

Result update

Etihad Etisalat Company

Sector: Telecom

- **Net income comes better than expectation on higher gross margins and lower provisions for credit loss, offsetting higher SG&A.**
- **We upgrade our forecast and target price to reflect the improved margins, though valuations factor in most of the upside.**
- **We increase our target price to SAR70/share, with our rating at Hold.**

Etihad Etisalat Company (Mobily) reported a 7.8% YoY increase in revenue for 3Q25, reaching SAR 4.8 bn, slightly ahead of our expectations by 2.5%. Revenue growth was supported by the company's customer outreach programs and favorable seasonality. The performance was led by the wholesale business, which rose 18.6% YoY, while business segment grew 11.4% YoY. The consumer segment posted a 5.1% YoY increase and benefited from a 14.5% YoY rise in the mobile subscriber base, which reached 13.4 mn in 3Q25. This was fueled by both prepaid (+16.3% YoY) and postpaid (+5.3% YoY) services. Gross profit rose 4.9% YoY to SAR 2.7 bn, while the gross margin declined slightly to 55.5% in 3Q25 from 57.0% in 3Q24. The previous year performance was boosted by a refund of withholding taxes on interconnection charges. Excluding this one-off benefit, the company has shown steady margin improvement throughout the current year (9M25). Operating expenses remained largely under control despite higher SG&A, supported by lower provisions for credit losses. Improved receivables management, including the signing of a debt settlement agreement during the quarter, contributed to a provision reversal. Finance costs were flat YoY, in line with stable debt levels. Overall, net income increased 10.6% YoY to SAR 916 mn, surpassing our estimate of SAR 725 mn.

In 9M25, Mobily's outlay on capex was at SAR 3.6 bn, representing 25.1% of revenue. The increase was mainly due to higher investments in upgrading its 5G network and spending on spectrum. Excluding spectrum, capex intensity stood at 13% for 9M25. Mobily has reaffirmed its outlook for mid- to high-single-digit revenue growth for the full year. Additionally, the company continues to guide EBITDA margins in the range of 37–38%, in line with the 38.5% margin achieved in 9M25. Typically, 4Q25 is a cyclically weak quarter for both the industry and Mobily with margins expected to soften slightly. Nevertheless, we anticipate EBITDA margins to close the year at the higher end of the company's guidance range.

Valuation: Mobily continued to deliver strong financial results, supported by a steady topline performance and robust net income growth. Its performance in 2025 so far has been underpinned by consistent improvement in gross margins and persistently low credit loss provisions. These factors have more than offset the increase in operating expenses, driven by the company's strategic initiatives and expanding operations. Looking ahead, we expect margins to remain stable, although the benefit from low credit loss provisions appears to have largely plateaued. Overall, we have revised our forecast upwards. However, with the stock trading at 14x its 2026e P/E, much of the upside potential seems to be already priced in. Accordingly, we have raised our target price to SAR 70/share and upgraded our rating to Hold.

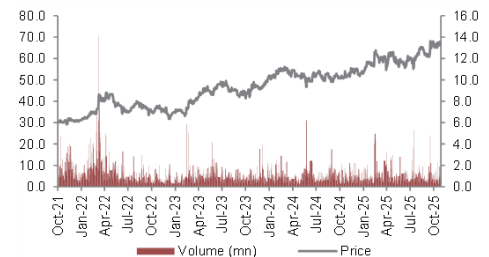
HOLD

06 November 2025

Target price (SAR) 70.00

Current price (SAR) 66.50

Return 5.3%



Exchange Saudi Arabia
Index weight (%) 2%

(mn)	SAR	USD
Market Cap	51,205	13,653
Enterprise Value	56,936	15,181

Major shareholders

Emirates Telecommuni	28.0%
Blackrock Inc	2.2%
Vanguard Group Inc/T	2.2%
Others	67.7%

Valuation Summary (TTM)

PER TTM (x)	14.7
P/Book (x)	2.7
EV/EBITDA (x)	7.5
Dividend Yield (%)	3.8
Free Float (%)	68%
Shares O/S (mn)	770
YTD Return (%)	25%
Beta	1.1

