

Telcom

Neutral: 12M TP @ 13

Downside of -0.5%

Valuation Summary (TTM)

Price (QAR)	13.1
PER TTM (x)	11.9
P/Book (x)	1.5
P/Sales (x)	1.8
EV/Sales (x)	2.1
EV/EBITDA (x)	4.9
Dividend Yield (%)	5.0
Free Float (%)	24%
Shares O/S (mn)	3,203
YTD Return (%)	13%
Beta	0.9

(mn)	QAR	USD
Market Cap	41,834	11,477
Enterprise Value	48,934	13,425

Price performance (%)	1M	3M	12M
Ooredoo QPSC	3%	1%	25%
Qatar Exchange Index	4%	6%	11%

Trading liquidity (,000)	1M	3M	6M
Avg daily turnover (QAR ,000)	14,547	18,920	19,236
Avg Daily Volume (,000)	1,108	1,513	1,545

52 week	High	Low	CTL*
Price (QAR)	13.60	10.11	29.2

* CTL is % change in CMP to 52wk low

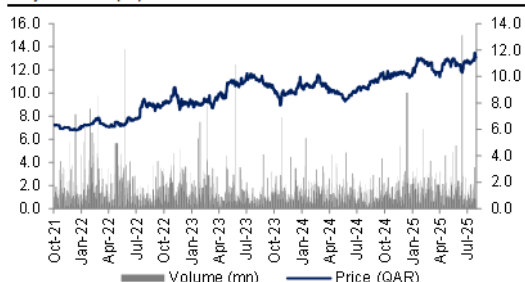
Major shareholders

Qatar Investment Authority	53.3%
General Retirement	12.7%
Emirate of Abu Dhabi	10.0%
Others	24.0%

Other details

Exchange	Qatar
Sector	Telecommunications
Index weight (%)	5.1%

Key ratios	2022	2023	2024
EPS (QAR)	0.74	0.94	1.07
BVPS (QAR)	7.59	8.26	8.82
DPS (QAR)	0.43	0.55	0.65
Payout ratio (%)	58%	58%	61%



Ooredoo – Inline performance

Ooredoo reported 2Q25 revenue of QAR 6.1 bn, marking a 2.2% YoY increase and aligning closely with our forecast of QAR 6.0 bn. The revenue growth was supported by improvements across most verticals, led by Algeria (+15.2% YoY), Iraq (+8.0% YoY), and Qatar (+5.3% YoY). This was partially offset by declines in Oman (-1.4% YoY) and Palestine (-10.2% YoY), as well as the company's exit from its Myanmar operations. Growth in Algeria and Iraq was driven by an expanding customer base and higher mobile revenues, while Qatar benefited from increased wholesale revenue. Oman's revenue continued to be affected by competitive pressures, whereas socio-political challenges constrained topline performance in Palestine. Reported EBITDA for 2Q25 rose 1.5% YoY to QAR 2.6 bn, though the EBITDA margin dipped slightly to 43.0%, down from 43.3% in 2Q24. Network and interconnection expenses, along with employee costs, remained stable. However, a reduced share of profits from associates contributed to the margin decline. Meanwhile, finance costs rose 5.1% YoY due to an increase in total debt. Despite this, the company's leverage remains under control.

Capital expenditure (capex) for 1H25 stood at QAR 1.5 bn, representing 13% of revenue. The management has reaffirmed its full-year capex guidance of QAR 4.5–5.0 bn. We expect the capex intensity to remain between 13–15% of revenue in the medium term. Overall, net income rose 3.1% YoY to QAR 988 mn, slightly ahead of our forecast of QAR 959 mn. In addition to the operating performance, profitability was also supported by other net gains and losses.

Investment thesis and valuations: Ooredoo's financial performance remains stable, with steady growth. Following the 2Q25 results, the management has reiterated its guidance of 2–3% annual revenue growth and EBITDA margins in the low 40% range. We expect topline growth to stay within this range over the medium term, supported by continued expansion in Algeria and stable performance in Qatar. Conversely, Oman's performance is likely to remain under pressure due to intense competition, while ongoing political challenges are expected to constrain growth in Palestine. In the short term, a key factor to watch will be the entry of a new competitor into Iraq's telecom market. Over the longer term, growth will depend on Ooredoo's ability to scale its data center and fintech businesses. The stock is currently trading at 12x its 2025e EPS, with a dividend yield of 5%. We maintain our target price of **QAR 13 per share**, corresponding to a **Neutral** rating.

