

GCC TMT & Infrastructure

Recap post FY23; investment theses intact

GCC TMT: We reiterate our preference for Saudi operators Mobily and stc

GCC telecoms reported healthy yoy top-line growth for 2023, supported by strengthening mobility trends driving growth in mobile and fixed broadband subscribers, growth in B2B exposure as demand for ICT remains strong, higher device sales, and growth in new revenue streams including fintech. Into 2024, we reiterate our preference for Saudi operators with strong GCC market exposures, namely Mobily and stc, which we believe are well-positioned to capitalize on the digitalization trends and ICT demand growth, as well as growth in population supporting traditional telecom services. This is while we see growth potential in dividends for both players supported by improving FCF generation. We maintain our Neutral rating on e& and Zain Kuwait as we remain cautious on international exposure (FX/regulatory headwinds), and on stc Solutions on valuation grounds. We maintain our Sell rating on Zain KSA.

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Key themes for GCC TMT in 2024

For 2024, we see the following key themes as top of mind for our GCC TMT coverage: (1) mobility trends in Saudi/the UAE supported by growth in population/tourism and favorable underlying macro/business activity, (2) competition in the B2B/ICT segment on the public/government side, (3) margin evolution and opex optimization efforts, and (4) M&A activity, with stc, e& and stc Solutions continuing to show interest in growing inorganically and diversifying their geographic and/or product exposures. This is while we view the revised, progressive dividend policy announced by e& positively, and see potential for stc/Mobily to grow their dividends this year supported by healthy FCF profiles.

UAE Infrastructure: Market tailwinds remain supportive of growth; reiterate Buy on DEWA

Within UAE Infrastructure, we continue to see the favorable macro backdrop in Dubai, coupled with strong commercial and tourism activities, supporting revenue growth for DEWA and Salik. We reiterate our Buy rating on DEWA as we see the company as well-positioned to (1) capture the demand growth on the utilities front (including district cooling) and (2) drive energy transition in the Emirate (renewable

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energy, EV charging), while it continues to trade at an attractive 2025E DY of 5.3% (vs. the 4.7% GCC utilities average). We remain Neutral-rated on Salik as we believe the current multiples reflect the positive macro backdrop.

Exhibit 1: GCC TMT and infrastructure outlook summary

Company name	Rating	Revenue CAGR (2023-28E)	EBITDA CAGR (2023-28E)	GS view
ME&A Telecoms				
Mobily	Buy	5%	6%	We continue to like Mobily given our expectations of healthy free cash flow generation, supported by 1) a continued recovery in macro which is supportive of receivables collection, and 2) ongoing secular trends in Saudi including continued fiber rollout and telecoms increasing their focus on alternative sources of income (ICT, tower sales).
Saudi Telecom	Buy	5%	5%	We see stc as well-positioned to capitalize on the structural growth trends in Saudi, including (1) 5G, (2) ICT market growth (stc Solutions), and (3) the launch of banking products (stc Bank) as fintech gains momentum. We see upside on operational margins (as underlying subsidiaries gradually mature), FCF generation and dividends, while the balance sheet position remains healthy. We maintain our Buy rating.
stc Solutions	Neutral	12%	16%	We forecast a c.12% FY23-28E revenue CAGR driven by robust growth in all three key business lines: Core ICT, IT management and Digital services, further supported by recent acquisitions (Giza/CCC). We see stc Solutions as well-placed to capitalize on the ICT and digitalization theme in Saudi Arabia, yet we see valuation as fair at current levels.
Etisalat	Neutral	5%	4%	We continue to see e& benefiting from healthy dynamics in the domestic market, while we turn slightly more positive on some of the international exposures. This is while the company upgraded its dividend policy, which we view positively. However, we believe valuation is currently reflective of the company's margin/growth outlook and hence we maintain our Neutral rating; we prefer names with relatively stronger exposure to GCC markets.
Zain Kuwait	Neutral	4%	5%	Zain Kuwait continues to trade at a discount to GCC peers, which we see as justified given the geographic exposure. We continue to prefer other names in the region with more resilient growth profiles (relatively higher GCC exposure) and company-specific catalysts. Furthermore, we view the company's exposure to regions with currency devaluation/security headwinds as downside risks that we do not see for other regional players such as stc and Mobily.
Zain KSA	Sell	5%	7%	While we see revenue growth momentum continuing in 2024/25, we see limited upside potential for margin expansion, while the tower sale catalyst and related one-off gains are behind us. This is while the name trades at relatively lower FCFY than peers in the region while having the most leveraged balance sheet vs. other names within our coverage. Maintain Sell.
UAE Infrastructure				
Salik	Neutral	4%	6%	We believe Salik is well-positioned to benefit from the increase in population and overall business/tourism activity in Dubai, with revenue-generating trips exceeding record 2Q19 pre-pandemic levels. However, we see current valuation levels reflective of operational performance.
DEWA	Buy	5%	6%	Being the sole provider of power/water services in Dubai, DEWA is well-positioned to capitalize on the growth in population and the accompanying higher demand for utility services, including district cooling through its ownership of EMPOWER, in our view. We maintain our Buy rating on the growth outlook and a relatively attractive 2025E DY of 5.3%, which compares to other GCC utility names at 4.7% on average.

Source: Goldman Sachs Global Investment Research

Exhibit 2: We are Buy rated on Mobily and stc within GCC TMT, and on DEWA within UAE Infrastructure

Company name	Mkt Cap (US\$m)	Rating	Currency	12m price Target	Last close	Div. yield 2025E	P/E		EV/EBITDA		FCF yield	
							2025E	2026E	2025E	2026E	2025E	2026E
GCC TMT												
Mobily	11,230	Buy	SR	62.7	54.7	4.9%	14.3	12.7	6.1	5.4	10%	11%
Saudi Telecom (stc)	53,526	Buy	SR	46.3	40.2	5.2%	13.7	12.4	7.2	6.6	7%	8%
stc Solutions	12,222	Neutral	SR	365.0	382.0	2.4%	25.0	20.8	17.4	14.3	5%	6%
Zain KSA	3,106	Sell	SR	12.4	13.0	4.6%	16.5	11.9	6.0	5.4	8%	10%
Zain Kuwait	7,098	Neutral	KD	0.54	0.50	6.9%	8.5	8.1	5.5	5.3	4%	5%
Etisalat	42,384	Neutral	AED	19.4	17.9	4.8%	14.2	13.1	6.4	6.0	6%	6%
UAE Infrastructure												
Salik	7,147	Neutral	AED	3.27	3.50	4.7%	21.4	19.6	17.9	16.7	5%	6%
DEWA	32,944	Buy	AED	3.06	2.42	5.3%	14.3	13.3	8.2	7.5	8%	10%

Share prices as of March 12, 2024.

Source: FactSet, Goldman Sachs Global Investment Research

GCC TMT: Prefer strong domestic Saudi exposures

Etihad Etisalat (Mobily): Strong operational growth outlook intact; maintain Buy

Operational growth outlook remains attractive: We maintain our Buy rating on Mobily, and forecast a c.6% revenue CAGR in 2023-26E, mainly on the back of growing exposure to the high-growth B2B/ICT segment (c.22% of FY23 revenues, vs. c.19% in FY22), as well as positive mobility trends underpinning low single-digit growth in traditional telecom services. This is while the company has been focused on growing its FTTH footprint, with subscribers up +5.4% yoy to 293k, complementing growth on the 5G side. While the changing revenue mix towards B2B/ICT could place some short-term pressure on margins, we believe there is upside potential from ongoing cost optimization initiatives, underpinning an overall c.7% EBITDA CAGR in 2023-26E.

FCF profile supportive of growth in dividends: Mobily's BoD recommended a DPS of SAR1.45 for FY23, up +26% yoy (and c.+12% vs. GSe) and representing a c.50% EPS payout. We increase our DPS estimates for FY24/25E to SAR2.00/2.67 (vs. SAR1.96/2.32 previously), as we see potential for higher dividend supported by growing FCF generation momentum. We see this driven by positive earnings momentum (EPS CAGR of c.14% in FY23-26E) and a disciplined capex spending approach (capex/sales of 12.5% on average in 2023-28E, vs. 16.6% in 2019-23), while improved collections on the WC side could further support the FCF outlook. Deleveraging also remains a catalyst, in our view, with Mobily reducing its gross debt by c.10% by YE23 vs. YE22, translating into a net debt/EBITDA of 1.20x (vs. 1.65x at YE22); we see this declining to c.0.4x by 2025E.

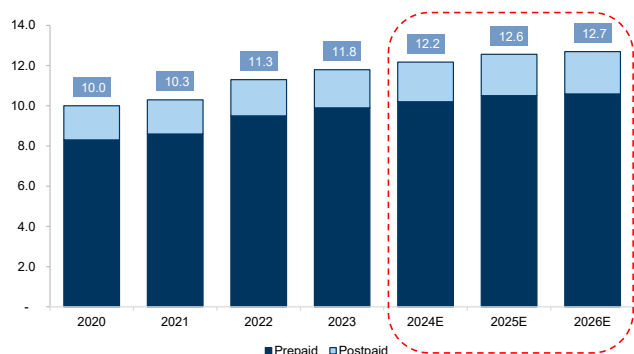
Current valuation multiples justified; we see room for further share price re-rating:

Mobily is up c.+40% in the past 12 months and +9% YtD, outperforming the local Tadawul index by +18%/+5%, respectively, and GCC telecoms peers by +43%/+14% on average. This has left the company trading at a 6.1x on 2025E EV/EBITDA (GSe), in line with the sector average and at a premium to the 5-year historical median, which we see as justified and supported by the company's operational growth and multiple earnings upgrade cycles. This is while 2025E FCFY stands at 10%, c.+3ppts vs. the sector average and supportive of a c.5% 2025E DY. We see a further re-rating supported by revenue, FCF and dividend growth, while growing ICT exposure justifies an expansion in multiples, in our view.

Estimate and PT changes: We update our estimates for Mobily post FY23 results and lower our 2024-26E EBITDA by 0.8% on average as we take into account the company's margin guidance for FY24. We raise our 2024-26E EPS estimates by 5.6% on a better-than-expected 4Q print and an improved net debt position. We also mark-to-market our valuation multiple and now value Mobily using a 2025E EV/EBITDA of 6.9x (vs. 5.9x previously) as we take into consideration the re-rating in ICT names and the company's increasing exposure to the sector. This, coupled with estimate changes, results in our 12m PT moving by +19% to SAR62.7, vs. SAR52.7 previously, reflecting a TR potential of c.20% (as of March 12 closing price, including a c.5% 2025E DY).

Exhibit 3: Mobily reported a 4.4% yoy increase in total mobile subscribers in FY23, and we expect the healthy growth momentum to continue...