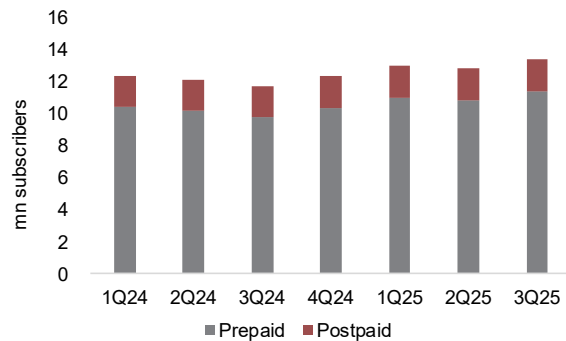
Key ratios	2022	2023	2024
EPS (SAR)	2.15	2.90	4.03
BVPS (SAR)	21.24	22.89	24.51
DPS (SAR)	1.15	1.45	2.20
Payout ratio (%)	53%	50%	55%

Price performance (%)	1M	3M	12M
Etihad Etisalat Co	-2%	9%	29%
Tadawul All Share Index	-1%	5%	-5%

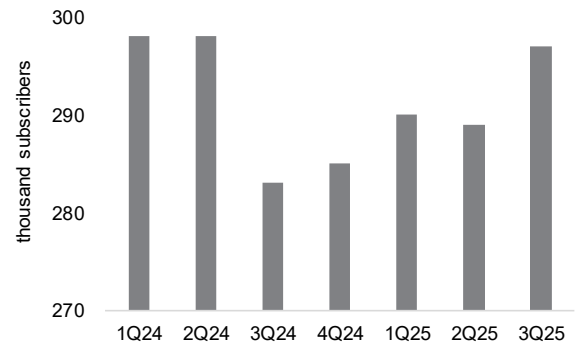
52 week	High	Low	CTL*
Price (SAR)	69.00	50.80	30.9

