MENA | TMT

Equity Research
February 2, 2026

Sizing B2G Cuts, Downgrading Saudi IT

We believe aftershocks of lower oil and government spend optimization will remain key debate and valuation drivers for MENA TMT in '26. Backed by our new ICT award tracker, we trim enterprise revs in Saudi, largely underlying our double-downgrade of Elm and downgrade of Solutions. We continue to prefer Mobily to stc. Overall, we favour UAE over KSA given higher macro resilience and c.40% diversification to int'l – Buy Presight and e&.

What's new? (1) Our proprietary tracker of Saudi govt ICT tenders; (2) Elm: checking in on key products; (3) Solutions: Smart Parking update; (4) Presight: approaching the backlog; (5) e&: we incorporate the Telenor Pakistan deal.

Saudi Govt Spend: US$10bn Question. Amidst lower oil, UAE looks more resilient with fiscal breakeven at c.$US50/bbl and Presight seeing no alteration of tech budgets. In contrast, we are increasingly concerned about KSA (breakeven is c.$US90) where ICT is largely driven by public spend (SAR37bn, c.35% of total). Our new tender volume tracker (c.30% of total) points to c.65% drop in 2025E and only 10% recovery in Jan 2026. Assuming avg contract duration of 3Y and still >20% value inflation, we forecast a B2G ICT decline of -6% Y/Y in 2025E, and -5% in 2026E before it resumes growth in 2027E. B2G is c.40% of rev for IT and c.15% for telcos; we cut est accordingly.

Bearish on Saudi IT. Double-d/g Elm to Underperform: We believe (a) digital core is maturing faster than expected (Absher: penetration 88%, Business only +4% Y/Y in 4Q), (b) BPO will remain in single-digits 2026-27E, and (c) turnaround at Thiqah will take longer. Reiterated FY25 guide looks challenging, and we also see 9-11% downside to cons 2026-27E EPS. 39% off-peak, stock is on 24x 12m fwd P/E, but with 2026/27E PEG of 1.4x and 10% downside to our PT we are cautious. **D/g Solutions to Hold:** While we are cautious on B2G (40% of rev), stronger sell-to-stc and digital (Riyadh Parking reached 500k app downloads) limit our rev cuts. Down to 16x 12m fwd P/E, stock is at only 5% premium to its parent limiting downside.

Saudi telcos are more resilient. Buy Mobily: Lowest exposure to B2G (c.10%) limits cuts = still 10% EPS m/t CAGR. With a solid 85% FCFE/net income conversion, we see 2026-27E DPS 8% above cons (and still deleverage to 0.8x by 2027E). On 13.5x 2026 P/E Mobily is 13% cheaper than stc while its 2026E DY of 4.7% is almost on par. **Still Hold on stc.** Mixed rev trends mute visible cost cuts, and we forecast only 8% EPS CAGR in 2025-28E. With FCFE below base divi (our 2026E capex is 15% above cons), we expect no specials for 2025-26E. On 15.2x 12m fwd P/E stc is 14% above e& and 6% above Mobily, re-rating needs more clarity on asset monetisation and divi uplift.

Buy Presight: Preferred Exposure To MENA ICT (1) Strong public demand and AIQ should make for 26% total rev growth in 2026E (*AED4.1bn+ backlog as of 4Q25 is needed for us to get more comfort*) and 22% in 2027E, well above Saudi peers. (2) New verticals ramp highlights the competitiveness of the model and presents upside risks. (3) We see scope for margin enhancement driving >25% EPS CAGR in 2026-28E. (4) 26x 2026 P/E for 24% rev CAGR in 2025-27E and 26% EPS growth in 2027E implies attractive 1.0x PEG vs 1.6x Global Software.

Buy e&: Operations Shine, Returns Uplift Ahead? (1) Domestic arm should keep capitalising on accelerated population growth and digitisation while maintaining capex / sales of <10%. (2) Int'l is solid incl. Egypt, MT (we expect a return to growth in Morocco in 2026E) and PPF. TP deal yields AED0.3/sh accretion. (3) c.90% FCFE/NI conversion in 2026-27E = deleverage to 0.9x/0.7x, we believe there is scope to lift divis. (4) e& is on 13.4x 12m fwd P/E, still 12% discount stc.

KEY STOCKS FEATURED INCLUDE:

TICKER	RATING	PRICE TARGET
ELM AB	UNPF	SAR700.00
SOLUTION AB	HOLD	SAR250.00
PRESIGHT UH	BUY	AED4.40
STC AB	HOLD	SAR45.00
EAND UH	BUY	AED23.00

KEY CHANGES INCLUDE:

TICKER	RATING	PRICE TARGET
ELM AB	↓ UNPF	↓ SAR700.00 (SAR1,220.00)
SOLUTION AB	↓ HOLD	↓ SAR250.00 (SAR330.00)
PRESIGHT UH	BUY	↑ AED4.40 (AED4.20)
STC AB	HOLD	↓ SAR45.00 (SAR46.00)
EAND UH	BUY	↑ AED23.00 (AED21.00)

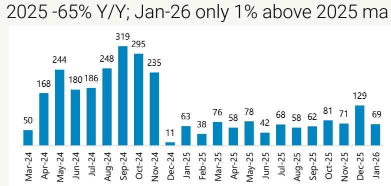
Exhibit 1 - Summary

Company	Mcap ($bn)	Rating Old	Rating New	PT Old	PT New	Upside / downside	P/E '26E	DY '26E
Elm	16.5	BUY	↓ UNPF	SAR 1,220	SAR 700	-10%	25.5x	1.6%
Solutions	7.5	BUY	↓ HOLD	SAR 330	SAR 250	+7%	17.1x	3.8%
Presight	5.1	BUY	BUY	AED 4.20	AED 4.40	+31%	25.5x	0.0%
stc	59.0	HOLD	HOLD	SAR 46.0	SAR 45.0	+2%	15.4x	5.0%
Mobily	14.3	BUY	BUY	SAR 75.0	SAR 80.0	+15%	13.5x	4.7%
e&	46.6	BUY	BUY	AED 21.0	AED 23.0	+17%	13.8x	4.5%

Source: Jefferies

Exhibit 2 - Saudi Gov ICT tenders

2025 -65% Y/Y; Jan-26 only 1% above 2025 ma



Source: Jefferies, Etimad, portals. Note: Jan-26 is 22d cal

Exhibit 3 - 4Q25 earnings preview

	LCU m			Vs Cons.		
	Revenue	EBITDA	Net income*	Revenue	EBITDA	Net income*
Elm	3,098	722	616	-2.4%	-4.3%	-2.8%
Solutions	4,221	526	403	0.1%	-4.5%	-3.7%
Presight	1,229	395	333	9.5%	4.5%	-2.3%
Mobily	5,107	1,932	908	0.5%	-0.3%	4.3%
stc	20,247	6,313	3,358	-1.2%	1.4%	2.5%
e&	19,348	8,420	2,926	-0.5%	0.7%	-2.9%

Source: Jefferies, VA, company for Presight (*PAT)

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Summary of Changes

				Adj EPS Estimates			P/Adj EPS		
Company	Rating	Price^	Price Target	2024	2025	2026	2024	2025	2026
Elm Company ELM AB	↓ UNPF	SAR774.00	SAR700.00 ↓ -43%	SAR24.02	SAR28.17 ↓ -1%	SAR30.40 ↓ -13%	32.2x	27.5x	25.5x
Previous	BUY		SAR1,220.00	SAR24.02	SAR28.57	SAR35.06			
Solutions by stc SOLUTION AB	↓ HOLD	SAR234.70	SAR250.00 ↓ -24%	SAR12.64	SAR13.55 ↑ +3%	SAR13.73 ↓ -8%	18.6x	17.3x	17.1x
Previous	BUY		SAR330.00	SAR12.64	SAR13.17	SAR14.93			
Presight AI PRESIGHT UH	BUY	AED3.37	AED4.40 ↑ +5%	AED0.09	AED0.10 ↑ +9%	AED0.13 ↑ +12%	36.1x	33.2x	25.5x
Previous			AED4.20	AED0.09	AED0.09	AED0.12			
stc STC AB	HOLD	SAR44.26	SAR45.00 ↓ -2%	SAR2.13	SAR2.63	SAR2.87 ↓ -1%	20.8x	16.8x	15.4x
Previous			SAR46.00	SAR2.13	SAR2.63	SAR2.91			
e& EAND UH	BUY	AED19.70	AED23.00 ↑ +10%	AED1.28	AED1.36	AED1.43 ↓ -3%	15.4x	14.5x	13.8x
Previous			AED21.00	AED1.28	AED1.36	AED1.48			
Mobily EEC AB	BUY	SAR69.70	SAR80.00 ↑ +7%	SAR3.75	SAR4.44 ↑ +3%	SAR5.16 ↑ +6%	18.6x	15.7x	13.5x
Previous			SAR75.00	SAR3.75	SAR4.30	SAR4.89			

^Prior trading day's closing price unless otherwise noted.