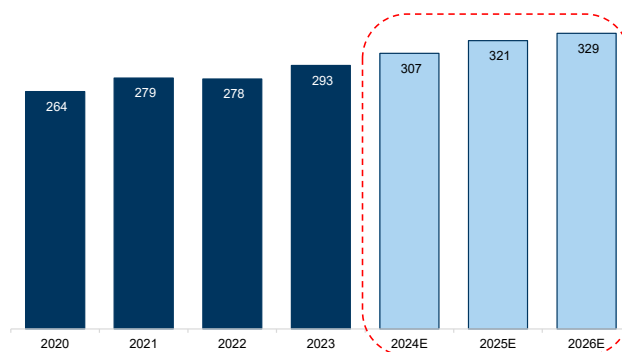
Mobile prepaid and postpaid subscribers (mn)



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 4: ...and see a similar trend for FTTH subscribers, which grew by c.+5% yoy in FY23

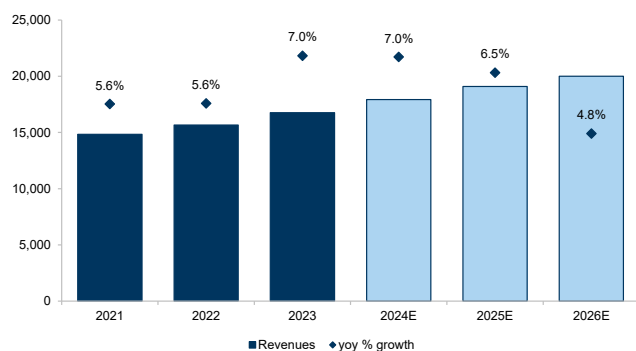
FTTH subscribers ('000s)



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 5: We forecast a c.6% CAGR in Mobily's revenues for 2023-26E, mainly supported by growth in B2B and healthy momentum on the consumer/wholesale side

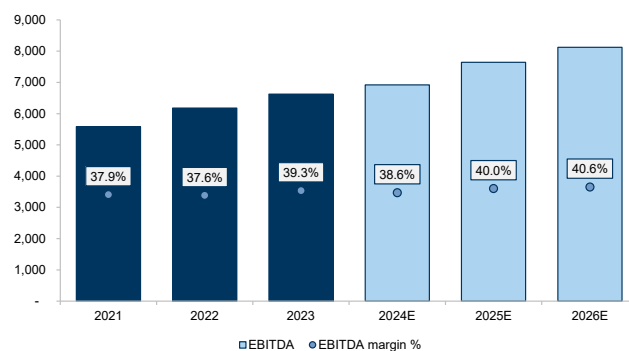
Revenues (SARmn) and yoy % growth



Source: Company data, Goldman Sachs Global Investment Research

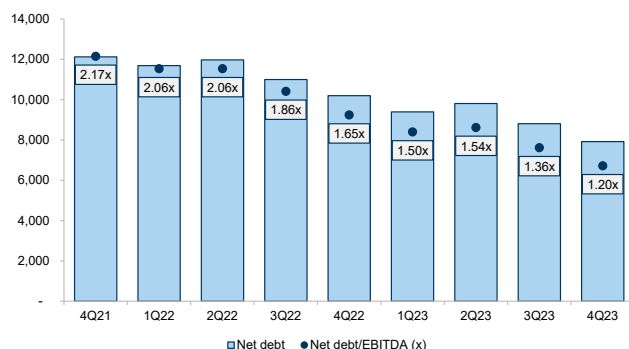
Exhibit 6: Operating FCF generation remains strong, and stood at c.SAR4.3bn in FY23, +5.4% yoy

Operating FCF (EBITDA - Capex, SARmn), and % of EBITDA



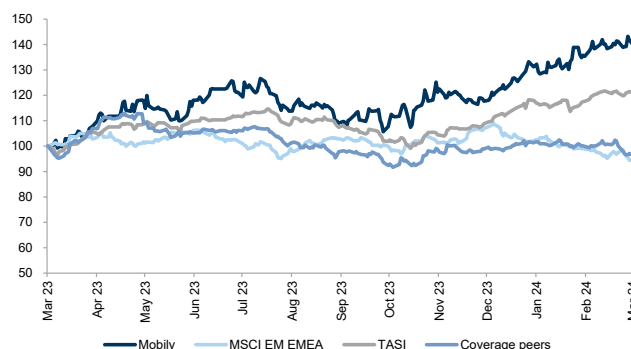
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 7: Mobily's gross debt declined by c.10% yoy at YE23, with net debt/EBITDA standing at 1.20x as of December-end
Net debt (SARmn) and net debt/EBITDA (x)



Source: Company data

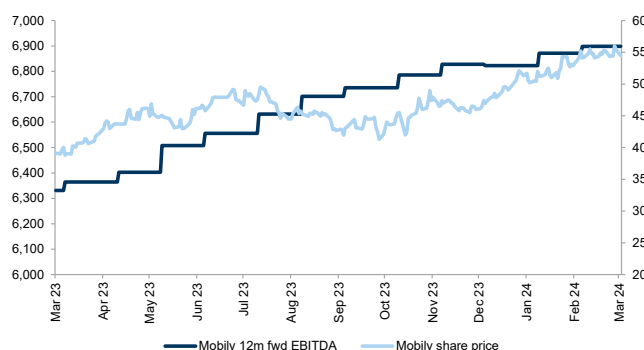
Exhibit 8: Mobily is up c.40% in the past year, outperforming MSCI EM EMEA, the local index and its coverage peers
Mobily 1-year share price performance vs. MSCI EM EMEA, Tadawul (TASI) and coverage peers, rebased to 100



Coverage peers are stc, Zain KSA, e& (Etisalat) and Zain Kuwait

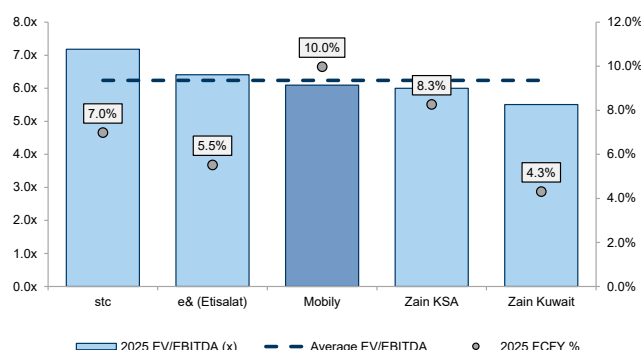
Source: Refinitiv Eikon

Exhibit 9: Mobily has seen multiple earnings upgrade cycles over the past 12 months
12m fwd EBITDA (SARmn, consensus) vs. share price performance



Source: Refinitiv Eikon

Exhibit 10: Despite the re-rating, Mobily continues to trade at a 10% FCFY on 2025E, highest vs. regional peers under our coverage, while 2025E DY stands at 4.9% (GSe)
2025E EV/EBITDA (x) and FCFY (%)



Source: Goldman Sachs Global Investment Research

Key risks to our investment thesis

- **Higher-than-expected competition:** Higher competition in the market could result in a decrease in the company's market share in Saudi and/or pressure ARPU, which would have an adverse impact on the top line and potentially profitability.
- **Higher-than-expected capex:** As the company continues to roll out 5G and FTTH, capex could increase; higher-than-expected capex would result in lower FCF generation, potentially impacting the company's dividend outlook.
- **Worse-than-expected macro conditions:** Higher-than-expected expat departures/inflationary pressures and lower-than-anticipated economic activity could adversely impact the overall market in Saudi, translating into a negative impact on the company's growth outlook.
- **Change in royalty rates:** Unfavourable changes to the royalty structure (i.e. an increase to the royalty rate) would negatively impact Mobily and could lead to

lower-than-expected profitability.

Saudi Telecom Co. (stc): Dividend policy upgrade, focus on M&A and asset monetization remains; maintain Buy

Capitalizing on Saudi market trends through a well-diversified revenue mix: We continue to see stc as well-positioned to capitalize on the various growth trends in the Saudi TMT sector thanks to its leading market position on the telecom/ICT side, as well as its attractive, well-diversified revenue mix. We expect growth in the medium term to be driven by (1) mobile subscriber growth supporting the consumer business (c.+11% yoy in FY23, +3% yoy in FY24E on GSe) on the back of growth in population and business/tourism activities, (2) a gradual shift from prepaid to postpaid, and (3) 5G uptake, while we see increased competition on the FTTH front. This is while the company has been investing in growing its non-telecom businesses, with revenues from its ICT subsidiaries (stc Solutions, Intigral, Sirar and Specialized), as well as stc Bank (fintech arm) up c.+25% yoy in FY23 to 14.4% of total revenues (vs. 12.6% in FY22 excluding eliminations). Overall, we forecast a c.5% revenue CAGR for stc in FY23-26E supported by growth across verticals. On the margin front, we expect the company's optimization efforts to help stabilize margins in FY24E (c.30bps yoy decline to 33.8% on GSe), and we turn more positive on the margin outlook from FY25E onwards as ICT/fintech subsidiaries become increasingly profitable.

Where the focus is likely to be: Over the next 12 months, we see five key themes underpinning stc's equity story: (1) operational growth and competitive dynamics (especially on the government B2B and consumer FTTH fronts); (2) margin stability and implementation of cost efficiencies; (3) a potential upgrade/revision to the dividend policy (up for renewal in 2H24; in this regard, we note UAE peer e& recently announced a revised, progressive dividend policy for 2024-26); (4) further asset monetization initiatives (with the PIF/Tawal deal still in discussions, as highlighted on the [FY23 conference call](#)); and (5) M&A activity at both the parent (which acquired a 9.9% interest in [Telefonica](#)) or subsidiary levels (Tawal acquired telecommunications tower assets of United Group; stc Solutions acquired [Giza Systems](#), [Contact Center Company](#) and a 40% stake in [Devoteam Middle East](#)).

Valuation discount vs. history unjustified, in our view: stc's shares are up c.+6% in the past 12 months, underperforming Tadawul which is up c.+20% over the same period. Despite the re-rating, the company continues to trade at a c.15% discount to its history on 12m fwd EV/EBITDA (consensus), while we see healthy FCF generation (c.7% yield on 2025E) supportive of a 5.2% DY (GSe). This is while the company trades at a premium to GCC peers on EV/EBITDA (7.2x on 2025E vs. 6.2x sector average), which we view as warranted given the company's different business model, exposure to non-telecom and above-average return profile. With this note, we also update our estimates and price target (please see the estimate changes, valuation and risks section below for details).

Key downside risks to our investment thesis include:

Decrease in the company's market share: stc is the market leader in Saudi. A loss in subscription base, a loss in fixed-line customers and a decrease in business customers could lead to lower market share, which would negatively impact our revenue growth

estimates and outlook.

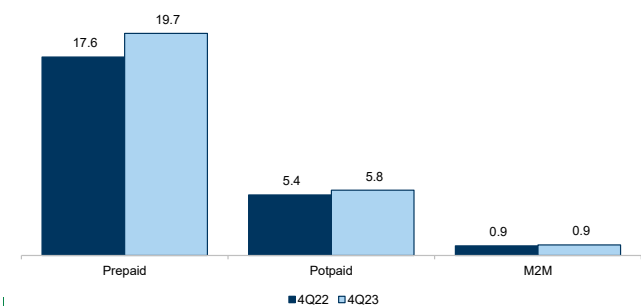
Worse-than-expected economic conditions: A worse-than-expected macro backdrop could result in lower consumer disposable income, resulting in less spending on telecom services. This could lead to lower ARPU and therefore lower revenue estimates.

