.1%	20.1%	19.2%	18.4%	17.6%
Debt/Equity	65.5%	50.1%	46.3%	43.4%	40.5%	37.9%	35.4%	33.0%

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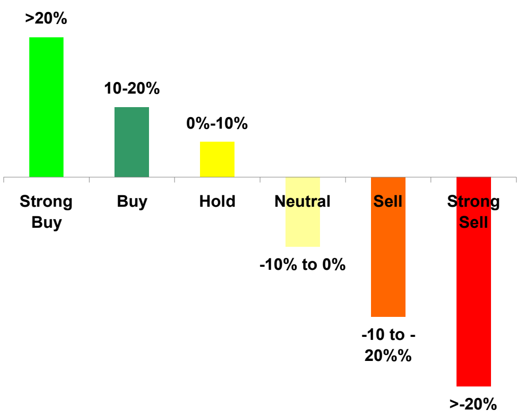
Rating Criteria and Definitions

Rating



Rating Definitions

Strong Buy	This recommendation is used for stocks whose current market price offers a deep discount to our 12-Month target price and has an upside potential in excess of 20%
Buy	This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 10% to 20%
Hold	This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 0% to 10%
Neutral	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between 0% to -10%
Sell	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between -10% to -20%
Strong Sell	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential in excess of 20%
Not rated	This recommendation used for stocks which does not form part of Coverage Universe

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