* CTL is % change in CMP to 52w k low

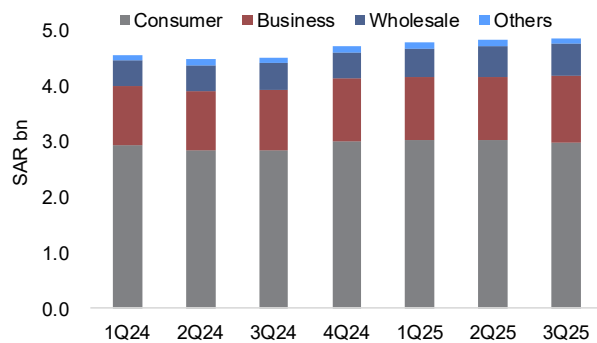
Both prepaid and postpaid report growth



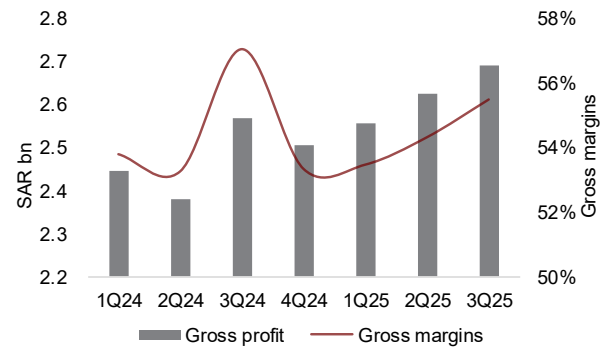
FTTH momentum recovers in 2025



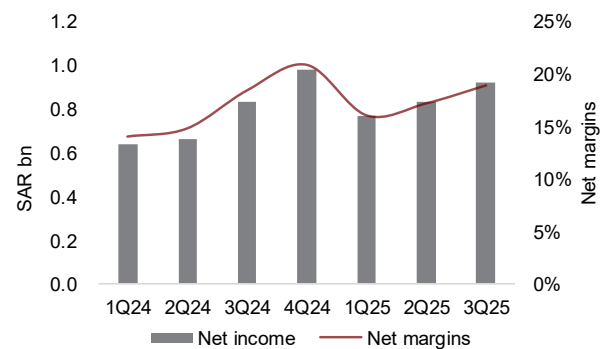
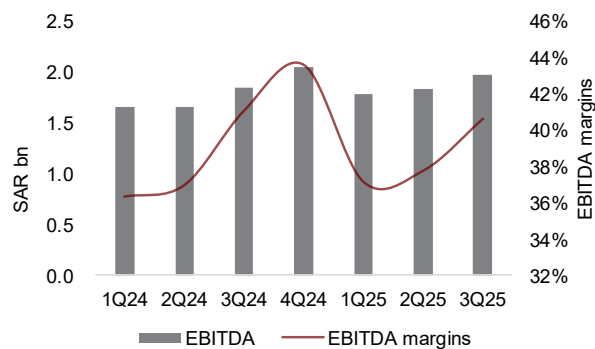
Topline supported by improvement across segments



Gross margins reports consistent improvement



Improved gross margins and lower credit loss provisions more than compensated higher opex, aiding bottom-line



Income Statement (SAR mn)	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Revenue	14,046	14,834	15,717	16,763	18,206	19,528	20,496	21,321	21,971
Cost of sales	(5,894)	(6,163)	(6,336)	(7,509)	(8,312)	(8,916)	(9,358)	(9,734)	(10,031)
Gross profit	8,152	8,672	9,381	9,253	9,894	10,612	11,138	11,586	11,940
Operating expenses	(6,782)	(7,018)	(7,053)	(6,276)	(6,364)	(6,860)	(7,141)	(7,393)	(7,618)
Operating profit	1,370	1,654	2,328	2,977	3,530	3,752	3,997	4,193	4,321
Other income	(4)	(3)	12	(2)	103	195	197	199	201
Finance expenses - Net	(540)	(500)	(561)	(526)	(441)	(479)	(464)	(411)	(358)
Earnings before tax	826	1,151	1,779	2,449	3,193	3,469	3,731	3,982	4,165
Tax	(43)	(79)	(122)	(217)	(86)	(94)	(101)	(107)	(112)
Net income	783	1,072	1,657	2,232	3,107	3,375	3,630	3,874	4,053

Balance Sheet (SAR mn)	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Property and equipment	21,321	20,380	19,508	19,012	18,851	19,604	20,416	21,259	22,100
Intangibles	8,240	7,911	7,608	7,316	6,998	6,698	6,415	6,148	5,896
Right to use assets	2,321	2,730	2,703	2,730	2,719	2,745	2,793	2,854	2,922
Other non-current assets	50	259	235	259	451	611	773	936	1,101
Total non-current assets	31,932	31,279	30,053	29,317	29,019	29,659	30,398	31,198	32,019
Contract assets	485	876	1,209	1,424	1,363	1,462	1,535	1,597	1,645
Receivables	3,895	4,593	3,338	3,391	3,930	4,215	4,424	4,602	4,742
Inventories	73	108	109	151	213	228	240	249	257
Cash & Cash Equivalents	929	1,051	828	1,641	1,400	1,946	2,456	2,991	3,552
Investments	300	1,000	2,014	2,128	1,786	1,786	1,786	1,786	1,786
Other current assets	793	457	628	839	804	812	820	829	837
Total current assets	6,476	8,085	8,125	9,574	9,496	10,450	11,261	12,053	12,820
Total assets	38,408	39,364	38,178	38,891	38,515	40,109	41,659	43,251	44,839
Share Capital	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700
Total reserves	6,745	7,496	8,659	9,923	11,175	12,526	13,978	15,527	17,148
Total equity	14,445	15,196	16,359	17,623	18,875	20,226	21,678	23,227	24,848
Short term borrowings	1,349	1,211	1,313	1,611	460	425	391	357	323
Short term lease liabilities	769	928	1,010	1,179	1,213	580	598	616	616
Trade payables	4,669	4,606	2,941	3,415	3,604	3,865	4,057	4,220	4,349
Contract liabilities	1,067	738	695	786	831	891	936	973	1,003
Other current liabilities	3,130	3,601	4,106	4,280	4,304	4,553	4,738	4,897	5,024
Total current liabilities	10,985	11,083	10,065	11,271	10,412	10,315	10,719	11,063	11,315
Long term debt	10,134	9,624	8,310	6,700	5,725	5,300	4,874	4,449	4,023
Long term lease liabilities	1,836	2,193	2,211	2,045	2,062	2,776	2,855	2,943	3,052
Other non-current liabilities	1,008	1,268	1,233	1,253	1,441	1,493	1,534	1,569	1,599
Total non-current liabilities	12,978	13,085	11,755	9,998	9,228	9,569	9,263	8,961	8,675
Total Liabilities	23,963	24,168	21,820	21,268	19,640	19,883	19,982	20,024	19,990
Equity and liabilities	38,408	39,364	38,178	38,891	38,515	40,109	41,659	43,251	44,839