Higher-than-expected capex: While we expect the company to keep capex spending in check, higher-than-expected capital investments would pressure FCF generation and pose downside risks to our earnings and dividend forecasts.

M&A execution risk: We note M&A related execution risk in the event of further M&A activity, while an acquisition could also lead to EPS and return dilution.

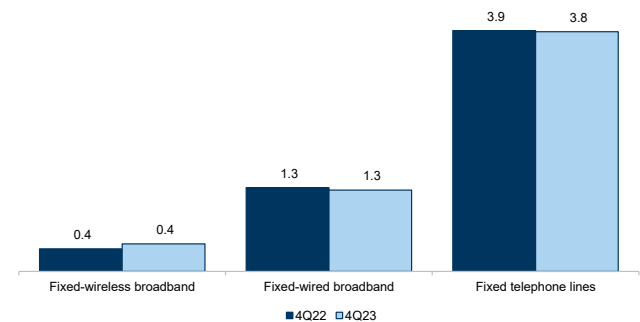
Slower-than-expected growth in other segment revenue: stc has highlighted the anticipated growth in its payments/digital banking business (STC Bank) and ICT and enterprise offering (stc Solutions). However, lower government budgets for digitalization and/or slower enterprise adoption of digital platforms could lead to lower revenues. Additionally, increasing competition in the ICT/mobile payment business could lead to lower market share, impacting revenues from other operating segments.

Exhibit 11: stc’s mobile subscriber base grew by c.+11% yoy to 26.5mn customers...
Mobile subscribers (mn)



Source: Company data

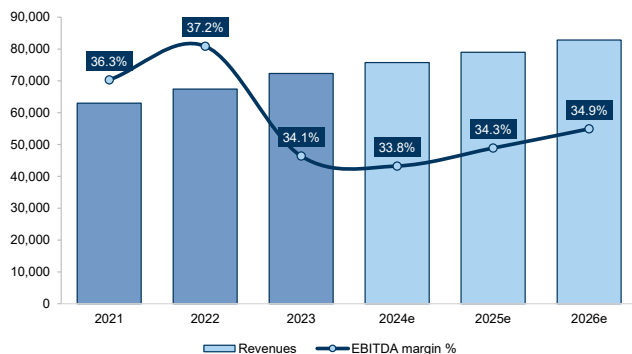
Exhibit 12: ...while the overall fixed subscriber base remained largely flat at 5.57mn in FY23 (vs. 5.55mn in FY22)
Fixed subscribers (mn)



Source: Company data

Exhibit 13: We expect stc's overall revenues to grow at c.5% CAGR in FY23-26E, while we forecast margin improvement in FY25E vs. FY24E

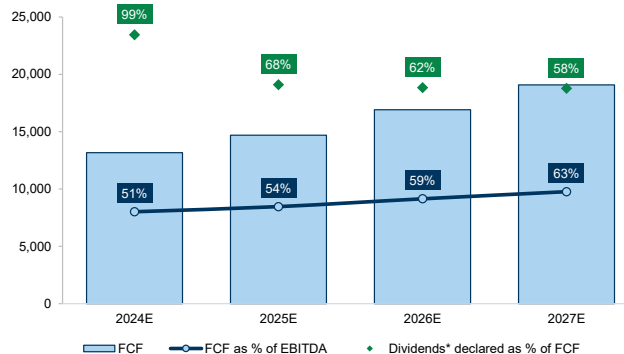
Revenues (SARmn) and EBITDA margin %



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 14: We expect stc's FCF generation to grow over the next few years, leaving room for dividend growth

FCF (OCF - WC changes - capex) in SARmn, FCF as a % of EBITDA and dividends paid as a % of FCF

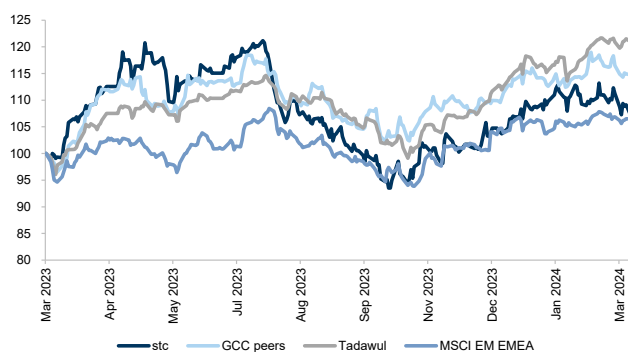


*Dividends paid in 2024E include the one-off DPS announced by stc (SAR1/share) for FY23

Source: Goldman Sachs Global Investment Research

Exhibit 15: stc's shares are up +6% in the past 12m, and we see room for further re-rating over the next 12m

stc 1-yr share price performance vs. peers/index (rebased to 100)



Source: Refinitiv Eikon

Exhibit 16: stc currently trades at a c.15% discount to its 5-year historical median, which we view as unjustified

12m fwd EV/EBITDA (x) vs. 5-year historical median



Source: Refinitiv Eikon

e& (Etisalat): Incorporating higher visibility on medium-term outlook**We incorporate higher revenue growth guidance for e& enterprise/life into our numbers:**

We believe e& (Etisalat) is well positioned domestically (UAE) to capture the growth in population (driving higher subscribers), migration to postpaid (which boosts ARPU) and demand for other services, including digital products. While we remain cautious on competition, especially in the fixed segment, we see the business model resilient, underpinning a 3-year revenue CAGR for e& UAE operations of c.+2% in FY23-26E. For e& International, under which the company has grouped its non-UAE telecom exposure (i.e. Egypt, Pakistan, Morocco, SSA and others), we see growth momentum supported by higher subscribers (e.g., owing to low penetration in SSA markets), mobile data demand (e.g., in Egypt) and fixed broadband uptake (e.g., in Pakistan). Despite our positive view on the market fundamentals, we remain cautious around regulatory/competitive headwinds (Morocco), and macro risks (Egypt/Pakistan) pressuring either AED-denominated growth (FX devaluation) or the cost base (inflation). e& also provided additional data around its e& enterprise and e& life segments, which represent the tech inclined, high-growth side of the business (albeit from a low base). The company expects to drive c.3x and c.6x revenue growth for e& enterprise and e& life respectively over the next 5 years, supported by a positive outlook on demand for ICT/digital services on the B2B side, as well as demand for lifestyle applications from consumers. We include the updated segmentation details in our estimates, and raise our FY24-26E revenue estimates by c.+5% on average to reflect growth from e& enterprise/life. Overall, we forecast a 3-year (FY23-26E) revenue CAGR of c.+5% for the group, with e& enterprise/life growing at c.25%/48% CAGRs, respectively.

Growing exposure to new tech segments to impact margin/return outlook: Similar to what we have seen with other GCC players that have increased their exposure to the enterprise/ICT sector, we expect e&'s growing exposure to the latter through e& enterprise/life to result in higher opex over time and therefore lower margins at a group level. For reference, management expects EBITDA margins for e& enterprise/life to stand at 15-16% and c.10% in 5 years, which is likely to exert pressure on consolidated margins. However, we do note that while margins are likely to move lower, we expect ROIC to improve to c.20% by FY28E as growth in asset-light segments drives a gradual normalization in capex spending.

We view the upgrade in e&'s dividend policy favorably: In addition to the upgraded growth outlook for the group, e& also introduced a new, progressive dividend policy applicable for 3 years (2024-2026), whereby the company recommends a AED3fils yoy increase in DPS to AED0.86 in FY25E (vs. AED0.80 in FY22), with a dividend floor of AED0.80 per year. We view the move to a progressive dividend policy as positive, with FY25E DPS reflecting a 4.8% DY (on last closing price).

Valuation reflective of growth/margin outlook, in our view: While we acknowledge the enhanced revenue growth outlook for e&, we also take into account the expected decline in consolidated margins. We update our SoTP to include the new business segmentation, and now value the domestic business under the e& UAE vertical at 6.1x (vs. 6.8x previously as high-growth segments have been carved out); we also mark-to-market our valuation for the listed international subsidiaries and value e&

enterprise/life at 4.5x EV/sales, at a c.15% premium to the ICT sector average (i.e., stc Solutions and the peer set ([Exhibit 36](#))), as we consider the higher growth profile. Overall, the changes in estimates (see [Exhibit 33](#)) coupled with our updated SoTP result in a +0.5% change in our 12m PT to AED19.4 (AED19.3 previously), reflecting c.8% upside potential (as of 12 March close). As such, we maintain our Neutral rating on the name, with execution on the new verticals representing a key upside risk, in our view. This is while any M&A activity could pose upside/downside risks depending on the nature of the transaction.

Exhibit 17: e& (Etisalat) updated SoTP

AEDmn unless otherwise stated

Etisalat SOTP (AED mn)	EBITDA 2025E	EV/EBITDA multiple	12m fwd EV
e& UAE	16,771	6.1	102,302
e& International	5,693	4.6	26,424
	Sales	EV/Sales	
e& enterprise/life	7,006	4.5	31,526
Total EV	23,132	6.9	160,252
Add			
Domestic & Intl. ex listed subs.			
Associates and investments			33,559
Less			
Net debt/(cash)			19,891
Minorities			1,929
Pensions and other			3,653
Equity Value			168,338
No. of shares, mn			8,697
Implied per share valuation (AED)			19.4

We revise our Etisalat Egypt (part of e& International) 2025E EV/EBITDA to 4.0x (vs. 5.0x), as we take into consideration the uncertainty on the macro side (ongoing FX headwinds).

Source: Goldman Sachs Global Investment Research

Zain Kuwait: Resilient performance in Kuwait, we remain cautious on the outlook for international opcos, namely Sudan**Resilient domestic performance supported by growth in subscribers and enterprise/B2B:**

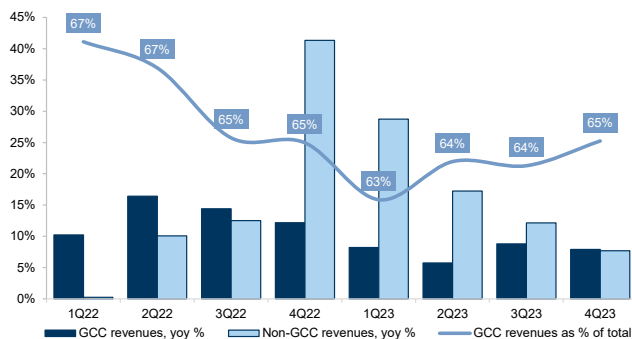
In Kuwait, Zain maintained its subscriber and revenue leadership position in FY23, with revenue growth of c.5% yoy supported by a 4% increase in the customer base to 2.7mn, migration to postpaid (44% in FY23 vs. 43% in FY22), and growth in B2B/enterprise supported by Zain Tech. We expect revenues from Kuwait to grow at a c.+5% CAGR in FY23-26E, and see upside from potential for a price increase as indicated by the company during its FY23 conference call, which could support ARPU growth, in our view.