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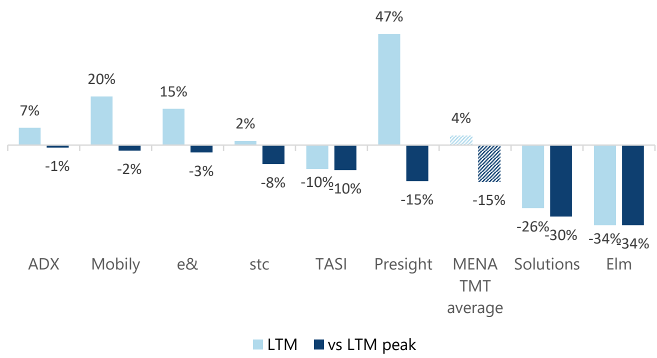
Executive Summary - Sizing B2G Cuts, Downgrading Saudi IT

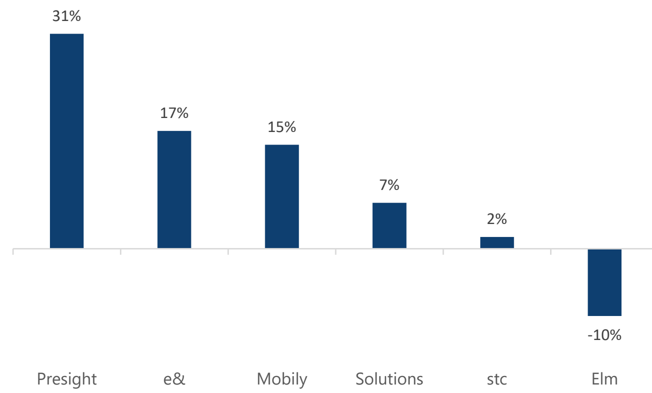
We believe aftershocks of lower oil and government spend recalibration will remain the key debate and the valuation driver for MENA TMT in 2026. Backed by our new ICT award tracker, we cut enterprise revenues in Saudi, largely underlying our double-downgrade of Elm and downgrade of Solutions. We continue to prefer Mobily to stc. Overall, we favour UAE over KSA given higher macro resilience and c.40% diversification into international - Buy Presight and e&.

Exhibit 4 - MENA TMT: stock prices performance
MENA TMT is 15% off LTM peak



Source: FactSet, Jefferies

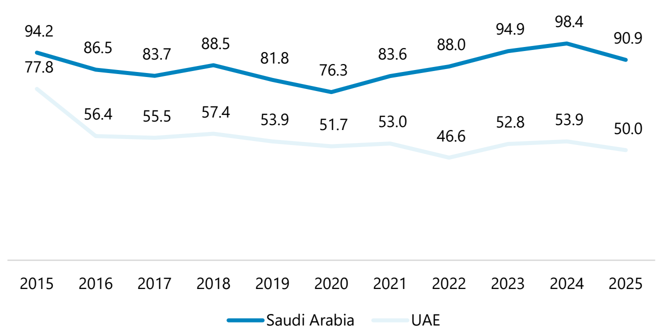
Exhibit 5 - MENA TMT: stock returns implied by our new PTs
We downgrade Elm to Underperform with -10% downside



Source: Jefferies

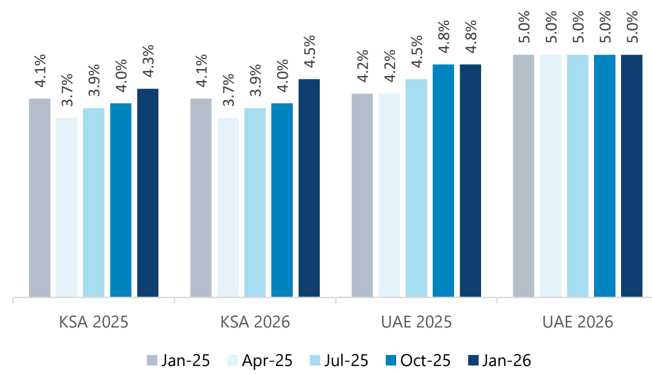
Amidst lower oil, the UAE looks more resilient with fiscal breakeven at c.$US50/bbl and Presight observing no alteration of tech budgets. In contrast, we are increasingly concerned about KSA (breakeven is $US91/bbl) where ICT is largely driven by the public agenda (c.35% of total market) spanning from giga- and mega-projects to eGov and AI.

Exhibit 6 - Breakeven Fiscal Oil Price, US$/bbl
KSA at US$91 vs UAE at US$50



Source: International Monetary Fund via FRED (Federal Reserve Bank of St. Louis)

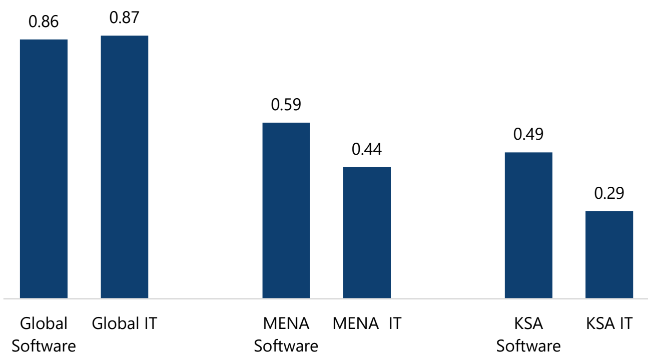
Exhibit 7 - IMF revisions of real GDP growth forecasts
KSA revisions were mainly driven by higher oil production



Source: IMF, Jefferies

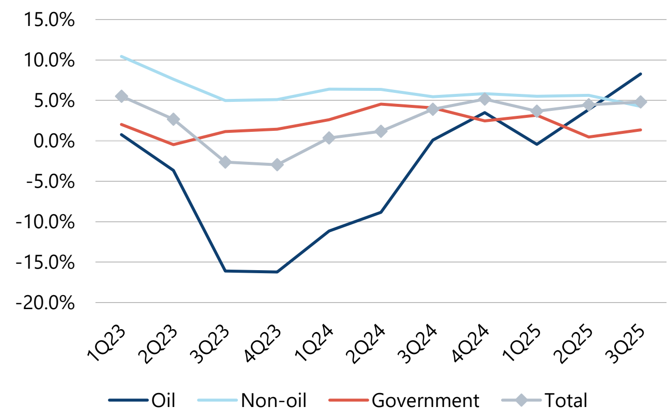
Although we argued that the KSA IT has relatively low correlation with GDP (0.3 vs 0.9 globally) the impact of lower oil has clearly kicked in. We also note, while in 3Q total GDP growth accelerated to 4.8% from 4.5% in 2Q, government activities only marginally improved to 1.4% from 0.5% in 2Q, suggesting continued revision of spend.