Income Statement (QAR mn)	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Revenue	28,867	29,900	22,698	23,164	23,595	24,105	24,673	25,256	25,855
Operating expenses	(17,199)	(17,468)	(13,995)	(14,083)	(14,170)	(14,576)	(14,896)	(15,225)	(15,563)
EBITDA	11,667	12,432	8,703	9,081	9,425	9,530	9,776	10,030	10,292
Depreciation	(8,245)	(7,974)	(4,565)	(4,584)	(4,318)	(4,151)	(4,534)	(4,542)	(4,560)
Operating profit	3,422	4,457	4,138	4,497	5,107	5,379	5,242	5,489	5,732
Other income	353	(784)	221	651	547	558	569	581	592
Finance expenses	(2,150)	(1,994)	(1,032)	(861)	(779)	(869)	(833)	(800)	(768)
Earnings before tax	1,625	1,679	3,327	4,287	4,876	5,068	4,978	5,270	5,556
Tax	(203)	(627)	(566)	(775)	(848)	(882)	(866)	(917)	(967)
Net income pre MI	1,422	1,053	2,761	3,512	4,027	4,186	4,112	4,353	4,589
Minority interest (MI)	(295)	(1,006)	(401)	(496)	(591)	(615)	(604)	(639)	(674)
Net income	1,126	47	2,360	3,016	3,436	3,572	3,508	3,714	3,916

Balance Sheet (QAR mn)	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Property and equipment	26,120	14,869	14,198	13,906	13,886	15,994	16,132	16,319	16,549
Intangibles	26,455	18,088	16,702	15,515	13,991	13,303	12,665	12,074	11,526
Right to use assets	6,710	2,861	2,588	2,790	2,830	2,948	3,058	3,163	3,264
Other non-current assets	4,103	3,178	8,730	8,917	8,920	9,287	9,662	10,045	10,435
Total non-current assets	63,389	38,996	42,217	41,128	39,626	41,532	41,518	41,602	41,775
Receivables	7,783	5,251	5,773	5,087	4,804	4,908	5,023	5,142	5,264
Inventories	398	365	405	308	352	362	370	378	386
Cash & Cash Equivalents	15,678	11,670	13,232	11,463	16,933	16,497	17,886	19,375	20,933
Other current assets	489	21,075	213	223	228	234	240	245	250
Total current assets	24,348	38,362	19,623	17,080	22,317	22,002	23,519	25,141	26,833
Total assets	87,737	77,358	61,840	58,208	61,944	63,534	65,037	66,742	68,608
Share Capital	3,203	3,203	3,203	3,203	3,203	3,203	3,203	3,203	3,203
Total reserves	19,546	18,019	21,108	23,255	25,034	26,463	27,828	29,313	30,880
Minority interest	5,451	5,187	3,845	4,116	4,212	4,826	5,430	6,069	6,743
Total equity	28,201	26,409	28,156	30,574	32,449	34,492	36,461	38,586	40,826
Short term borrowings	5,469	825	4,217	468	3,280	3,088	2,908	2,738	2,578
Short term lease liabilities	1,096	630	662	615	522	548	572	595	616
Trade payables	15,334	8,323	8,116	7,639	7,651	7,872	8,045	8,222	8,404
Other current liabilities	3,430	17,130	2,295	2,619	2,600	2,666	2,727	2,789	2,852
Total current liabilities	25,329	26,908	15,291	11,341	14,052	14,174	14,251	14,343	14,451
Long term debt	24,326	18,943	13,729	11,943	11,862	11,169	10,517	9,903	9,324
Long term lease liabilities	6,264	3,558	3,142	3,131	2,358	2,477	2,586	2,689	2,786
Other non-current liabilities	3,618	1,540	1,520	1,219	1,222	1,222	1,222	1,222	1,222
Total non-current liabilities	34,207	24,041	18,392	16,293	15,442	14,868	14,325	13,813	13,332
Total Liabilities	59,536	50,949	33,683	27,634	29,494	29,041	28,576	28,156	27,783
Equity and liabilities	87,737	77,358	61,840	58,208	61,944	63,534	65,037	66,742	68,608

Cash Flows (QAR mn)	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Cash from operations	11,111	7,975	6,675	8,361	8,032	8,123	8,363	8,606	8,856
Cash from investments	(5,338)	(2,950)	(2,263)	(2,979)	(2,943)	(4,992)	(3,432)	(3,513)	(3,597)
Cash from financing	(3,891)	(9,099)	(4,055)	(8,101)	(270)	(3,567)	(3,542)	(3,604)	(3,702)
Forex changes	(626)	1,109	422	415	178	0	0	0	0
Net changes in cash	1,256	(2,965)	779	(2,304)	4,997	(436)	1,389	1,489	1,557
Closing balance (C/b)	15,678	11,670	13,232	11,463	16,933	16,497	17,886	19,375	20,933