We remain cautious on the outlook for international operations: Internationally, we turn more positive on Iraq post the removal of the sales tax on telecom services, which, alongside IQD appreciation vs USD, boosted revenue growth in FY23 to c.+13% yoy, but we remain cautious on competition, with subscribers declining c.2% yoy; this is while the macro environment remains a key focus area for the market. In Sudan, which contributed c.9% to Zain's overall revenues in FY23, we turn cautious on the outlook as the situation in the market remains challenging, with telecom operators facing a complete network blackout during February 2024, with only c.35% of Zain's network back online as of early March. As such, we expect Sudan revenues to grow by c.+8% in FY24E vs. c.+14% in FY23, and note the potential for downside should the situation turn more challenging. In Jordan/Bahrain, we see revenue growth mainly supported by subscriber growth and a gradual uptake of 5G services.

Valuation discount warranted, in our view: Zain Kuwait currently trades at 2025E EV/EBITDA of 5.5x (GSe), at a 12% discount to GCC peers, which we view as justified given the significant exposure to higher-risk geographies (c.38% of EBITDA comes from non-GCC markets, as of FY23). This is while the company remains relatively more leveraged than other names within our TMT coverage (net debt/EBITDA of c.1.9x at YE23, inclusive of tower sales proceeds in Saudi and Iraq), which, coupled with an uncertain outlook on the international side, underpins our Neutral rating. For details on our estimate and price target changes, please see the estimate changes, valuation and risks section.

Exhibit 18: GCC markets contributed c.65% to Zain Kuwait's revenues in 4Q23, with the rest coming from international markets which have grown in the past 12m

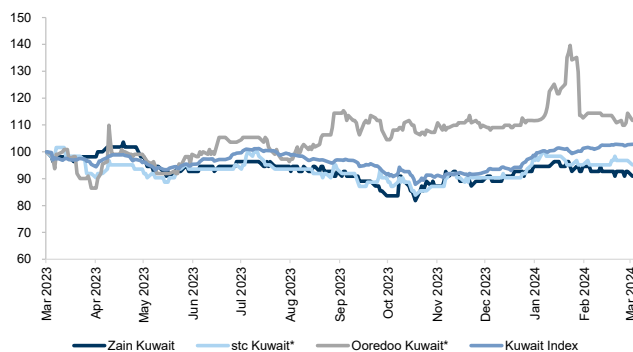
GCC vs. non-GCC revenue yoy growth, and GCC contribution to total revenues %



Source: Company data

Exhibit 20: Zain Kuwait is down 9% in the past 12m, underperforming the Kuwaiti index...

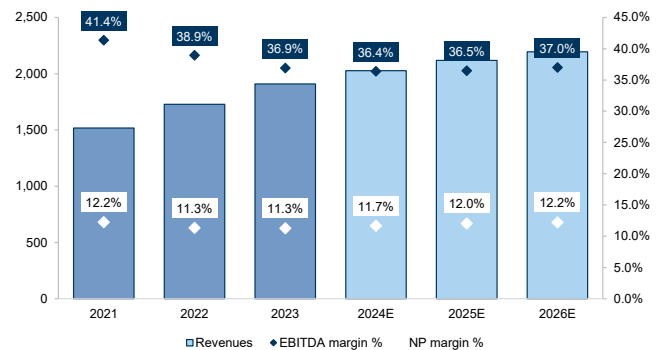
Zain Kuwait 1-year share price performance vs. Kuwait peers and index, rebased to 100



Source: Refinitiv Eikon

Exhibit 19: We expect Zain Kuwait's revenues to grow at c.5% CAGR, with margins averaging 36.6% in FY24-26E vs. 39.1% in FY21-23

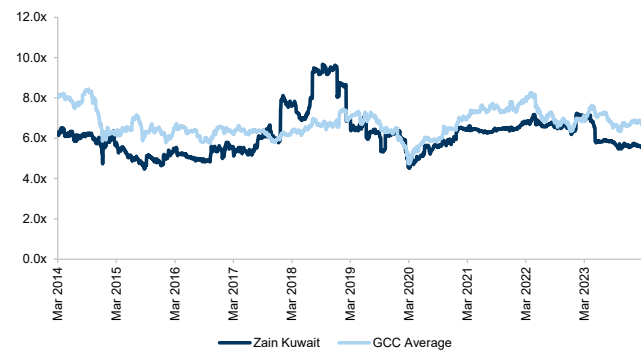
Revenues (KDmn), EBITDA margin and NP margin



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 21: ...and the stock trades at a discount on 12m fwd EV/EBITDA vs. GCC peers, which we view as warranted given the operational profile

12m fwd EV/EBITDA vs. GCC peers



Source: Refinitiv Eikon

Zain KSA: Healthy revenue growth outlook, but we remain cautious on margins; Sell

We see high single digit growth for FY24E: We expect Zain KSA to maintain its healthy revenue growth momentum and forecast c.+7% yoy top-line growth for FY24E (vs. c.+9% reported in FY23), supported by favorable underlying market dynamics, data/5G uptake, wholesale, fintech (Tamam) and B2B, with the latter supported by the launch of Zain Tech services. We see positive momentum driving revenue diversification over time, with non-traditional telecom venues (Zain Sales/Tamam) contributing c.15% of the top line in FY23. Overall, we forecast a c.5% revenue CAGR in FY23-26E, with subscribers growing at a c.3% CAGR, benefiting from favorable mobility trends in Saudi.

We remain cautious on the margin outlook: Zain KSA's margin declined to c.30% in FY23 (vs. c.35% in FY22), pressured by higher SG&A post the tower sale and leaseback agreement, which impacted EBITDA by c.6% (vs c.10% previously guided for, as per Zain Group's management). While gross margins have improved yoy, we remain cautious on further opex pressure and higher ECL provisioning (+5% yoy in FY23) accompanying the growth in B2B/Tamam. As such, we expect margins to remain flat in FY24E at 30.5%. On the EPS side, we note that Zain benefited from c.SAR1.1bn in total gains related to the tower deal and the sale of its 20% stake in the towerco in FY23 which boosted net income to c.SAR1.27bn (vs SAR550mn in FY22) while adjusted net income came in at SAR260mn, reflecting a c.18% yoy increase. With the tower deal behind us, we see limited catalysts ahead and remain cautious on the margin/clean EPS growth outlook. This is while Zain KSA remains the most leveraged name within our TMT coverage, with net debt/EBITDA standing at 3.0x at YE23.

Maintain Sell: Zain KSA's shares are down c.9% YtD, underperforming Tadawul and GCC telecom peers respectively by c.12% and c.10% on average. The stock currently trades at 2025E EV/EBITDA of 6.0x, in line with the GCC players, while 2025E DY stands at 4.6% (vs the 5.3% sector average). We see the premium on DY as largely unwarranted given the leverage profile. We continue to have a preference for players with optionality for value creation through asset monetization initiatives, sustainable dividend growth outlooks, and stronger balance sheet profiles which are supportive of organic and inorganic growth potential. We update our estimates post FY23 results, with our FY24-26E EPS estimates c.4% below Visible Alpha Consensus Data on average. We maintain our Sell rating on Zain KSA with a revised 12m PT of SAR12.4 implying c.4% downside from the last close price (vs average upside of c.+8% for our coverage). Our 12m PT moves 8.8% lower to SAR12.4 vs. SAR13.6 previously (despite a slight increase in target multiple as we mark-to-market) mainly on a higher net debt position.

We identify a few upside risks that would turn us more positive on Zain KSA:

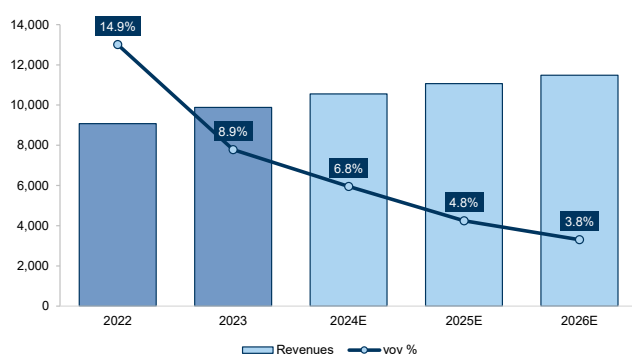
- **Higher-than-expected margins driven by efficiency gains and sales mix:** We believe better-than-expected EBITDA margins driven by operational efficiencies and a favorable revenue mix would support a more positive organic EPS growth outlook for the company, in our view.
- **Faster-than-expected growth in the company's fintech exposure:** Faster-than-expected growth in Tamam (Zain KSA's fintech arm) could result in an enhanced topline growth outlook for the name, and make us more positive on the

outlook in the medium term.

- **Higher growth in the company's B2B exposure on larger than expected project awards:** B2B remains a key area of growth for Saudi telecoms. Stronger growth in the company's B2B segment driven by the winning of project awards would result in upside to our revenue estimates and therefore underscore a more positive operational outlook for the company.
- **Lower-than-expected capex/better WC management:** Lower-than-expected capex and/or enhanced WC management would result in stronger FCF generation, which would make us more positive on the company's dividend/balance sheet profile.

Exhibit 22: We see Zain KSA's revenue growth in 2024E sustained at high-single digit levels

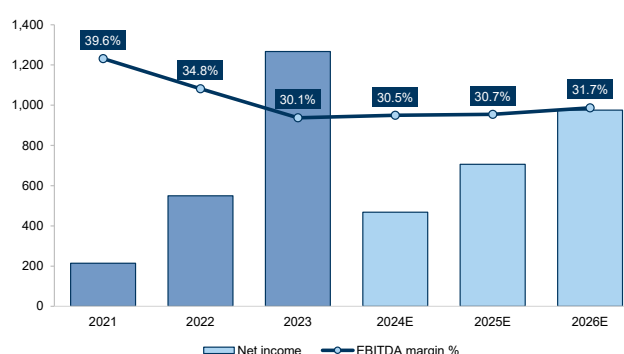
Revenues (SARmn) and yoy % growth



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 23: This is while 2023 net income was supported by one-off gains; we are c.4% below Visible Alpha Consensus Data on 2024-26E EPS

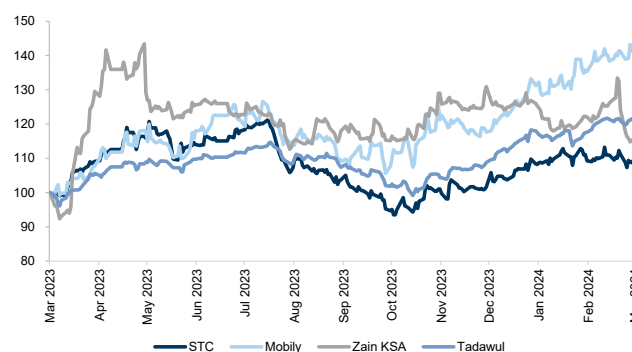
Net income (SARmn) and EBITDA margin %



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 24: Zain KSA is up +15% in the past 12m, underperforming Tadawul by 6%