Exhibit 8 - Enterprise ICT spending growth correlation with nominal GDP growth
KSA IT is 3x below Global IT



Source: Jefferies. Note: correlations are run for 2015-2023

Exhibit 9 - KSA's Real GDP growth By Main Economic Activities
In 3Q25, govt activities accelerate to 1.4% from 0.5% in 2Q; or to 1.1% from -0.6% if seasonally adjusted



Source: GASTAT

As highlighted in media, recent project alterations include The Mukaab, The Line, New Murabba, 2034 World Cup, 2029 Asian Winder Games.

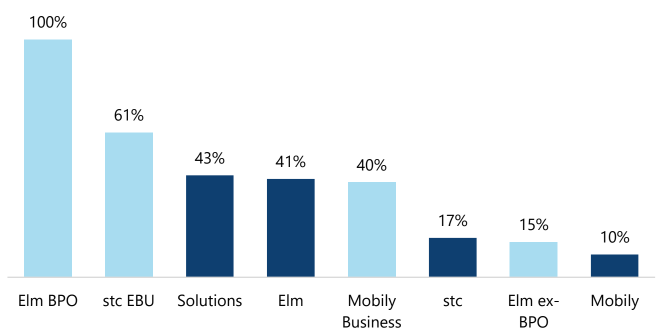
Exhibit 10 - Saudi Project Delays

Project	Type	Latest Status	Key Details
The Mukaab (Riyadh)	Gigaproject / Real Estate	Suspended	Work halted beyond soil/pilings; feasibility & financing under review; Pushed from 2030 to around 2040
The Line (NEOM)	Futuristic city	Initially scaled back & under strategic review, and now major downsizing/shift in focus	Workforce cuts, frozen sections, feasibility reassessment by PIF; could now become a hub for data centres
New Murabba (Riyadh)	City centre redevelopment	Under review	PIF requesting realistic scope; stadium possibly cancelled; Pushed from 2030 to 2040 estimated
2034 World Cup Stadiums (Kingdom-wide + inside NEOM)	Sports infrastructure	Delayed; redesigns ordered	Firms told to resubmit; contractors warned; potential reduction in stadium count
2029 Asian Winter Games (Trojena desert ski resort)	International sporting event	Delayed	Potential costs and desert-based logistics issues

Source: Bloomberg, Reuters, Financial Times, Gulf Business, Gulf News, The Guardian, BBC, Middle East Online, Fast Company, Alphasense Research, Jefferies

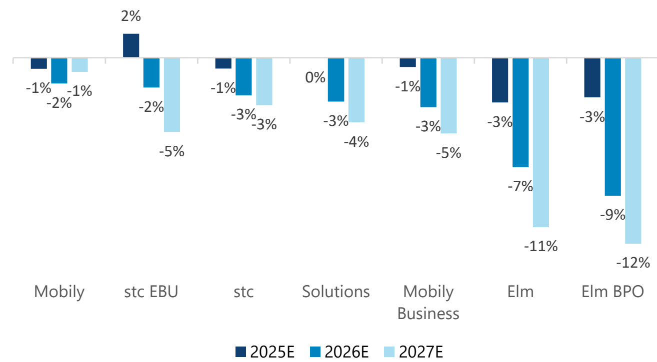
Saudi Govt Spend: US$10bn Question. Amidst lower oil, UAE looks more resilient with fiscal breakeven at c.$US50/bbl and Presight seeing no alteration of tech budgets. In contrast, we are increasingly concerned about KSA (breakeven is c.$US90) where ICT is largely driven by public spend (SAR37bn, or c.35% of total as of 2024). Our newly launched tender volume tracker (that represents c.30% of total ICT government tenders as of 2024 we calculate based on the DGA data) points to c.65% drop in 2025E and only 10% recovery in Jan 2026. Assuming average contract duration of three years and factoring in strong double- digit inflation on an average contract value (2025 normalized growth was 54% based on our analysis of Tadawul disclosures), we forecast B2G ICT (SAR37bn market as of 2024, according to the DGA) to decline by -6% Y/Y in 2025E, and by a further -5% in 2026E before it resumes growth in 2027E. B2G is c.40% of revenue for ICT stocks and c.15% for telcos, and we cut estimates accordingly.

Exhibit 11 - Saudi TMT: B2G as % of revenue, 9M25



Source: Company reports for Elm (total), Solutions, stc; Jefferies for the rest

Exhibit 12 - Jefferies revenue estimates changes



Source: Jefferies

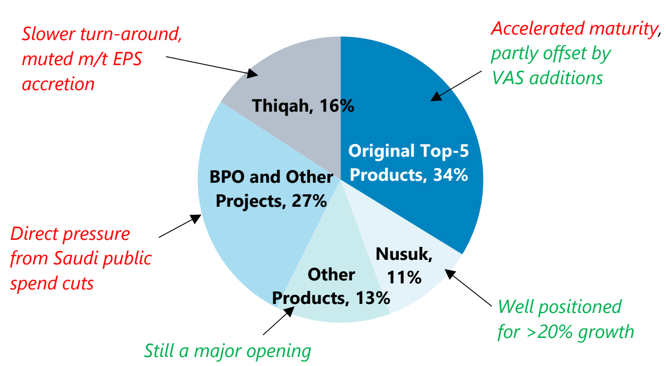
MENA ICT Stock Selection:

Double-downgrade Elm to Underperform: We believe (a) digital core is maturing faster than expected (Absher penetration has reached 88%, Absher Business operations only +4% Y/Y in 4Q), (b) BPO growth will remain in single-digits 2026-27E, and (c) turnaround at Thiqah will take longer. Reiterated FY25 guide looks challenging, and we also see 9-11% downside to consensus 2026-27E EPS. 39% off-peak, the stock is on 24x, but with 2026/27E PEG of 1.4x and 10% downside to our PT we are cautious.

Downgrade Solutions to Hold: While we are cautious on B2G (c.40% of revenue), stronger expectations for sell-to-stc and digital segment (where in particular expect higher contribution from Riyadh Parking for which mobile app downloads reached 500k app) limit our revenue cuts. Down to 16x 12m fwd P/E, the stock is at only 5% premium to its parent that we believe limit further derating downside.

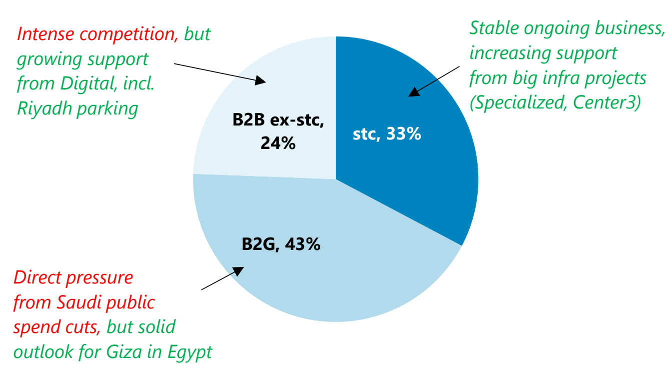
Buy Presight: Preferred Exposure To MENA ICT (1) Strong public demand and AIQ should make for 26% total rev growth in 2026E (*AED4.1bn+ backlog as of 4Q25 would be needed for us to get more comfort*) and 22% in 2027E, well above Saudi peers. (2) New verticals ramp highlights competitiveness of the model and presents upside risks. (3) We see scope for margin enhancement driving >25% EPS CAGR in 2026-28E. (4) 26x 2026 P/E for 24% rev CAGR in 2025-27E and 26% EPS growth in 2027E implies attractive 1.0x PEG vs 1.6x Global Software.