Cash Flows (SAR mn)	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Cash from operations	4,170	4,729	5,684	5,752	6,337	7,157	7,466	7,805	8,076
Cash from investments	(2,866)	(2,916)	(3,406)	(2,017)	(1,956)	(3,562)	(3,738)	(3,889)	(4,007)
Cash from financing	(1,626)	(1,692)	(2,501)	(2,922)	(4,622)	(3,048)	(3,218)	(3,382)	(3,508)
Net changes in cash	(322)	121	(223)	814	(242)	546	510	535	561
Closing balance (C/b)	929	1,051	828	1,641	1,400	1,946	2,456	2,991	3,552

Ratios	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Per Share (SAR)									
EPS	1.0	1.4	2.2	2.9	4.0	4.4	4.7	5.0	5.3
BVPS	18.8	19.7	21.2	22.9	24.5	26.3	28.2	30.2	32.3
DPS	0.5	0.9	1.2	1.5	2.2	2.6	2.8	3.0	3.2
FCF/share	1.7	2.4	3.0	4.9	5.7	4.7	4.8	5.1	5.3
Valuations									
M.Cap (SAR mn)	20,688	23,736	28,218	33,363	46,208	51,205	51,205	51,205	51,205
EV (SAR mn)	33,547	35,640	38,222	41,128	52,482	56,554	55,681	54,793	53,881
EBITDA (SAR mn)	5,340	5,581	6,179	6,625	7,195	7,479	7,835	8,150	8,398
P/E	26.4	22.2	17.0	14.9	14.9	15.2	14.1	13.2	12.6
EV/EBITDA	6.3	6.4	6.2	6.2	7.3	7.6	7.1	6.7	6.4
EV/Sales	2.4	2.4	2.4	2.5	2.9	2.9	2.7	2.6	2.5
P/BV	1.4	1.6	1.7	1.9	2.4	2.5	2.4	2.2	2.1
P/S	1.5	1.6	1.8	2.0	2.5	2.6	2.5	2.4	2.3
Div. yield	1.9%	2.8%	3.1%	3.3%	3.7%	4.0%	4.3%	4.5%	4.7%
Liquidity									
Cash Ratio	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.3	0.3
Current ratio	0.6	0.7	0.8	0.8	0.9	1.0	1.1	1.1	1.1
Quick ratio	0.6	0.7	0.8	0.8	0.9	1.0	1.0	1.1	1.1
Return ratio									
ROA	2.0%	2.7%	4.3%	5.7%	8.1%	8.4%	8.7%	9.0%	9.0%
ROE	5.4%	7.1%	10.1%	12.7%	16.5%	16.7%	16.7%	16.7%	16.3%
ROCE	4.8%	5.7%	8.0%	10.2%	12.5%	12.8%	13.1%	13.3%	13.1%
Cash cycle									
Contract asset turnover	29.0	16.9	13.0	11.8	13.4	13.4	13.4	13.4	13.4
Payables turnover	1.3	1.3	2.2	2.2	2.3	2.3	2.3	2.3	2.3
Contract liabilities turnover	5.5	8.4	9.1	9.6	10.0	10.0	10.0	10.0	10.0
Receivables turnover	3.6	3.2	4.7	4.9	4.6	4.6	4.6	4.6	4.6
Inventory turnover	80.4	57.2	58.1	49.8	39.0	39.0	39.0	39.0	39.0
Contract asset days	13	22	28	31	27	27	27	27	27
Payable days	289	273	169	166	158	158	158	158	158
Contract liabilities days	66	44	40	38	36	36	36	36	36
Receivables days	101	113	78	74	79	79	79	79	79
Inventory days	5	6	6	7	9	9	9	9	9
Cash Cycle	(237)	(176)	(98)	(92)	(79)	(79)	(79)	(79)	(79)
Profitability ratio									
EBITDA margins	38.0%	37.6%	39.3%	39.5%	39.5%	38.3%	38.2%	38.2%	38.2%
Operating margins	9.8%	11.2%	14.8%	17.8%	19.4%	19.2%	19.5%	19.7%	19.7%
PBT margins	5.9%	7.8%	11.3%	14.6%	17.5%	17.8%	18.2%	18.7%	19.0%
Net margins	5.6%	7.2%	10.5%	13.3%	17.1%	17.3%	17.7%	18.2%	18.4%
Leverage									
Total debt (SAR mn)	14,089	13,955	12,845	11,534	9,460	9,081	8,718	8,365	8,015
Net debt (SAR mn)	13,159	12,904	12,017	9,893	8,060	7,135	6,262	5,374	4,463
Debt/Total assets	36.7%	35.5%	33.6%	29.7%	24.6%	22.6%	20.9%	19.3%	17.9%
Debt/Equity	1.0	0.9	0.8	0.7	0.5	0.4	0.4	0.4	0.3