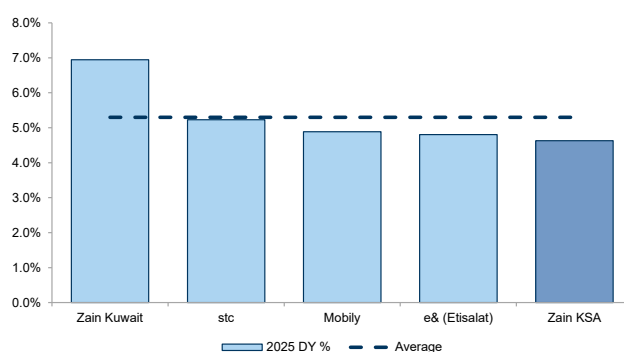
Zain KSA share price performance vs. Saudi peers and Tadawul index (rebased to 100)



Source: Refinitiv Eikon

Exhibit 25: The re-rating has left Zain KSA trading in line with the sector average on EV/EBITDA and at a premium 2025E DY of 4.6%

2025E DY (GSe)



Source: Goldman Sachs Global Investment Research

stc Solutions: Growth momentum supported by demand for ICT services

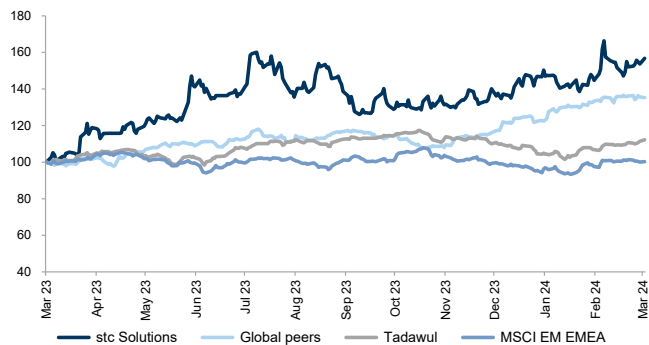
Double-digit revenue growth momentum to be sustained: We expect stc Solutions to maintain its double-digit growth momentum into FY24, supported by the impact of the full consolidation of Contact Center Company (transaction concluded in April 2023), as well as growth across revenue streams supported by continued demand momentum for ICT services in Saudi as noted by players under our coverage with exposure to the theme on their FY23 conference calls. While competition on the public/government side has intensified post the introduction of the Etimad platform, the private sector leaves room for players to grow, especially in the relatively less penetrated SME market. We believe stc Solutions is well-positioned to maintain and continue gaining market share post the recent M&A activity that has allowed it to further cement its one-stop shop strategy by diversifying into new revenue streams like application integration (through Giza Systems) and business process outsourcing (through CCC). This is while the recently announced acquisition of a 40% stake in Devoteam screens as a strategic positive, in our view. Overall, we expect the company's revenues to grow at c.+13% CAGR in FY23-26E and see scope for faster growth in the digital segment in the medium term (+12% CAGR in FY23-26E, vs. c.+5% yoy in FY23) driven by demand from smart cities (e.g., NEOM).

Margin guidance for FY24 suggests potential opex pressure: stc Solutions expects EBITDA margins for FY24E to range between 13-15%, vs. 15.1% margin reported for FY23. Coupled with double-digit top-line growth, we believe that the margin guidance suggests opex pressure in the short term. We forecast margins for FY24E at 15.5% as we believe synergies from the newly acquired entities could provide some support; we see margins gradually growing to 18% by FY28E.

Valuation reflective of the financial and operational profile: stc Solutions is up c.+57% in the past 12m, outperforming global peers on average by c.+22%, as well as Tadawul by c.+26%, respectively. In our view, the company's share price performance has been partially supported by Eikon consensus earnings upgrades reflecting the company's healthy financial performance and the favorable view on Saudi's ICT market outlook. While we continue to expect sustained growth momentum for Solutions, we see the fundamental drivers as priced in by the market at current valuation levels. Indeed, the share price re-rating left the company trading at a 2025E EV/EBITDA of 17.4x on GSe, at a c.5% premium to global category peers, fully capturing the growth profile, in our view.

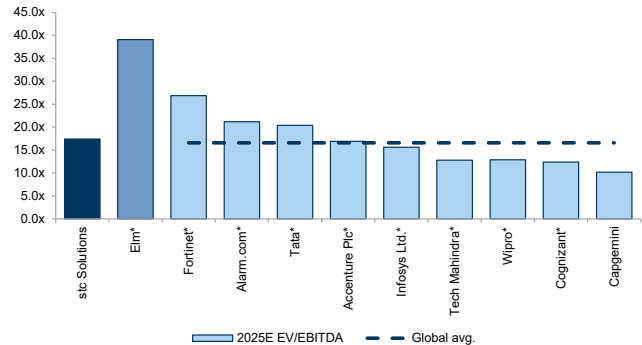
Estimate and PT changes: We revise our estimates for stc Solutions post FY23 results, incorporating a c.3%/5% decline in our 2024-26E EBITDA and EPS estimates, as we take into account the company's margin guidance, which results in lower margin estimates from 16.9% on average for 2024-26E to 16.3%. We also mark-to-market our valuation multiple and now value stc Solutions using a 16.5x 2025E EV/EBITDA (vs. 14.5x previously) as the ICT sector re-rated. This, coupled with estimate changes, results in a 7.7% increase in our 12m PT to SAR365.0, vs. SAR339.0 previously.

Exhibit 26: stc Solutions is up c.+57% in the past 12 months, c.+36% vs. Tadawul
1-year share price performance, rebased to 100



Source: Refinitiv Eikon

Exhibit 27: stc Solutions currently trades at 2025E EV/EBITDA of 17.4x (GSe), at c.5% premium to global peers, which we see as justified given the above-average growth/return profile
2025E EV/EBITDA (x)



*On Eikon

Source: Refinitiv Eikon, Goldman Sachs Global Investment Research

UAE Infrastructure: Attractive macro backdrop underpins a healthy growth outlook; reiterate Buy on DEWA, remain Neutral on Salik

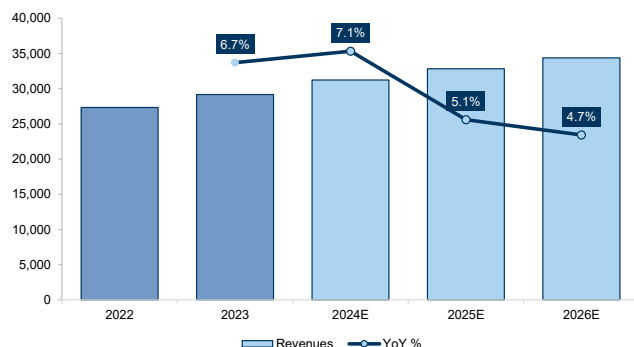
We reiterate our Buy rating on DEWA with five key catalysts in mind: We continue to see DEWA as well-positioned in a market with secular growth drivers, ambitious clean energy targets, growing district cooling penetration and high barriers to entry, being the exclusive provider of power/water in Dubai. We see five key catalysts driving the name over the next 12m: (1) continued growth momentum in electricity and water demand/generation; (2) upside risk from district cooling, a rapidly growing market with room for acquisitions/consolidation; (3) healthy margin profile supported by the growing exposure to the IPP model as more renewable energy projects come online; (4) strong FCF generation supportive of an attractive dividend outlook; and (5) rising EV penetration, where we see DEWA playing a key role in driving the EV charging infrastructure. Overall, we expect revenues to grow by c.6% CAGR in FY23-26E, and margins averaging c.53% in FY24-26E (vs. c.50% in FY21-23).

Salik to continue benefiting from growth in mobility in Dubai: As the sole toll gate operator in Dubai, we expect Salik to continue benefiting from mobility growth trends in Dubai, with total trips growing by c.+11% yoy in 2023, while revenue-generating trips remained above the pre-pandemic peak of c.107mn registered in 2Q19. Management has guided for revenue growth between 4-6% yoy in FY24-26E, excluding the impact from the ongoing closure of the floating bridge, while it sees margins ranging between 65-66%. This is while we see the company's revenue diversification efforts positively, and await further details around the addition of the new gates (see [here](#) for details around the potential impact). Overall, we forecast a c.+6% revenue CAGR for Salik in FY23-26E, and see margins gradually improving to c.72% by FY28E assuming no tariff increase over our forecast period.

Valuation and updating estimates/PT: We reiterate our Buy rating on DEWA post a strong set of results reported in 4Q23, which has led to an upward revision in our FY24-26E EBITDA and EPS estimates (see [Exhibit 33](#)) resulting in our 12m PT for DEWA moving +7.7% higher to AED3.06; this is while the company continues to trade at an attractive 2025E DY of 5.3% (GSe) vs. 4.7% for other regulated utilities in the region on average. We remain Neutral rated on Salik, as we believe the current valuation is reflective of the positive macro backdrop. For details on our estimate and PT changes, see the section below.

Exhibit 28: We expect DEWA's revenues to grow at c.6% CAGR in FY23-26E underpinned by healthy demand for power, water and district cooling services

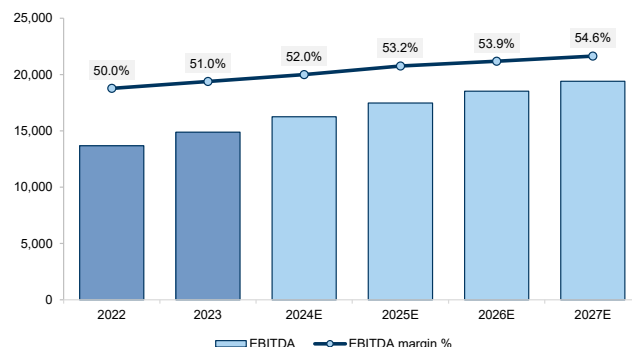
DEWA consolidated revenues (AEDmn) and yoy % growth



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 29: This is while we see EBITDA margins averaging 53% in FY24-26E

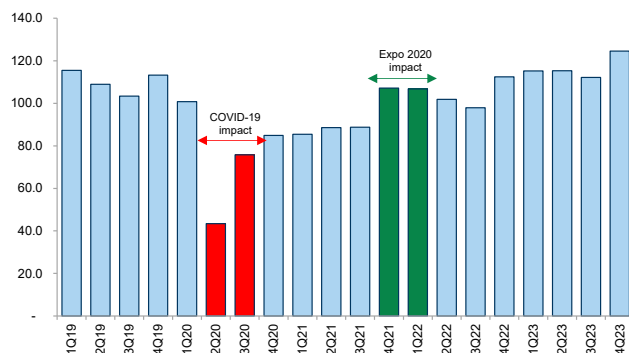
DEWA consolidated EBITDA margin %



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 30: We see Salik benefiting from higher net toll traffic driven by increased mobility in Dubai, as well as the closure of the floating bridge

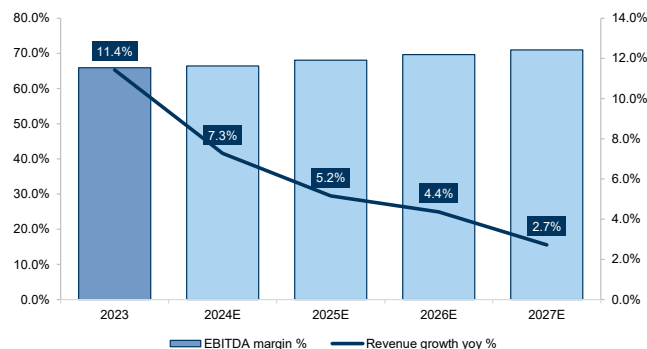
Salik net toll traffic evolution (mn)



Source: Company data

Exhibit 31: We see Salik's revenues growing at c.+7% yoy in FY24E, with EBITDA margin reaching c.70% by FY26E

Salik revenue growth yoy (%) and EBITDA margin (%)



Source: Company data, Goldman Sachs Global Investment Research

Estimate changes, valuation and key risks

We update our estimates for GCC TMT and UAE infrastructure names within our coverage to reflect FY23 results and latest market/operational trends. **For our GCC TMT coverage**, we revise our 2024-26E EBITDA and EPS estimates downwards by c.1%/4% on average, as we take into consideration a weaker overall EBITDA margin outlook and higher finance costs. We also mark-to-market our valuation multiples, and raise our target EV/EBITDA for names with relatively growing and higher ICT exposure, a sector that tends to trade at a premium to traditional telecom services. As such, we increase our 12m price targets for GCC TMT (excluding Zain KSA) by +7% on average (see [Exhibit 32](#)). For Zain Kuwait, we raise our 12m PT by +3.8% to KD0.54 (vs. KD0.52 previously) mainly on an improved net debt position. For Zain KSA, our 12m PT moves 8.8% lower to SAR12.4 vs. SAR13.6 previously (despite a slight increase in target multiple as we mark-to-market) mainly on a higher net debt position.