Exhibit 13 - Elm's 2025E revenue pro-forma
We take a cautious stance on c.75% of the business



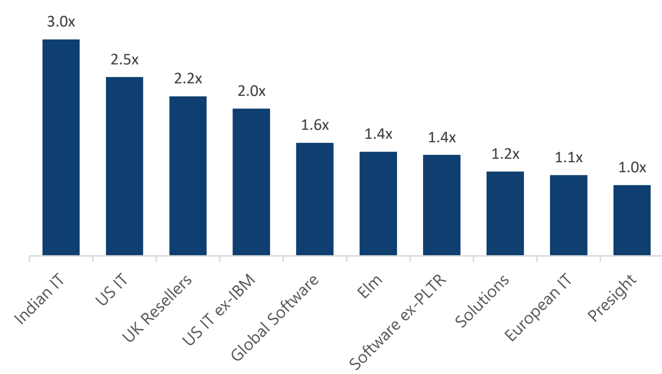
Source: Jefferies. Note: includes 12 months of Thiqah

Exhibit 14 - Solutions' 9M25 revenue split
We take a cautious stance on c.40% of the business



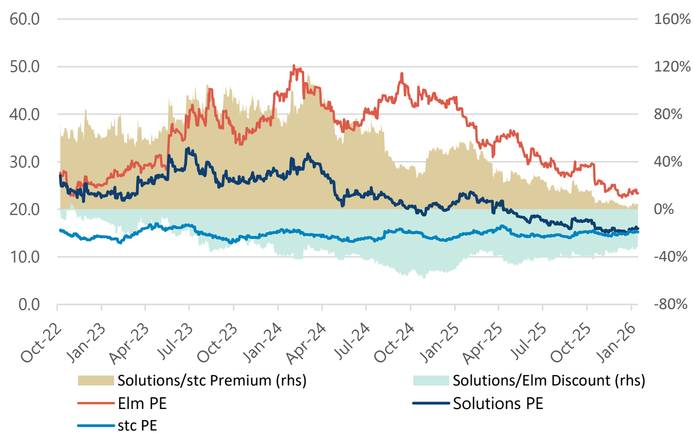
Source: Company reports, Jefferies

Exhibit 15 - Global ICT 2026/27 PEG
We prefer Presight (Buy) to Solutions (Hold) to Elm (Unpf)



Source: FactSet, Jefferies

Exhibit 16 - Elm vs Solutions / stc 12 month forward P/E
Solutions/stc: 5% premium vs 54% all-time avg, Solutions/Elm: 32% discount vs 33% all-time avg



Source: FactSet, Jefferies

MENA Telcos Stock Selection:

Buy Mobily: Lowest exposure to B2G (c.10%) limits cuts and makes us see 10% EPS m/t CAGR. With solid 85% FCFE/net income conversion, we see 2026-27E DPS 8% above cons (and still deleverage to 0.8x by 2027E). On 13.5x 2026 P/E Mobily is 13% cheaper than stc while its 2026E DY of 4.7% is almost on par.

Still Hold on stc. Mixed revenue trends mute visible cost cuts, and we forecast only 8% EPS CAGR in 2025-28E. With FCFE below base divi (our 2026E capex is 15% above cons), we expect no specials for 2025-26E. On 15.2x 12m fwd P/E stc is 14% above e& and 6% above Mobily, re-rating needs more clarity on asset monetisation and divi uplift.

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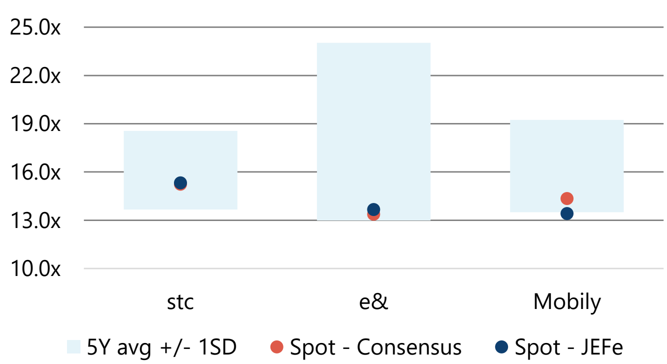
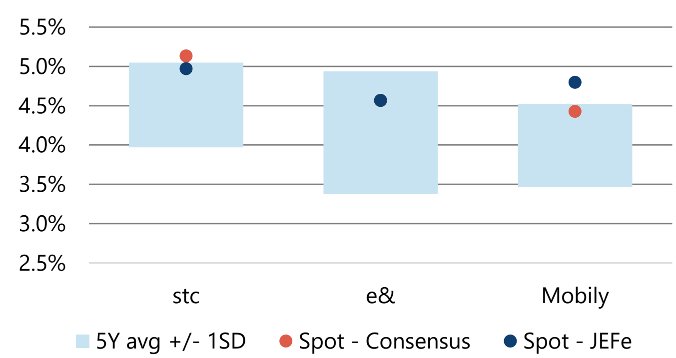
Exhibit 17 - 12m fwd P/E
stc/e&/Mobily 5%/28%/12% below average



Source: FactSet, Jefferies. Note: 4Y average for Mobily

Exhibit 18 - 12m fwd div yield
stc/e&/Mobily 0.6pp/0.4pp/0.4pp above average



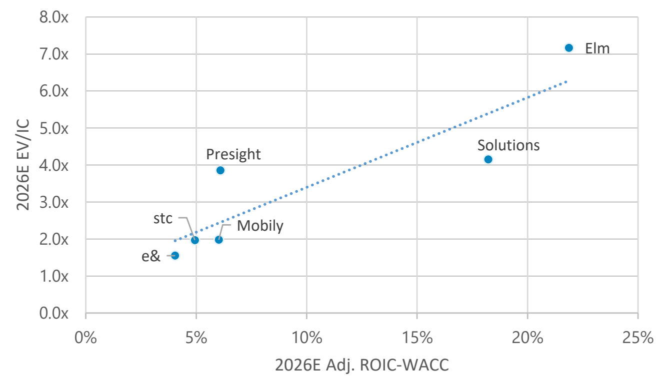
Source: FactSet, Jefferies. Note: 3Y average for Mobily

Exhibit 19 - Adjusted ROIC estimates

Company	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
Elm	34.7%	35.8%	35.1%	31.7%	29.5%	27.3%	25.4%	23.9%
Solutions	33.4%	32.8%	31.2%	28.1%	27.7%	27.1%	25.9%	24.4%
Presight	25.6%	15.5%	14.2%	16.2%	17.1%	17.3%	17.0%	16.5%
stc	10.4%	8.6%	12.3%	13.8%	14.6%	15.0%	15.2%	15.2%
Mobily	8.8%	11.6%	13.7%	14.9%	14.9%	14.9%	15.0%	15.1%
e&	11.0%	11.5%	7.7%	12.0%	12.6%	13.0%	13.4%	13.6%

Source: Jefferies

Exhibit 20 - 2026E EV/IC vs Adjusted ROIC-WACC



Source: Jefferies

Key Oil Correlations

Exhibit 21 - Prices correlation with Oil price

Clearly, Saudi telcos are defensive players vs TASI / IT

	3M	6M	1Y	2Y	3Y	4Y	5Y	10Y
TASI	0.53	0.11	0.59	0.75	0.20	0.46	0.57	0.79
stc	0.59	-0.30	-0.10	-0.69	-0.66	-0.19	-0.32	0.44
Mobily	0.23	-0.54	-0.60	-0.78	-0.75	-0.75	-0.33	0.38
Solutions	0.33	0.48	0.63	0.74	0.57	-0.23	N/A	N/A
Elm	0.37	0.54	0.65	0.21	-0.29	N/A	N/A	N/A
ADX	0.19	0.54	-0.34	-0.72	-0.39	-0.05	0.33	0.73
e&	0.49	-0.05	-0.52	-0.34	0.27	0.74	0.61	0.63
Presight	-0.08	0.39	-0.35	-0.57	-0.27	N/A	N/A	N/A

Source: FactSet, Bloomberg, Jefferies. Note: all time for Elm 4Y and Presight 3Y.