Ratios	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Per Share (QAR)									
EPS	0.4	0.0	0.7	0.9	1.1	1.1	1.1	1.2	1.2
BVPS	7.1	6.6	7.6	8.3	8.8	9.3	9.7	10.2	10.6
DPS	0.3	0.3	0.4	0.6	0.7	0.7	0.7	0.7	0.7
FCF/share	1.8	1.6	1.4	1.7	1.6	1.0	1.5	1.6	1.6
Revenue/share	9.0	9.3	7.1	7.2	7.4	7.5	7.7	7.9	8.1
Valuations									
M.Cap (QAR mn)	21,160	23,162	26,312	32,730	38,438	41,834	41,834	41,834	41,834
EV (QAR mn)	48,088	40,634	38,677	41,540	43,738	47,444	45,960	44,451	42,948
P/E	18.8	493.7	11.1	10.9	11.2	11.7	11.9	11.3	10.7
EV/EBITDA	4.1	3.3	4.4	4.6	4.6	5.0	4.7	4.4	4.2
EV/Sales	1.7	1.4	1.7	1.8	1.9	2.0	1.9	1.8	1.7
P/BV	0.9	1.1	1.1	1.2	1.4	1.4	1.3	1.3	1.2
P/S	0.7	0.8	1.2	1.4	1.6	1.7	1.7	1.7	1.6
Div. yield	3.8%	4.1%	5.2%	5.4%	5.4%	5.1%	5.1%	5.3%	5.6%
FCF yield	27.3%	21.7%	16.8%	16.4%	13.2%	7.5%	11.8%	12.2%	12.6%
Liquidity									
Cash Ratio	0.6	0.4	0.9	1.0	1.2	1.2	1.3	1.4	1.4
Current ratio	1.0	1.4	1.3	1.5	1.6	1.6	1.7	1.8	1.9
Quick ratio	0.9	1.4	1.3	1.5	1.6	1.5	1.6	1.7	1.8
Return ratio									
ROA	1.6%	1.4%	4.5%	6.0%	6.5%	6.6%	6.3%	6.5%	6.7%
ROE	5.0%	0.2%	9.7%	11.4%	12.2%	12.0%	11.3%	11.4%	11.5%
ROCE	5.2%	8.9%	8.3%	9.6%	10.1%	10.4%	9.9%	10.1%	10.2%
Cash cycle									
Payables turnover	1.1	2.1	1.7	1.8	1.9	1.9	1.9	1.9	1.9
Receivables turnover	3.7	5.7	3.9	4.6	4.9	4.9	4.9	4.9	4.9
Inventory turnover	43.2	47.9	34.6	45.7	40.3	40.3	40.3	40.3	40.3
Payable days	325	174	212	198	197	197	197	197	197
Receivables days	98	64	93	80	74	74	74	74	74
Inventory days	8	8	11	8	9	9	9	9	9
Cash Cycle	(219)	(102)	(108)	(110)	(114)	(114)	(114)	(114)	(114)
Profitability ratio									
EBITDA margins	40.4%	41.6%	38.3%	39.2%	39.9%	39.5%	39.6%	39.7%	39.8%
Operating margins	11.9%	14.9%	18.2%	19.4%	21.6%	22.3%	21.2%	21.7%	22.2%
PBT margins	5.6%	5.6%	14.7%	18.5%	20.7%	21.0%	20.2%	20.9%	21.5%
Net margins	3.9%	0.2%	10.4%	13.0%	14.6%	14.8%	14.2%	14.7%	15.1%
Effective tax rate	12.5%	37.3%	17.0%	18.1%	17.4%	17.4%	17.4%	17.4%	17.4%
Leverage									
Total debt (QAR mn)	37,155	23,956	21,752	16,157	18,021	17,282	16,583	15,924	15,304
Net debt (QAR mn)	21,477	12,285	8,520	4,695	1,088	784	(1,304)	(3,452)	(5,628)
Debt/Capital	56.9%	47.6%	43.6%	34.6%	35.7%	33.4%	31.3%	29.2%	27.3%
Debt/Total assets	42.3%	31.0%	35.2%	27.8%	29.1%	27.2%	25.5%	23.9%	22.3%
Debt/Equity	1.3	0.9	0.8	0.5	0.6	0.5	0.5	0.4	0.4
Debt/EBITDA	3.2	1.9	2.5	1.8	1.9	1.8	1.7	1.6	1.5
Net debt/EBITDA	1.8	1.0	1.0	0.5	0.1	0.1	(0.1)	(0.3)	(0.5)

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Rating Criteria and Definitions

Rating	Rating Definitions
 Strong Buy	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	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	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	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	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	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	Not rated This recommendation used for stocks which does not form part of Coverage Universe

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