For our UAE infrastructure coverage, we lower Salik's 2024-26E EBITDA and EPS estimates by c.3%/4% on average as we take into account the slightly lower guidance for 2024 EBITDA margins. We mark-to-market our valuation multiple, and now value the name at 16.8x 2025E EV/EBITDA (vs. 16.5x previously), which, coupled with estimate changes, results in a c.1% decline in our 12m PT to AED3.27 (vs. AED3.30 previously). For DEWA, we increase our 2024-26E EBITDA and EPS estimates by c.+3%/5.5% on average to reflect the better-than-expected 4Q trends, and overall higher growth in demand for electricity/water as well as district cooling in Dubai. The increase in our estimates, coupled with a lower 2025E EV/EBITDA target multiple of 10.3x (vs. 10.4x previously, marking-to-market), results in our 12m PT moving +7.7% higher to AED3.06 (vs AED2.84 previously), implying an upside of 25% (as of March 12 closing price).

Overall, our ratings are unchanged - for GCC TMT names, we remain Buy-rated on stc and Mobily, Neutral rated on e& (Etisalat) and Zain Kuwait, and Sell rated on Zain KSA. For UAE infra, we are Buy-rated on DEWA and Neutral-rated on Salik.

Exhibit 32: PT changes

Name	Currency	Up/Downside to PT	Rating	12M PT		
				new	old	Δ (%)
GCC Telecoms						
Zain Kuwait	KWD	7%	Neutral	0.54	0.52	3.8%
Etisalat	AED	8%	Neutral	19.4	19.3	0.5%
STC	SAR	15%	Buy	46.3	45.4	2.0%
Mobily	SAR	15%	Buy	62.7	52.7	19.0%
Zain KSA	SAR	-4%	Sell	12.4	13.6	-8.8%
stc Solutions	SAR	-4%	Neutral	365.0	339.0	7.7%
UAE Infrastructure						
Salik Co.	AED	-7%	Neutral	3.27	3.30	-0.9%
Dubai Electricity and Water Authority (DEWA)	AED	26%	Buy	3.06	2.84	7.7%

Pricing as of March 12, 2024

Source: Goldman Sachs Global Investment Research

Exhibit 33: Estimate changes

Name	Currency	New EBITDA (mn)			EBITDA (old)			Δ (%)			New EPS			EPS (old)			Δ (%)		
		2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
		GCC Telecoms																	
Zain Kuwait	KWD	736	766	806	744	771	804	-1.1%	-0.6%	0.3%	0.05	0.06	0.06	0.06	0.06	0.06	-5.0%	-0.2%	0.3%
Etisalat	AED	26,450	27,187	28,479	26,759	27,523	28,295	-1.2%	-1.2%	0.6%	1.17	1.26	1.36	1.22	1.29	1.37	-3.7%	-2.5%	-0.7%
STC	SAR	25,650	27,137	28,899	26,317	27,888	29,713	-2.5%	-2.7%	-2.7%	2.63	2.93	3.23	2.87	3.12	3.41	-8.4%	-6.3%	-5.2%
Mobily	SAR	6,919	7,646	8,120	7,040	7,686	8,144	-1.7%	-0.5%	-0.3%	3.07	3.82	4.30	3.01	3.57	3.98	2.1%	6.8%	7.9%
Zain KSA	SAR	3,223	3,395	3,645	3,238	3,380	3,591	-0.5%	0.5%	1.5%	0.52	0.79	1.09	0.90	0.82	1.00	-41.8%	-4.3%	8.1%
stc Solutions	SAR	1,942	2,357	2,736	2,082	2,396	2,783	-6.7%	-1.6%	-1.7%	12.12	15.29	18.36	13.57	15.84	18.68	-10.7%	-3.5%	-1.7%
UAE Infrastructure																			
Salik Co.	AED	1,503	1,619	1,730	1,559	1,666	1,771	-3.6%	-2.8%	-2.3%	0.15	0.16	0.18	0.16	0.17	0.18	-4.1%	-3.1%	-3.4%
Dubai Electricity and Water Authority (DEWA)	AED	16,246	17,478	18,527	15,982	17,008	17,798	1.7%	2.8%	4.1%	0.15	0.17	0.18	0.15	0.16	0.17	5.1%	5.9%	5.5%

For Zain KSA, we lower our 2024E EPS >40% mainly as the company booked the remaining one-off gains related to the tower sale and leaseback transaction (c.SAR330mn) in FY23 (vs. previously expected for FY24E), and raise our 2026E EPS mainly on higher EBITDA estimates. For Mobily, we raise our 2024-26E EPS estimates by +5.6% on average on an improved net debt position.

Source: Goldman Sachs Global Investment Research

Exhibit 34: Key risks and valuation methodologies

Company	Rating	Methodology	Multiple	Target multiple (2025E)		Key Risks
				Old	New	
ME&A Telecoms						
STC	Buy	Multiple	EV/EBITDA	7.1	7.8	Favorable/adverse regulatory developments, lower/higher mobile/fixed-line competition, economic weakness/growth, increased/decreased share in business fixed segment
Mobily	Buy	Multiple	EV/EBITDA	5.9	6.9	Higher than expected competition, higher than expected capex and unfavourable changes in royalty structure
stc Solutions	Neutral	Multiple	EV/EBITDA	14.5	16.5	Revenue concentration (customer/segment), execution risks (M&A), lower/higher-than-expected capex, positive/negative regulatory changes, and faster/slower-than-anticipated growth in the market.
Zain KSA	Sell	Multiple	EV/EBITDA	5.8	5.9	Better macro conditions□in Saudi, higher than expected margins, lower than expected capex
Zain Kuwait	Neutral	Multiple	EV/EBITDA	5.5	5.5	Increasing/decreasing competition locally and internationally, change in royalty structure or taxation in any market, higher/lower than expected capital expenditure, better/worse than expected macro
Etisalat	Neutral	Multiple	EV/EBITDA	6.4	6.9	Increasing/decreasing competition domestically on the mobile/fixed segments, slower/faster-than-expected growth in the enterprise/life segments, expansion/M&A related risks
UAE Infrastructure						
Salik Co.	Neutral	Multiple	EV/EBITDA	16.5	16.8	Higher/lower-than-expected economic/population growth, favorable/unfavorable changes of the concession agreement/TransCore contract, lower/higher-than-expected capex arising from new investments, and decrease/increase in gasoline prices impacting traffic
DEWA	Buy	Multiple	EV/EBITDA	10.4	10.3	Worse than expected macro, higher than expected capex, operational disruptions and unfavorable changes in fuel contracts