Exhibit 22 - Receivables as % of revenue Vs Oil price

For stc all special DPS were announced when receivables were <30% (2018, 2020, 2023, 2024). In turn, it typically takes 12 months from oil prices drop to receivables spike

	2017A	2018A	2019A	2020A	2021A	2022A	2023A	2024A	2025E	2026E
Brent, average US$ / bbl	54.7	71.7	64.2	43.2	70.9	99.0	82.2	79.9	68.2	60.0
stc	40%	**28%**	39%	**27%**	39%	34%	**30%**	**29%**	30%	32%
Mobily	32%	30%	23%	28%	31%	21%	20%	22%	23%	25%
e&	34%	30%	28%	28%	27%	30%	31%	29%	29%	30%
Elm	58%	57%	53%	56%	43%	32%	39%	39%	43%	48%
Solutions	33%	45%	50%	41%	42%	49%	40%	31%	34%	38%
Presight					22%	61%	51%	32%	33%	35%

Source: Company reports, Bloomberg, Jefferies.

Jefferies vs Consensus

Exhibit 23 - Jefferies vs Consensus

We see most downside to Elm's EPS, most upside to Mobily's DPS

	Rating	Revenue			EBITDA			EPS			DPS		
		2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Elm	UNPF	-1%	-4%	-7%	-1%	-9%	-12%	-1%	-9%	-11%	-14%	-9%	-13%
Solutions	HOLD	0%	-1%	-1%	-2%	-5%	-4%	-1%	-8%	-5%	-15%	-10%	-9%
Presight	BUY	4%	0%	0%	2%	7%	6%	-3%	5%	4%	-	-	-
stc	HOLD	-1%	0%	0%	-1%	1%	3%	1%	-4%	-1%	-3%	-4%	-5%
Mobily	BUY	0%	0%	0%	1%	1%	0%	2%	5%	0%	7%	8%	8%
e&	BUY	0%	4%	5%	0%	3%	5%	1%	-5%	-4%	0%	-1%	5%

Source: Jefferies, Visible Alpha, company compiled cons. for Presight 2025E Revenue and EBITDA

PT Changes Decomposed

Exhibit 24 - MENA TMT: Price Target changes (DCF components)

	PT Old	PT New	PT Δ		Estimate Δ		Terminal assumptions Δ		WACC & Val date Δ
Elm	1,220	700	-42.6%	=	-18.1%	+	-12.7%	+	-11.8%
Solutions	330	250	-24.2%	=	-9.4%	+	-9.4%	+	-5.5%
Presight AI	4.20	4.40	4.8%	=	4.8%	+	7.6%	+	-7.6%
stc	46.0	45.0	-2.2%	=	-0.2%	+	-1.3%	+	-0.7%
Mobily	75.0	80.0	6.7%	=	-7.2%	+	5.6%	+	8.3%
e&	21.0	23.0	9.5%	=	8.6%	+	1.0%	+	0.0%

Source: Jefferies

Exhibit 25 - Scenarios sensitivity

	Base case	Upside Scenario	Downside Scenario
Elm	**700**	**1,188**	**612.0**
2027 P/E	19.6x	30.0x	18.0x
2027 EPS	35.8	39.6	34.0
Details	(1) 13.1% Y/Y standalone product revenue growth; (2) 7.0% Y/Y standalone BPO revenue growth; (3) 9.7% Thiqah LFL revenue growth; (4) 22.4% EBIT margin	(1) 17.0% Y/Y standalone product revenue growth; (2) 15.0% Y/Y standalone BPO revenue growth; (3) 15.0% Thiqah LFL revenue growth driven by fast-tracked implementation of value-added services and cross-selling; (4) 24.0% EBIT margin reflecting high operating leverage and bigger than expected cost optimisation at Thiqah.	(1) 10.0% Y/Y standalone product revenue growth; (2) 0.0% Y/Y standalone BPO revenue growth; (3) 2.0% Thiqah LFL revenue growth driven by slower implementation of value-added services and cross-selling; (4) 22.0% EBIT margin reflecting lower than expected cost optimisation at Thiqah.
Solutions	**250.0**	**351.0**	**195.0**
2027 P/E	15.9x	20.0x	14.0x
2027 EPS	15.7	17.6	13.9
Details	(1) 3.5% Y/Y core ICT revenue growth; (2) 16.0% Y/Y digital revenue growth; (3) 22.7% gross profit margin.	(1) 7.0% Y/Y core ICT revenue growth; (2) 20.0% Y/Y digital revenue growth driven by accelerated ramp-up of Riyadh Smart Parking project; (3) 24.0% gross profit margin achieved via better cost savings between Solutions, Giza and ccc.	(1) 0.0% Y/Y core ICT revenue growth; (2) 5.0% Y/Y digital revenue growth driven by slower ramp-up of Riyadh Smart Parking project; (3) 21.5% gross profit margin driven by lower cost savings between Solutions, Giza and ccc.
Presight	**4.40**	**5.84**	**2.92**
2027 P/E	26.4x	30.0x	20.0x
2027 EPS	0.2	0.2	0.1
Details	(1) 20.0% Y/Y Presight revenue growth; (2) 25.0% LFL Y/Y AIQ revenue growth; (3) 28.1% gross profit margin.	(1) 30.0% Y/Y Presight revenue growth driven by faster than expected international expansion; (2) 40.0% LFL Y/Y AIQ revenue growth; (3) 30.0% gross profit margin.	(1) 10.0% Y/Y Presight revenue growth due to slower than expcted international expansion; (2) 15.0% LFL Y/Y AIQ revenue growth; (3) 27.0% gross profit margin.
stc	**45.0**	**54.1**	**38.0**
2027 P/E	13.1x	15.0x	11.0x
2027 EPS	3.1	3.3	2.9
Details	2027 EPS of SAR3.13, based on 2pp Y/Y increase in the Saudi mobile penetration; 0.6% Y/Y growth at EBU: 61.5% gross profit margin at stc KSA.	2027 EPS of SAR3.33, based on 3pp Y/Y increase in the Saudi mobile penetration; 5.0% Y/Y growth at EBU: 63.0% gross profit margin at stc KSA achieved via bigger cost savings.	2027 EPS of SAR2.91, based on 0pp Y/Y increase in the Saudi mobile penetration; -5.0% Y/Y growth at EBU due to continued pressure from demonopolization in the B2G segment: 60.0% gross profit margin at stc KSA.
2026 DY	4.5%	5.5%	5.0%
2026 DPS	2.20	3.20	2.20
Details	2026 DPS of SAR2.20, in line with the new dividend policy; no special dividend	2026 DPS of SAR3.20. That assumes SAR2.20 DPS under the new dividend policy plus SAR1.00 special DPS supported by stronger cash generation including due to more favourable working capital	2026 DPS of SAR2.20, in line with the new dividend policy; no special dividend
Mobily	**80.0**	**85.9**	**61.1**
2027 P/E	15.7x	16.0x	12.0x
2027 EPS	5.5	5.9	5.2
Details	2027 EPS of SAR5.52, based on 2pp Y/Y increase in the Saudi mobile penetration; 8.0% Y/Y growth in B2B: 53.7% gross profit margin.	2027 EPS of SAR5.87, based on 3pp Y/Y increase in the Saudi mobile penetration; 13.0% Y/Y growth in B2B: 54.5% gross profit margin.	2027 EPS of SAR5.18, based on 0pp Y/Y increase in the Saudi mobile penetration; 3.0% Y/Y growth in B2B: 53.0% gross profit margin.
2026 DY	4.5%	4.5%	5.0%
2026 DPS	3.30	3.50	3.00
Details	2026 DPS of SAR3.30	2026 DPS of SAR3.50, due to faster than expected deleveraging	2026 DPS of SAR3.00, due to slower than expected deleveraging
e&	**23.0**	**24.9**	**16.9**
2027 P/E	16.6x	16.5x	11.5x
2027 EPS	1.6	1.6	1.5
Details	2027 EPS of AED1.57, based on 4pp Y/Y increase in the UAE mobile penetration; 1.0% Y/Y growth for UAE mobile ARPU: -30.0% EBITDA margin at e& life.	2027 EPS of AED1.61, based on 5pp Y/Y increase in the UAE mobile penetration; 3.0% Y/Y growth for UAE mobile ARPU: -20.0% EBITDA margin at e& life.	2027 EPS of AED1.53, based on 1pp Y/Y increase in the UAE mobile penetration; -1.0% Y/Y growth for UAE mobile ARPU: -40.0% EBITDA margin at e& life.
2026 DY	4.5%	4.5%	5.5%
2026 DPS	0.89	1.05	0.89
Details	2026 DPS of AED0.89 as per the dividend policy	2026 DPS of AED1.05 as per the dividend policy. 4.5% DY accounting for lower M&A/execution risks	2026 DPS of AED0.89 as per the dividend policy. 5.5% DY accounting for higher M&A/execution risks