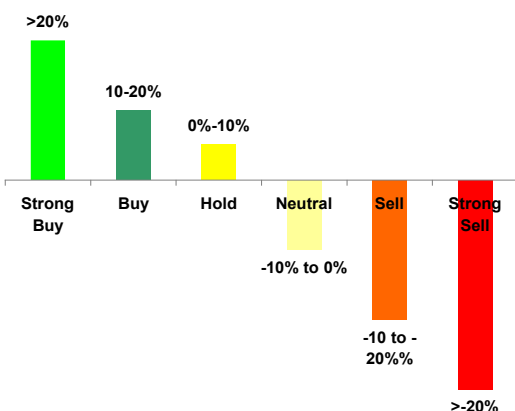
Key contacts

Research Team

Joice Mathew	Manna Thomas ACCA	Contact Address
Sr. Manager - Research	Research Associate	P. O Box: 2566; P C 112
E-Mail: joyce@usoman.com	Email: manna.t@usoman.com	Sultanate of Oman
Tel: +968 2476 3311	Tel: +968 2476 3347	Tel: +968 2476 3300

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

Disclaimer

This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions. Opinion expressed is our current opinion as of the date appearing on this material only. We do not undertake to advise you as to any change of our views expressed in this document. While we endeavor to update on a reasonable basis the information discussed in this material, United Securities, its subsidiaries and associated companies, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that prevent us from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true and are for general guidance only. While every effort is made to ensure the accuracy and completeness of information contained, the company takes no guarantee and assumes no liability for any errors or omissions of the information. No one can use the information as the basis for any claim, demand or cause of action.

Recipients of this material should rely on their own investigations and take their own professional advice. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment. Price and value of the investments referred to in this material may go up or down. Past performance is not a guide for future performance. United Securities LLC, and affiliates, including the analyst who has issued this report, may, on the date of this report, and from time to time, have long or short positions in, and buy or sell the securities of the companies mentioned herein or engage in any other transaction involving such securities and earn brokerage or compensation or act as advisor or have other potential conflict of interest with respect to company/ies mentioned herein or inconsistent with any recommendation and related information and opinions. United Securities LLC and affiliates may seek to provide or have engaged in providing corporate finance, investment banking or other advisory services in a merger or specific transaction to the companies referred to in this report, as on the date of this report or in the past.