Source: Goldman Sachs Global Investment Research

TMT global comp sheets

Exhibit 35: Telecom services - global comp sheet

Company name	Ticker	Country	Market Cap (USD bn)	AT CURRENT PRICE											
				2024E				2025E				2026E			
				EV/EBITDA	FCF yield	Dividend yield	P/E	EV/EBITDA	FCF yield	Dividend yield	P/E	EV/EBITDA	FCF yield	Dividend yield	P/E
CEEMEA			171.8	5.0x	4%	5%	10.8x	4.6x	7%	5%	10.4x	4.4x	10%	6%	10.9x
Telecom Egypt*	ETEL.CA	Egypt	1.4	2.5x	-16.5%	5.3%	3.7x	2.2x	3.5%	6.4%	3.1x	2.0x	16.5%	-	2.5x
Mobile Telecommunications Company KSCP	ZAIN.KW	Kuwait	7.1	5.8x	3.3%	6.9%	9.2x	5.5x	4.3%	6.9%	10.4x	5.3x	5.4%	7.5%	13.1x
Itissalat Al Maghrib Ste SA*	IAM.CS	Morocco	8.9	5.6x	3.9%	4.1%	15.2x	5.5x	6.8%	5.4%	14.9x	5.5x	-	-	14.6x
Ooredoo QPSC*	ORDS.OA	Qatar	9.3	4.3x	10.6%	5.0%	10.8x	4.2x	9.1%	5.3%	10.1x	4.1x	10.5%	-	9.5x
Bharti Airtel	BRTI.BO	India	84.7	11.6x	1.4%	0.5%	45.1x	9.4x	6.4%	1.9%	-	8.1x	6.5%	2.5%	-
STC	7010.SE	Saudi Arabia	53.5	7.7x	6.3%	5.0%	15.2x	7.2x	7.0%	5.2%	19.4x	6.6x	8.0%	5.5%	17.4x
Mobily	7020.SE	Saudi Arabia	11.2	7.1x	6.9%	3.6%	17.8x	6.1x	10.0%	4.9%	-	5.4x	11.5%	5.5%	26.4x
Zain KSA	7030.SE	Saudi Arabia	3.1	6.5x	4.5%	4.2%	24.9x	6.4x	8.3%	4.6%	10.6x	6.0x	9.8%	5.0%	31.4x
MTN Group	MTN.JJ	South Africa	8.2	2.5x	12.8%	4.7%	5.6x	2.1x	16.0%	5.2%	20.4x	1.6x	19.1%	5.7%	10.9x
Telkom SA SOC Ltd*	TKGJ.J	South Africa	1.1	3.1x	-73.9%	0.0%	-1.2x	3.0x	6.4%	0.0%	7.3x	2.9x	11.6%	0.4%	6.1x
Vodacom	VODJ.J	South Africa	9.1	3.5x	8.4%	8.6%	8.6x	3.2x	9.4%	9.5%	14.8x	3.0x	10.3%	10.4%	12.7x
Turk Telekom*	TTKOM.IS	Turkey	3.7	3.4x	-	6.1%	7.1x	2.6x	-	10.2%	4.4x	3.6x	-	9.0%	5.9x
Turkcell*	TCELL.IS	Turkey	4.1	2.6x	-	9.0%	5.1x	2.0x	-	14.9%	3.7x	2.5x	-	13.1%	3.2x
Etisalat	EAND.AD	UAE	42.4	6.7x	5.6%	4.6%	15.3x	6.4x	5.5%	4.8%	16.6x	6.0x	5.9%	5.0%	15.6x
Safaricom*	SCOM.NR	Kenya	4.2	5.7x	-5.0%	6.8%	11.4x	5.1x	5.1%	8.5%	9.4x	4.7x	5.4%	9.9%	8.2x
Airtel Africa Plc	AAF.L	Kenya	4.6	3.5x	-8.0%	4.9%	-	3.0x	14.2%	5.7%	-	2.7x	15.5%	6.5%	8.1x
Asia			115.0	6.6x	5%	4%	20.7x	6.2x	8%	4%	19.6x	5.9x	8%	5%	16.9x
Telekomunikasi Indonesia (Persero)	TLKM.JK	Indonesia	24.6	4.6x	10.5%	5.7%	13.2x	4.2x	11.9%	6.5%	21.3x	-	-	-	15.2x
PT Sarana Menara Nusantara*	TOWR.JK	Indonesia	2.9	8.6x	8.7%	3.0%	12.4x	8.2x	10.8%	3.1%	12.0x	-	11.3%	-	-
Indosat*	ISAT.JK	Indonesia	6.2	5.7x	4.5%	2.1%	19.3x	5.3x	11.3%	2.8%	15.8x	4.9x	-	-	12.4x
PT XL Axiata*	EXCL.JK	Indonesia	2.1	4.7x	5.7%	2.1%	20.6x	4.4x	21.4%	2.7%	16.5x	4.2x	-	-	15.4x
Tower Bersama Infrastructure Tbk*	TBIG.JK	Indonesia	2.7	12.1x	5.9%	2.1%	27.1x	11.6x	8.2%	2.3%	24.8x	10.4x	-	-	-
Axiata Group Bhd*	AXIA.KL	Malaysia	0.0	6.2x	-9.9%	3.8%	36.6x	6.0x	14.0%	3.7%	26.9x	5.9x	9.7%	4.0%	26.4x
Telekom Malaysia*	TLMM.KL	Malaysia	4.9	5.5x	8.2%	3.8%	13.8x	5.4x	8.8%	3.8%	14.6x	5.3x	8.4%	4.3%	14.2x
Maxis Bhd*	MXSC.KL	Malaysia	5.9	9.3x	1.6%	4.8%	20.8x	9.0x	8.2%	4.9%	19.6x	8.7x	9.0%	5.2%	18.2x
Singapore Telecommunications Ltd	STEL.SI	Singapore	30.4	13.8x	5.1%	5.3%	16.2x	13.0x	6.4%	6.1%	22.4x	12.2x	6.1%	7.0%	25.8x
Nelink NBN Trust*	NETL.SI	Singapore	2.5	13.2x	-0.6%	6.1%	30.1x	13.1x	6.3%	6.1%	29.6x	12.9x	6.9%	6.4%	28.5x
StarHub	STAR.SI	Singapore	1.5	6.0x	-7.0%	6.3%	12.7x	5.8x	7.7%	7.1%	14.5x	5.5x	8.2%	7.9%	14.4x
Advanced Info Service PCL	ADVANC.BK	Thailand	17.4	6.6x	11.3%	6.3%	23.6x	6.2x	9.8%	4.6%	19.6x	5.9x	8.7%	5.1%	20.6x
Intouch Holdings	INTUCH.BK	Thailand	6.4	-0.1x	-0.1%	4.3%	21.7x	-0.1x	-0.1%	4.5%	14.8x	-	-	-	15.6x
True Corp.*	TRUE.BK	Thailand	7.6	7.8x	2.5%	0.2%	371.9x	7.3x	0.0%	1.4%	-	6.8x	0.0%	2.1%	23.1x
Oceania			34.5	7.7x	4%	8%	21.0x	7.4x	6%	5%	14.8x	7.1x	7%	5%	18.6x
Telstra Corp.	TLS.AX	Australia	28.8	7.2x	3.7%	4.8%	21.7x	6.9x	6.8%	5.0%	12.3x	6.5x	7.5%	5.3%	18.3x
Spark New Zealand	SPK.NZ	New Zealand	5.7	8.2x	4.8%	5.5%	20.3x	7.9x	5.2%	5.6%	17.4x	7.6x	5.6%	5.6%	18.9x
Europe			311.3	5.8x	11%	7%	12.6x	5.3x	12%	7%	20.2x	5.1x	13%	7%	13.4x
Proximus Plc	PROX.BR	Belgium	2.7	3.5x	110.8%	7.9%	13.8x	3.6x	108.8%	7.9%	22.1x	3.7x	105.4%	7.9%	11.0x
Elisa OYJ	ELISA.HE	Finland	7.4	10.2x	5.4%	5.3%	17.8x	9.7x	5.8%	5.6%	22.5x	9.2x	6.2%	5.9%	24.9x
Orange	ORAN.PA	France	29.8	3.8x	12.3%	7.2%	8.6x	3.7x	12.9%	7.5%	12.3x	3.5x	13.5%	7.8%	5.9x
Deutsche Telekom AG	DTEGn.DE	Germany	109.1	5.4x	22.2%	4.8%	11.5x	5.1x	25.1%	5.8%	14.5x	4.5x	27.8%	6.5%	11.9x
Freemove	FRTGn.DE	Germany	3.6	6.9x	11.9%	7.6%	9.4x	6.1x	12.9%	8.0%	12.7x	6.7x	12.9%	8.4%	11.2x
Telefonica Deutschland	O2Dn.DE	Germany	7.6	3.8x	19.2%	6.4%	26.0x	4.0x	19.4%	3.8%	-	4.3x	16.3%	3.8%	22.2x
OTE	OTER.AT	Greece	6.4	4.7x	8.5%	6.0%	10.2x	4.2x	9.6%	6.6%	29.1x	4.3x	10.6%	7.4%	26.7x
Telecom Italia SpA	TLIT.MI	Italy	4.9	6.2x	10.9%	0.1%	-	6.6x	11.5%	0.1%	-	5.7x	12.3%	0.1%	-
Telecom Italia	TLITn.MI	Italy	4.9	6.2x	10.9%	12.5%	-	6.6x	11.5%	12.5%	-	5.7x	12.3%	12.5%	-
Royal KPN NV	KPN.AS	Netherlands	15.7	7.8x	7.6%	5.0%	16.8x	7.1x	8.3%	5.3%	18.3x	7.1x	8.8%	5.7%	17.3x
Telenor	TEL.OL	Norway	16.3	6.3x	8.6%	8.5%	15.8x	5.5x	10.6%	8.6%	32.3x	6.7x	11.4%	8.7%	12.3x
Telefonica SA	TEF.MC	Spain	23.5	3.4x	19.8%	7.7%	10.6x	3.3x	20.8%	7.7%	34.0x	3.1x	21.7%	7.7%	14.4x
Celtnet Telecom SAU	CLNX.MC	Spain	25.3	13.7x	-	0.2%	-	12.8x	1.9%	0.2%	-	11.8x	3.2%	4.4%	-
Telia Co.	TELIA.ST	#/NA	10.2	5.3x	14.4%	8.3%	-	4.6x	14.8%	8.4%	24.6x	4.5x	17.0%	8.6%	-
Swisscom	SCMNS	Switzerland	29.9	7.3x	5.3%	4.3%	15.8x	7.2x	5.3%	4.3%	15.1x	7.1x	5.6%	4.3%	17.0x
BT Group	BT.L	UK	13.9	4.0x	10.9%	7.0%	5.5x	4.0x	13.0%	7.0%	6.8x	3.8x	16.1%	7.2%	7.8x
Median				5.7x	6.6%	5.0%	15.2x	5.5x	9.4%	5.4%	15.5x	5.4x	10.4%	5.9%	15.2x

*On Eikon consensus

Source: Goldman Sachs Global Investment Research, Refinitiv Eikon

Exhibit 36: stc Solutions - global ICT comp sheet

Company name				AT CURRENT PRICE																		
				2024E				2025E				2026E										
				EV/EBITDA	FCF yield	Dividend yield	P/E	EV/EBITDA	FCF yield	Dividend yield	P/E	EV/EBITDA	FCF yield	Dividend yield	P/E							
Ticker	Country	Market Cap (USD bn)	stc Solutions	7202.SE	Saudi Arabia	12.2	21.9x	4.1%	1.9%	25.0x	17.4x	5.1%	2.4%	20.8x	14.3x	5.7%	2.9%	17.8x				
Regional peers							48.4x	2.2%	0.9%	65.0x	39.1x	2.7%	1.7%	37.0x	33.4x	3.1%	1.6%	38.8x				
Al Moammar Information Systems*							7200.SE	Saudi Arabia	1.2													
Al ELM Information Security Company CJSC *							7203.SE	Saudi Arabia	19.6	48.4x	2.2%	0.9%	45.5x	39.1x	2.7%	1.2%	37.9x	33.4x	3.1%	1.8%	43.6x	34.1x
Regional peers average																						
Global category peers																						
Accenture Plc*							ACN	United States	239.2	18.7x	3.7%	1.3%	30.9x	16.9x	4.1%	1.4%	28.1x	15.1x	4.2%	1.5%	24.9x	
Tata Consultancy Services Ltd.*							TCS.BO	India	183.4	23.3x	2.8%	1.8%	32.8x	20.4x	3.1%	2.5%	29.4x	18.3x	3.4%	2.8%	26.4x	
Infosys Ltd.*							INFY.NS	India	80.5	17.3x	3.7%	2.6%	27.1x	15.6x	3.8%	3.0%	24.1x	14.0x	4.2%	3.3%	21.6x	
Fortinet Inc.*							FTNT.O	United States	54.3	31.8x	3.0%	0.0%	41.7x	26.8x	3.5%	0.0%	36.7x	20.9x	4.0%	0.0%	28.6x	
Wipro Ltd.*							WIPR.BO	India	33.4	14.7x	5.1%	1.1%	24.2x	12.9x	4.5%	1.9%	21.5x	11.2x	4.9%	2.2%	19.1x	
Cognizant Technology Solutions*							CTSH.O	United States	38.4	13.0x	4.3%	1.6%	16.7x	12.4x	4.6%	1.7%	15.4x	8.0x	6.4%	1.8%	14.0x	
Capgemini							CAPP.PA	France	42.4	11.4x	6.3%	1.9%	18.0x	10.2x	7.5%	2.2%	15.7x	9.2x	8.3%	2.6%	13.7x	
Tech Mahindra Ltd.*							TEML.BO	India	13.6	20.0x	3.7%	2.8%	40.8x	12.8x	4.3%	3.7%	22.8x	10.2x	5.4%	4.2%	17.8x	
Alarm.com Holdings Inc *							ALRM.O	United States	3.7	23.3x	2.0%	0.0%	35.1x	21.2x	2.7%	0.0%	33.2x					
Global category peers average																						
Regional broad peers																						
Telecommunications																						
Saudi Telecom Company							7010.SE	Saudi Arabia	53.4	6.9x	6.3%	5.0%	12.9x	6.4x	7.2%	5.2%	11.8x	5.8x	8.3%	5.5%	10.7x	
Zain Kuwait							ZAIN.KW	Kuwait	7.1	5.8x	4.9%	6.9%	8.5x	5.6x	4.5%	6.9%	8.2x	5.5x	4.9%	7.5%	7.8x	
Ethiad Etisalat Co							7020.SE	Saudi Arabia	11.2	6.9x	7.5%	3.6%	15.3x	6.0x	9.0%	4.2%	13.7x	5.4x	9.9%	4.7%	12.6x	
Zain KSA							7030.SE	Saudi Arabia	3.1	6.0x	6.2%	4.6%	15.8x	5.6x	8.1%	5.0%	12.9x	5.2x	9.5%	5.4%	11.3x	
Telecommunications average																						
Consumers																						
Almarai Co.							2280.SE	Saudi Arabia	15.3	12.1x	3.5%	2.1%	19.9x	10.9x	5.0%	2.2%	17.8x	9.8x	6.4%	2.4%	16.1x	
Jarir Marketing Co.							4190.SE	Saudi Arabia	0.5	15.3x	5.2%	4.9%	16.4x	13.1x	6.1%	5.8%	15.3x	12.2x	6.5%	6.2%	14.4x	
Savola Group							2050.SE	Saudi Arabia	7.6	18.8x	0.7%	1.9%	38.5x	18.5x	0.6%	2.0%	31.9x	17.6x	0.6%	2.3%	30.1x	
Abdullah Al Othaim Markets Co.							4001.SE	Saudi Arabia	3.4	16.3x	3.0%	3.6%	28.9x	14.8x	3.3%	3.6%	26.4x	13.5x	3.9%	3.6%	24.1x	
United Electronics Co.(Extra)							4003.SE	Saudi Arabia	2.0	12.0x	7.0%	4.2%	13.9x	10.7x	7.9%	5.0%	12.8x	10.0x	7.4%	5.8%	12.1x	
Consumers average																						