Source: Jefferies

What We Expect In 4Q

Presight (Feb 11th):

- **4Q.** We brought down our street-highest revenue estimate by 5.7%, but we are still 9.5% above company-compiled consensus on revenue (and our FY25E growth forecast is now 34.2%, broadly a mid-point of the 29-41% range indicated on 3Q call). We expect organic growth of 15.0% and AIQ to accelerate to 25.0% from 17.9% in 3Q. That said, the delta is lower on EBITDA (4.5%) while on PAT we are even 2.3% below.
- **Dividends.** We keep assuming no dividends for 2025-30E as M&A remains a preferred use of cash for the management.
- **Backlog.** As discussed further in the report, we estimate that Presight would need to report backlog of AED3.74-4.49bn as of 4Q25E to be on track with our AED3.74bn revenue forecast for 2026E. The mid-point, AED4.11bn, would be needed for us to get more comfort.
- **Outlook.** Given elevated quarterly volatility, we would not expect the company to start introducing annual outlook in the beginning of the year (in 2024-25 it only came with 3Q results). That said, we might see Presight shifting its mid-term guidance timeline from 2023-27E, potentially setting 2025 as a base year.

Exhibit 26 - Presight: 4Q25 preview

AED m or %	4Q24A	3Q25A	4Q25J	4Q25C	JEF vs Cons.	JEF Y/Y	JEF Q/Q
Revenue	**1,043**	**653**	**1,229**	**1,122**	**9.5%**	**17.8%**	**88.2%**
Presight	750	497	863			15.0%	73.5%
AIQ	293	156	366				135.3%
Cost of sales	(572)	(408)	(688)			20.3%	68.7%
Gross profit	**471**	**245**	**541**			**14.8%**	**120.7%**
Gross margin	45.2%	37.5%	44.0%			-1.2pp	6.5pp
Opex ex-D&A	(105)	(113)	(146)			39.4%	29.2%
EBITDA	**366**	**132**	**395**	**378**	**4.5%**	**7.7%**	**199.3%**
EBITDA margin	35.1%	20.2%	32.1%	33.6%	-1.5pp	-3.0pp	11.9pp
Net profit before minorities	**327**	**110**	**333**	**341**	**-2.3%**	**1.8%**	**202.0%**
Net profit margin	31.4%	16.9%	27.1%	30.4%	-3.3pp	-4.3pp	10.2pp
Net profit	**260**	**105**	**279**			**7.5%**	**167.2%**
Net profit margin	24.9%	16.0%	22.7%			-2.2pp	6.7pp

Source: Company reports, Jefferies, Company compiled cons.

Elm (Feb 18th, tbc):

- **4Q.** We are 2.4% below VA consensus on revenue (and our FY25E growth forecast is now 31.7%, below the reiterated guide of 33-35%. We expect organic growth of 19.2% (in line with 3Q if adjusted for IFRS-15), and for Thiqah we assume 16.9% Y/Y, which results in FY25 of -2.1%. This is below c.2% indirect guide, but still implies +51% Q/Q, whereas we note that for Saber, Thiqah's largest product, transactions were only +11% Q/Q. We also forecast 50bp lower EBITDA margin driving EBITDA/net income 4.3%/2.8% below consensus.
- **Dividends.** We assume SAR5.00 for 2H25, +25% Y/Y.
- **Outlook.** FY26: we forecast revenue growth deceleration to 17.1% from 31.7% in FY25 (or to 13.0% from 16.0% organic), 140bp organic EBIT margin compression and only SAR120m bottom line for Thiqah. That puts our revenue/net income 3.8%/8.4% below consensus.

Exhibit 27 - Elm: 4Q25 preview

SAR m or %	4Q24A	3Q25A	4Q25J	4Q25C	JEF vs Cons.	JEF Y/Y	JEF Q/Q
Revenue	**2,129**	**2,535**	**3,098**	**3,174**	**-2.4%**	**45.5%**	**22.2%**
Digital business	1,610	1,788	2,276	2,385	-4.6%	41.3%	27.2%
Product Suite	1,426	1,502	1,738			21.9%	15.7%
Technical Projects	184	116	184			0.0%	58.2%
Thiqah	0	170	353				107.8%
Business process outsourcing (BPO)	460	699	757	717	5.6%	64.6%	8.3%
Professional services	59	47	65	72	-9.1%	10.0%	36.9%
Cost of sales	(1,291)	(1,464)	(1,825)	(1,917)	-4.8%	41.4%	24.7%
Gross profit	**838**	**1,071**	**1,272**	**1,257**	**1.2%**	**51.8%**	**18.8%**
Gross margin	39.4%	42.3%	41.1%	39.6%	1.5pp	1.7pp	-1.2pp
Opex ex-D&A	(380)	(411)	(551)	(503)	9.6%	44.9%	34.1%
EBITDA	**458**	**661**	**722**	**755**	**-4.3%**	**57.5%**	**9.2%**
EBITDA margin	21.5%	26.1%	23.3%	23.8%	-0.5pp	1.8pp	-2.8pp
Clean EBITDA	**558**	**685**	**772**			**38.2%**	**12.6%**
Clean EBITDA margin	26.2%	27.0%	24.9%			-1.3pp	-2.1pp
Net profit	**498**	**559**	**616**	**634**	**-2.8%**	**23.9%**	**10.3%**
Net profit margin	23.4%	22.0%	19.9%	20.0%	-0.1pp	-3.5pp	-2.1pp
Clean Net profit	**598**	**583**	**666**			**11.5%**	**14.3%**
Clean net profit margin	28.1%	23.0%	21.5%			-6.6pp	-1.5pp

Source: Company reports, Jefferies, Visible Alpha (last 180 days)

Solutions (Feb 15th, tbc):

- **4Q.** We are in line with VA consensus on revenue as our lower estimates for core ICT and digital services are offset by higher estimates for IT&Managed services. Our EBITDA margin is 60bp below the street driving 4.5%/3.7% downside to EBITDA/net income.
- **Dividends.** We assume SAR8.00 for 2025, in line with 2024 basic dividends; we expect no special (2024 was SAR2.00).
- **Outlook.** FY26: we forecast revenue growth deceleration to 7.0% from 8.1% in FY25, 20bp EBITDA margin compression. That puts our revenue/net income 1.3%/7.7% below consensus.

