

## Etihad Etisalat Co. 1Q26 Earnings Summary

*Mobily delivered a stable operational performance in 1Q26, supported by continued expansion in its mobile and FTTH subscriber base, indicating healthy demand across core segments. Growth was broad-based across revenue streams, with a supportive subscriber mix driven by steady traction in both prepaid and postpaid segments alongside gradual fiber penetration. Margin expansion was driven by a favorable revenue mix and disciplined cost control, reflecting improved monetization and operating leverage. EBITDA growth outpaced revenue, underscoring that earnings expansion was supported by underlying efficiency gains rather than one-offs.*

*However, gains were partially offset by lower contribution from joint ventures, reduced financing income, and higher tax-related expenses. From a balance sheet perspective, leverage remains manageable, with net debt broadly stable relative to earnings. The sharp reduction in capex intensity suggests the company is transitioning beyond a peak investment phase, supporting near-term free cash flow generation. However, given the capital-intensive nature of the sector, the sustainability of lower capex remains uncertain.*

### Rating and Target Price:

We are Buy rated on EEC with a target price of SAR 77.0 (17.6% upside).

### Results vs. Consensus:

- Revenue came in line with estimates.
- Net income came in line with estimates.

### FY26 guidance

- Revenue growth – Mid to high single digit
- EBITDA margin – 37 to 38%
- Net debt to EBITDA – 0.9x-1.0x
- Capex/Revenue – 18 to 20%

### Key highlights

- Revenue increased 5.5% Y/Y, driven by growth across all segments and a healthy expansion in the subscriber base. On a Q/Q basis, revenue declined 2.8% due to seasonality in device sales within the Consumer segment in the previous quarter.
- Cost of goods sold declined 0.3% Y/Y and 4.2% Q/Q. Gross profit rose 10.6% Y/Y, supported by a favorable revenue mix, while it declined 1.7% Q/Q in line with lower revenues. Gross margin expanded to 56.0% (+257bps Y/Y, +62bps Q/Q) in 1Q26.
- Operating profit increased 16.2% Y/Y, supported by an 11.0% rise in EBITDA, reflecting higher gross profit and improved operational efficiency. On a Q/Q basis, operating profit declined 7.5%, partly due to a 1.7% increase in operating expenses. Operating margin stood at 19.6% (+181bps Y/Y, -98bps Q/Q), while the opex-to-sales ratio rose to 36.4% (+76bps Y/Y, +160bps Q/Q).
- EBITDA grew 11.0% Y/Y but declined 4.3% Q/Q. EBITDA margin expanded to 39.1% (+195bps Y/Y) but contracted 61bps Q/Q.
- Net profit increased 14.7% Y/Y but declined to 7.7% Q/Q to SAR 880mn in 1Q26. Net margin improved 140bps Y/Y but contracted 92bps Q/Q to 18.4%.
- Net debt to EBITDA stood at 0.93x, slightly lower than 0.95x in 1Q25, despite a 5.0% increase in net debt to SAR 7.3bn.
- Capex-to-revenue ratio declined to 8.0% in 1Q26 from 44.6% in 1Q25, as capex dropped 81.0% Y/Y to SAR 404mn.



### 1Q26 Snapshot:

SAR mln	1Q26	4Q25	1Q25	1Q23	Q/Q %	Y/Y %	3-yr CAGR/bps	FY25	FY24	Y/Y %
Revenues	5,040	5,186	4,777	4,051	-3%	6%	8%	19,642	18,206	8%
Cost of Goods	2,216	2,312	2,223	1,616	-4%	0%	11%	8,901	8,312	7%
Gross Profit	2,824	2,874	2,554	2,435	-2%	11%	5%	10,741	9,894	9%
Operating Expenses	1,836	1,806	1,704	1,766	2%	8%	1%	6,894	6,364	8%
Operating Profit	988	1,068	850	669	-7%	16%	14%	3,847	3,530	9%
EBITDA	1,971	2,060	1,775	1,599	-4%	11%	7%	7,627	7,195	6%
Net Income	880	953	767	497	-8%	15%	21%	3,466	3,107	12%
<b>EPS</b>	<b>1.14</b>	<b>1.24</b>	<b>1.00</b>	<b>0.65</b>	<b>-8%</b>	<b>15%</b>	<b>21%</b>	<b>4.50</b>	<b>4.04</b>	<b>12%</b>
<b>Margins (%)</b>										
Gross Margin	56	55	53	60	62 bps	257 bps	-409 bps	55	54	34 bps
Operating Margin	20	21	18	17	-98 bps	181 bps	308 bps	20	19	20 bps
EBITDA Margin	39	40	37	39	-61 bps	195 bps	-37 bps	39	40	-69 bps
Net Margin	17	18	16	12	-92 bps	140 bps	518 bps	18	17	58 bps
Opex to sales (%)	36	35	36	44	160 bps	76 bps	-716 bps	35	35	14 bps

Source: Company Announcement



## Rating Framework

### Buy

Shares of the companies under coverage in this report are expected to outperform relative to the sector or the broader market.

### Hold

Shares of the companies under coverage in this report are expected to perform in line with the sector or the broader market.

### Sell

Shares of the companies under coverage in this report are expected to underperform relative to the sector or the broader market.

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### Saudi Fransi Capital

#### (Closed Joint Stock Company Owned by Banque Saudi Fransi)

Authorized and regulated under Capital Market Authority license 11153-37. The company is operating under commercial registration 1010231217 with a paid-up capital of SAR 500,000,000.

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