Infrastructure global comp sheets

Exhibit 37: Salik - toll/road & infrastructure global comp sheet

Company Name	Market cap (USD mn)	EV/EBITDA			P/E			FCF yield			Dividend yield		
		2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Salik Co.	7,208	19.4x	17.9x	16.7x	23.5x	21.4x	19.6x	4.6%	5.0%	5.5%	4.2%	4.7%	5.1%
UAE regulated peers													
Dubai Electricity and Water Authority	32,945	9.6x	9.0x	8.4x	16.7x	15.1x	14.0x	6.0%	7.6%	9.1%	5.6%	5.8%	5.9%
ADNOC Drilling	17,164	9.9x	8.5x	7.8x	13.7x	13.0x	12.8x	4.7%	9.8%	10.1%	4.4%	4.8%	5.3%
ADNOC Distribution	12,150	12.5x	12.2x	11.7x	17.0x	16.6x	15.9x	4.9%	5.3%	5.6%	5.8%	5.8%	5.8%
Al Yah Satellite Communications Co PJSC *	1,534	6.5x	6.2x	5.3x	13.5x	11.0x	-	26.7%	7.1%	3.8%	7.5%	7.7%	7.1%
UAE regulated peers average		9.6x	9.0x	8.3x	15.2x	14.0x	14.2x	10.6%	7.5%	7.2%	5.8%	6.0%	6.0%
Global category peers													
Getlink	9,416	14.9x	14.7x	13.5x	31.0x	26.4x	21.7x	6.0%	5.9%	6.2%	3.8%	4.1%	4.4%
Bangkok Expressway and Metro PCL *	3,486	18.1x	19.3x	-	31.7x	27.5x	28.1x	3.3%	0.2%	-	2.0%	2.3%	2.0%
Transurban Group	26,578	21.9x	21.1x	19.0x	98.9x	82.7x	82.7x	3.1%	3.2%	3.6%	4.8%	4.9%	5.1%
Atlas Arteria Group*	5,031	59.4x	25.4x	10.1x	16.1x	14.8x	14.1x	5.9%	6.0%	10.4%	7.6%	7.7%	7.8%
Grupo OCR	5,708	5.9x	5.7x	5.4x	14.3x	13.5x	11.9x	-3.2%	2.7%	6.0%	1.8%	1.8%	8.4%
Global category peers average		24.0x	17.3x	12.0x	38.4x	20.6x	31.7x	3.0%	3.6%	6.6%	4.0%	4.2%	5.5%
UAE broad peers													
TECOM Group	3,744	10.4x	10.0x	9.6x	14.8x	13.9x	12.7x	4.2%	6.8%	6.4%	5.7%	5.7%	5.7%
Emirates Integrated Telecommunications Company PJSC *	7,331	4.8x	4.6x	4.6x	14.9x	13.9x	13.1x	6.8%	7.6%	8.6%	6.0%	6.4%	6.9%
Air Arabia	3,723	6.8x	7.0x	6.1x	13.7x	14.2x	12.5x	6.2%	0.9%	3.2%	5.5%	5.3%	5.6%
Etisalat Group	42,291	6.4x	6.1x	5.8x	14.7x	13.9x	13.0x	5.1%	5.3%	5.8%	4.5%	5.0%	5.0%
Fertiglobe PLC	6,012	6.7x	6.1x	5.8x	15.5x	13.4x	13.1x	12.3%	14.0%	15.0%	7.9%	8.3%	8.3%
Borouge PLC	20,214	10.6x	8.2x	7.3x	19.8x	14.3x	12.6x	6.8%	8.7%	10.0%	6.5%	6.9%	7.5%
UAE broad peers average		7.6x	7.0x	6.5x	15.6x	13.9x	12.9x	6.9%	7.2%	8.2%	6.0%	6.3%	6.5%

*On Eikon

Source: Goldman Sachs Global Investment Research, Refinitiv Eikon

Exhibit 38: DEWA - Utilities global comp sheet

Company Name	Market cap (USD mn)	EV/EBITDA			P/E			Equity FCF yield			Dividend yield		
		2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Dubai Electricity and Water Authority	32,948	9.1x	8.2x	7.5x	15.8x	14.3x	13.3x	7.5%	8.5%	10.1%	5.1%	5.3%	5.4%
Regional regulated infrastructure													
Utilities													
Saudi Electricity Company SJSC *	29,879	9.1x			15.6x	13.9x	11.7x	7.8%	10.1%	1.5%	3.5%	3.5%	
Qatar Electricity and Water Company QPSC *	5,172	18.8x	13.0x	3.7x	12.0x	11.4x	10.8x	9.3%	12.7%	80.5%	5.5%	5.8%	6.0%
Utilities peer average		14.0x	13.0x	3.7x	13.8x	12.6x	11.2x	8.5%	11.4%	41.0%	4.5%	4.7%	6.0%
Energy													
ADNOC Distribution	13,715	12.5x	12.2x	11.7x	17.0x	16.6x	15.9x	4.9%	5.3%	5.6%	5.8%	5.8%	5.8%
ADNOC Drilling	14,375	9.9x	8.5x	7.8x	13.7x	13.0x	12.8x	4.7%	9.8%	10.1%	4.4%	4.8%	5.3%
Energy peer average		11.2x	10.3x	9.7x	15.3x	14.8x	14.3x	4.8%	7.6%	7.9%	5.1%	5.3%	5.6%
Regional regulated infrastructure average		12.6x	11.2x	7.7x	14.6x	13.7x	12.8x	6.7%	9.5%	24.4%	4.8%	5.0%	5.7%
Global category peers													
Iberdrola SA	71,586	8.4x	8.1x	8.3x	13.9x	12.7x	12.6x	-1.2%	-1.3%	-1.8%	5.3%	5.5%	5.5%
Endesa SA	21,844	6.0x	5.6x	5.6x	10.6x	9.8x	10.0x	11.9%	11.6%	10.9%	6.6%	7.1%	7.0%
Engie	28,805	5.9x	6.6x	7.3x	8.1x	8.9x	9.4x	-8.3%	-8.9%	-0.2%	8.1%	8.0%	7.6%
Enel SpA	62,846	5.8x	5.8x	5.7x	8.9x	8.9x	8.6x	6.5%	7.4%	7.5%	7.2%	7.3%	7.6%
AES Corp *	13,517	10.7x	10.4x	10.5x	8.4x	7.7x	7.4x	-5.1%	4.2%	9.0%	4.5%	4.6%	4.8%
Avangrid Inc *	17,216	11.5x	11.3x	11.0x	15.9x	14.9x	14.4x	-7.0%	2.9%	2.5%	4.9%	5.0%	4.9%
Exelon Corp.	45,802	10.4x	10.0x	9.5x	15.1x	14.6x	13.6x	-3.6%	-5.4%	-5.1%	4.1%	4.3%	4.6%
CenterPoint Energy Inc *	19,531	9.7x	9.7x	7.6x	17.3x	16.2x	15.1x	-5.8%	-6.2%	-2.1%	2.9%	3.1%	3.3%
Sempra	50,622	12.6x	12.1x	11.6x	14.5x	13.3x	12.5x	0.4%	1.3%	2.7%	3.5%	3.8%	4.1%
Global category peer average		9.0x	8.8x	8.6x	12.5x	11.9x	11.5x	-1.3%	0.6%	2.6%	5.2%	5.4%	5.5%
Regional Broad Peers													
Telecommunications													
Etisalat Group	74,584	6.4x	6.1x	5.8x	14.7x	13.9x	13.0x	5.1%	5.3%	5.8%	4.5%	5.0%	5.0%
Saudi Telecom Company	59,181	6.9x	6.4x	5.8x	14.0x	12.9x	11.8x	6.3%	7.2%	8.3%	5.0%	5.2%	5.5%
Zain Kuwait	2,631	5.8x	5.6x	5.5x	8.7x	8.5x	8.2x	4.9%	4.5%	4.9%	6.9%	6.9%	7.5%
Telecommunications average		6.3x	6.0x	5.7x	12.5x	11.8x	11.0x	5.4%	5.7%	6.3%	5.5%	5.7%	6.0%
Real estate													
Aldar Properties	11,110	8.1x	7.6x	6.2x	10.1x	10.2x	8.3x	5.4%	13.0%	10.5%	3.2%	3.3%	3.5%
Emaar Properties	12,605		3.6x	2.7x	9.4x	6.3x	5.5x	16.0%	12.4%	13.3%	2.4%	2.4%	2.4%
Real estate average		6.5x	5.6x	4.5x	9.7x	8.3x	6.9x	10.7%	12.7%	11.9%	2.8%	2.9%	3.0%

*On Eikon

Source: Goldman Sachs Global Investment Research, Refinitiv Eikon

This report is priced as of March 12th market close, unless otherwise indicated.

Disclosure Appendix

Reg AC

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