Exhibit 28 - Solutions: 4Q25 preview

SAR m or %	4Q24A	3Q25A	4Q25J	4Q25C	JEF vs Cons.	JEF Y/Y	JEF Q/Q
Revenue	**3,731**	**3,098**	**4,221**	**4,216**	**0.1%**	**13.1%**	**36.3%**
Core ICT Services	1,926	1,475	2,100	2,188	-4.0%	9.0%	42.4%
IT Managed and Operational Services	1,316	1,179	1,583	1,323	19.7%	20.3%	34.3%
Digital Services	489	444	537	705	-23.8%	10.0%	21.1%
Cost of sales	(2,992)	(2,391)	(3,368)	(3,384)	-0.5%	12.6%	40.9%
Gross profit	**738**	**707**	**853**	**832**	**2.5%**	**15.5%**	**20.7%**
Gross margin	19.8%	22.8%	20.2%	19.7%	0.5pp	0.4pp	-2.6pp
Opex ex-D&A	(253)	(168)	(327)	(281)	16.3%	29.4%	94.2%
EBITDA	**486**	**538**	**526**	**551**	**-4.5%**	**8.3%**	**-2.3%**
EBITDA margin	13.0%	17.4%	12.5%	13.1%	-0.6pp	-0.6pp	-4.9pp
Net profit	**327**	**417**	**403**	**419**	**-3.7%**	**23.3%**	**-3.3%**
Net profit margin	8.8%	13.5%	9.6%	9.9%	-0.4pp	0.8pp	-3.9pp

Source: Company reports, Jefferies, Visible Alpha (last 180 days)

stc (Feb 17th, tbc):

- **4Q.** We are 1.2% below VA consensus on revenue due to 4.6% lower expectation for subsidiaries. With that, our EBITDA margin is 80bp above the street driving 1.4%/2.5% upside to EBITDA/net income.
- **Dividends.** We assume SAR0.55 for 4Q25 as per the policy and no special dividend for FY25.
- **Outlook.** FY26: we forecast revenue growth acceleration to 4.8% from 3.0% in FY25, 90bp EBITDA margin expansion, but only 8.9% adjusted EPS growth. That puts our revenue/net income 0.4%/3.6% below consensus. Our capex (co defined) is SAR14.5bn, 17.6% of revenue/ cash Capex is SAR14.3bn, 15% above consensus.

Exhibit 29 - stc: 4Q25 preview

SAR m or %	4Q24A	3Q25A	4Q25J	4Q25C	JEF vs Cons.	JEF Y/Y	JEF Q/Q
Revenue	**19,429**	**19,264**	**20,247**	**20,498**	**-1.2%**	**4.2%**	**5.1%**
stc	12,408	13,045	12,964	12,864	0.8%	4.5%	-0.6%
Commercial (Consumer)	8,033	8,313	8,396			4.5%	1.0%
Enterprise Business	3,525	3,519	3,505			-0.6%	-0.4%
Carriers and Wholesale	850	1,213	1,063			25.0%	-12.4%
Subsidiaries (ex-eliminations)	7,021	6,219	7,283	7,634	-4.6%	3.7%	17.1%
Cost of sales	(10,031)	(10,013)	(10,393)	(10,709)	-2.9%	3.6%	3.8%
Gross profit	**9,397**	**9,251**	**9,853**	**9,789**	**0.7%**	**4.9%**	**6.5%**
Gross margin	48.4%	48.0%	48.7%	47.8%	0.9pp	0.3pp	0.6pp
Opex ex-D&A	(3,847)	(3,042)	(3,541)	(3,564)	-0.7%	-8.0%	16.4%
EBITDA	**5,551**	**6,209**	**6,313**	**6,225**	**1.4%**	**13.7%**	**1.7%**
EBITDA margin	28.6%	32.2%	31.2%	30.4%	0.8pp	2.6pp	-1.1pp
Clean EBITDA	**5,551**	**6,209**	**6,313**			**13.7%**	**1.7%**
Clean EBITDA margin	28.6%	32.2%	31.2%			2.6pp	-1.1pp
Net profit	**13,456**	**4,107**	**3,358**	**3,277**	**2.5%**	**-75.0%**	**-18.2%**
Net profit margin	69.3%	21.3%	16.6%	16.0%	0.6pp	-52.7pp	-4.7pp
Clean Net profit	**1,042**	**3,162**	**3,358**			**222.2%**	**6.2%**
Clean net profit margin	5.4%	16.4%	16.6%			11.2pp	0.2pp

Source: Company reports, Jefferies, Visible Alpha (last 180 days)

Mobily (Feb 23rd, tbc):

- **4Q.** We are 0.5% above VA consensus on revenue due to 2.0% higher expectation for Consumer. With that, our EBITDA margin is 30bp below the street driving in-line EBITDA. Our net income is 4.3% above likely on higher JV results (we factor in SAR50m).
- **Dividends.** We assume SAR1.60 implying 68% pay-out vs 58% for 1H25. This is 13% above consensus (SAR1.42 implied from SAR2.62 for FY25)
- **Outlook.** FY26: we forecast revenue growth deceleration to 6.4% from 7.4% in FY25, 20bp EBITDA margin expansion (both driven by Business segment cuts), and 16.2% adjusted EPS growth. That puts our revenue in line and EPS 5.6% above. Our capex is SAR3.5bn, 16.7% of revenue, 10% above consensus.

Exhibit 30 - Mobily: 4Q25 preview

SAR m or %	4Q24A	3Q25A	4Q25J	4Q25C	JEF vs Cons.	JEF Y/Y	JEF Q/Q
Revenue	**4,697**	**4,849**	**5,107**	**5,081**	**0.5%**	**8.7%**	**5.3%**
Consumer	2,992	2,973	3,207	3,145	2.0%	7.2%	7.9%
Business	1,134	1,209	1,247	1,266	-1.5%	10.0%	3.2%
Wholesale	466	568	536	569	-5.7%	15.0%	-5.5%
Other	106	99	116	100	15.7%	10.0%	16.9%
Cost of sales	(2,192)	(2,159)	(2,375)	(2,353)	0.9%	8.3%	10.0%
Gross profit	**2,505**	**2,691**	**2,732**	**2,728**	**0.2%**	**9.1%**	**1.5%**
Gross margin	53.3%	55.5%	53.5%	53.7%	-0.2pp	0.2pp	-2.0pp
Opex ex-D&A	(458)	(721)	(801)	(791)	1.2%	74.7%	11.0%
EBITDA	**2,047**	**1,970**	**1,932**	**1,937**	**-0.3%**	**-5.6%**	**-1.9%**
EBITDA margin	43.6%	40.6%	37.8%	38.1%	-0.3pp	-5.8pp	-2.8pp
Net profit	**979**	**916**	**908**	**871**	**4.3%**	**-7.3%**	**-0.9%**
Net profit margin	20.9%	18.9%	17.8%	17.1%	0.6pp	-3.1pp	-1.1pp

Source: Company reports, Jefferies, Visible Alpha (last 180 days)

e& (Feb 24th, preliminary FY25 on Feb 14th):

- **4Q.** We are 0.5% below VA consensus on revenue due to 10.6% lower estimate for non-telco businesses. With that, our EBITDA margin is 50bp above the street driving EBITDA 0.7% above. Our net income is 2.9% below likely in higher D&A.
- **Dividends.** We assume AED0.43 for 2H25 as per the policy.
- **Outlook.** FY26: we forecast revenue growth deceleration to 12.1% from 23.1% in FY25 (or to 7.4% from 8.3% on organic basis), 80bp EBITDA margin compression (both driven by Business segment cuts), and AED1.43 EPS (5.1% growth on adjusted basis). That puts our revenue 4.2% above (as most have not yet incorporated Telenor Pakistan deal) and EPS 5.3% below. Our capex is AED12.6bn, 15.4% of revenue, 14% above consensus.
- **CMD (Feb 25th).** Our focus points: (1) Capital allocation priorities, (2) UAE - competition, capex, (3) MT - Morocco turnaround strategy, spectrum, (4) PPF - in-market consolidation, capex, (5) Pakistan - Telenor integration roadmap and targets, (6) Careem - any tweaks to strategy / targets as competition remains intense, (7) Fintech - Wio, e& Money update.

