Company

Saudi Telecom Company

3Q25 Result Review

Rating

Hold

Bloomberg Ticker

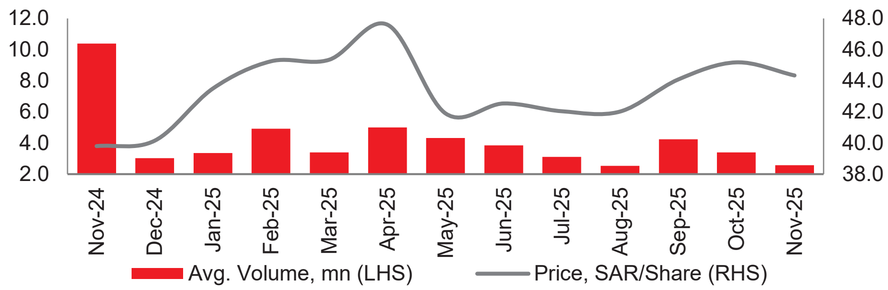
STC AB

Date

9 November 2025

Results

Target Price SAR	48.4
Upside/ Downside	9.2%



Current Market Price (SAR)	44.3
52wk High / Low (SAR)	46.2/37.6
12m Average Vol. (mn)	4.2
Mkt. Cap. (USD/SAR bn)	59.1/221.7
Shares Outstanding (mn)	5,000.0
Free Float (%)	38.0
3m ADTV (SAR mn)	146.8
6m ADTV (SAR mn)	152.2
P/E'26e (x)	14.6
EV/EBITDA'26e (x)	8.8
Dividend Yield '26e (%)	5.0%
Price Perf. (1m/3m) (%)	-0.0/4.6

Research Department

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Steady revenue growth

STC reported revenue of SAR 19,264mn in 3Q25, marking 4% YoY increase. This performance brought 9M25 revenue growth to 3% YoY. This includes strengthening telecom leadership, making targeted digital infrastructure investments and developing new digital services.

Net profit declined on YoY basis

Net profit declined 12% YoY in 3Q25, driven by significant margin pressure, with gross profit falling 11% YoY and operating profit dropping by 18% YoY. This weak quarter impacted the 9M25 results, which saw flat gross profit and a 5% YoY operating profit decline. The net profit for 9M25 was up 3% YoY.

U-Capital View

STC's revenue is expected to grow steadily, driven by momentum in high-growth segments like the enterprise business and its expanding ICT portfolio. This growth is underpinned by strong demand for digital transformation across both private and public sectors. However, we believe that these positives are largely priced into the current valuation, leaving limited upside. We have a Hold rating on the stock with a target price of SAR 48.4/share.

Financial Statements

SAR mn	3Q24	4Q24	1Q25	2Q25	3Q25	3Q25e	YoY	QoQ	Var.	9M24	9M25	YoY
P&L												
Revenue	18,598	18,996	19,210	19,451	19,264	19,709	4%	-1%	-2%	56,465	57,924	3%
Gross Profit	10,402	7,948	9,098	9,560	9,251	9,884	-11%	-3%	-6%	27,903	27,908	0%
Operating Profit	4,410	2,275	3,584	3,624	3,627	3,915	-18%	0%	-7%	11,456	10,834	-5%
Net Profit (Loss) (Owners)	4,643	(132)	3,649	3,823	4,107	4,173	-12%	7%	-2%	11,233	11,579	3%
BS												
Sh. Equity	79,283	89,417	91,069	82,699	83,948		6%	2%		79,283	83,948	6%
Ratios												
Gross Margin	55.9%	41.8%	47.4%	49.1%	48.0%	50.1%				49.4%	48.2%	
Operating Margin	23.7%	12.0%	18.7%	18.6%	18.8%	19.9%				20.3%	18.7%	
Net Profit Margin	25.0%	-0.7%	19.0%	19.7%	21.3%	21.2%				19.9%	20.0%	
EPS, SAR	0.9	0.0	0.7	0.8	0.8	0.8				2.2	2.3	
RoE (TTM)					13.2%							
P/E (TTM)					19.4							
P/Bv					2.6							

Source: Financials, Tadawul, Bloomberg, U Capital Research

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Disclaimer

Recommendation

BUY	ACCUMULATE	HOLD	REDUCE	SELL
Greater than 20%	Between +10% and +20%	Between +10% and -10%	Between -10% and -20%	Lower than -20%

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