Exhibit 31 - e&: 4Q25 preview

AED m or %	4Q24A	3Q25A	4Q25J	4Q25C	JEF vs Cons.	JEF Y/Y	JEF Q/Q
Revenue	**16,473**	**18,629**	**19,348**	**19,451**	**-0.5%**	**17.5%**	**3.9%**
UAE	8,502	8,704	8,941	8,947	-0.1%	5.2%	2.7%
Egypt	1,039	1,182	1,416	1,359	4.2%	36.3%	19.8%
Maroc Telecom	3,253	3,609	3,600	3,599	0.0%	10.7%	-0.2%
Pakistan	782	824	869	844	3.0%	11.2%	5.5%
PPF	1,458	2,653	2,784	2,757	1.0%	90.9%	4.9%
Other and eliminations	1,440	1,657	1,738	1,945	-10.6%	20.7%	4.9%
EBITDA	**7,016**	**8,385**	**8,420**	**8,361**	**0.7%**	**20.0%**	**0.4%**
EBITDA margin	42.6%	45.0%	43.5%	43.0%	0.5pp	0.9pp	-1.5pp
Net profit	**2,295**	**2,986**	**2,926**	**3,014**	**-2.9%**	**27.5%**	**-2.0%**
Net profit margin	13.9%	16.0%	15.1%	15.5%	-0.4pp	1.2pp	-0.9pp

Source: Company reports, Jefferies, Visible Alpha (last 180 days)

MENA Telcos vs CEEMEA Peers

Exhibit 32 - Telco comps: GCC vs CEEMEA and Global

Company Name	SP Curr.	SP	YTD Δ%	YTD Δ% USD	Market Cap $mn	EV/EBITDA (x) 2026E	EV/EBITDA (x) 2027E	P/E (x) 2026E	P/E (x) 2027E	FCF Yield % 2026E	FCF Yield % 2027E	Div. Yield % 2026E	Div. Yield % 2027E	Sales growth YoY % 2026E	Sales growth YoY % 2027E	EBITDA margin % 2026E	EBITDA margin % 2027E	EPS growth YoY % 2026E	EPS growth YoY % 2027E
stc	SAR	44.3	3.0%	3.0%	59,002	7.9x	7.3x	15.4x	14.1x	4.1%	4.4%	5.0%	5.0%	4.8%	5.7%	32.8%	33.7%	-5.1%	9.2%
Mobily	SAR	69.7	5.6%	5.6%	14,309	7.5x	7.1x	13.5x	12.6x	6.2%	6.7%	4.7%	5.5%	6.4%	5.6%	38.5%	38.4%	16.2%	7.0%
Zain KSA	SAR	10.7	2.6%	2.6%	2,564	5.4x	5.1x	14.5x	11.4x	3.9%	4.2%	4.7%	4.7%	4.3%	4.3%	31.3%	31.9%	20.6%	26.8%
Saudi Arabia			**3.5%**	**3.5%**	**75,875**	**7.8x**	**7.2x**	**15.0x**	**13.8x**	**4.5%**	**4.8%**	**4.9%**	**5.1%**	**5.1%**	**5.7%**	**33.8%**	**34.5%**	**-0.2%**	**9.3%**
e&	AED	19.7	7.4%	7.4%	46,649	6.2x	5.8x	13.8x	12.5x	6.5%	7.2%	4.5%	5.1%	12.1%	7.1%	43.4%	43.1%	-15.6%	9.9%
Du	AED	10.3	5.1%	5.1%	12,713	6.2x	5.9x	14.9x	13.9x	6.0%	6.8%	6.3%	6.7%	5.5%	5.0%	46.5%	46.7%	7.8%	7.2%
UAE			**6.9%**	**6.9%**	**59,362**	**6.2x**	**5.8x**	**14.0x**	**12.8x**	**6.4%**	**7.1%**	**4.9%**	**5.4%**	**10.7%**	**6.6%**	**44.1%**	**43.9%**	**-10.6%**	**9.4%**
Zain	KWD	0.5	-1.2%	-1.2%	7,233	5.5x	5.3x	8.4x	7.5x	9.8%	12.5%	7.4%	7.8%	7.4%	5.7%	34.2%	33.9%	14.2%	11.6%
Ooredoo Kuwait	KWD	1.7	18.1%	18.1%	2,743	2.7x	2.6x	9.3x	8.8x	14.1%	15.3%	9.0%	9.6%	6.0%	4.4%	40.5%	40.4%	5.9%	5.6%
stc Kuwait	KWD	0.7	-1.2%	-1.2%	2,219	6.3x	6.2x	17.1x	17.1x	6.8%	7.3%	5.9%	5.9%	1.8%	1.7%	27.7%	27.8%	33.3%	0.0%
Kuwait			**3.2%**	**3.2%**	**12,195**	**5.0x**	**4.8x**	**10.2x**	**9.5x**	**10.2%**	**12.2%**	**7.5%**	**7.8%**	**6.1%**	**4.7%**	**34.4%**	**34.3%**	**15.8%**	**8.2%**
Ooredoo	QAR	14.2	9.0%	9.0%	12,493	4.7x	4.6x	10.9x	10.3x	7.8%	9.2%	5.8%	6.2%	3.3%	2.8%	42.9%	42.9%	4.7%	5.5%
Vodafone Qatar	QAR	2.6	6.2%	6.2%	3,005	7.1x	6.9x	14.8x	14.0x	7.1%	8.8%	5.4%	5.8%	3.9%	3.4%	43.4%	43.4%	9.4%	5.7%
Qatar			**8.4%**	**8.4%**	**15,497**	**5.2x**	**5.0x**	**11.7x**	**11.1x**	**7.7%**	**9.1%**	**5.7%**	**6.1%**	**3.4%**	**2.9%**	**43.0%**	**43.0%**	**5.6%**	**5.5%**
Omantel	OMR	1.1	5.7%	5.7%	2,143	4.9x	4.6x	9.2x	7.9x	25.9%	32.2%	5.7%	6.1%	8.4%	6.6%	32.4%	32.4%	20.0%	16.7%
Ooredoo Oman	OMR	0.3	2.1%	2.1%	492	2.5x	2.5x	14.6x	9.7x	12.6%	16.3%	5.5%	5.7%	0.4%	1.9%	39.2%	38.9%	-300.0%	50.0%
Oman			**5.0%**	**5.0%**	**2,635**	**4.4x**	**4.2x**	**10.2x**	**8.2x**	**23.4%**	**29.2%**	**5.6%**	**6.0%**	**6.9%**	**5.7%**	**33.7%**	**33.6%**	**-39.8%**	**22.9%**
GCC			**5.2%**	**5.2%**	**165,564**	**6.7x**	**6.3x**	**13.9x**	**12.8x**	**6.2%**	**7.0%**	**5.2%**	**5.5%**	**7.1%**	**5.7%**	**38.4%**	**38.6%**	**-2.8%**	**9.1%**
South Africa			**6.4%**	**6.4%**	**42,077**	**3.7x**	**3.2x**	**11.2x**	**9.2x**	**19.4%**	**23.7%**	**4.5%**	**5.2%**	**20.6%**	**11.4%**	**42.7%**	**43.9%**	**25.8%**	**21.5%**
Nigeria			**-2.4%**	**-2.4%**	**24,623**	**5.4x**	**4.6x**	**14.1x**	**10.3x**	**7.2%**	**10.6%**	**4.5%**	**5.8%**	**20.9%**	**16.8%**	**50.4%**	**51.1%**	**59.7%**	**35.3%**
Morocco			**-1.8%**	**-1.8%**	**10,333**	**6.1x**	**6.0x**	**16.9x**	**16.8x**	**3.0%**	**2.5%**	**4.4%**	**4.4%**	**1.1%**	**1.5%**	**51.0%**	**50.9%**	**-10.1%**	**0.7%**
Kenya			**4.4%**	**4.4%**	**9,193**	**5.3x**	**4.9x**	**11.5x**	**10.2x**	**13.3%**	**14.8%**	**7.3%**	**8.2%**	**9.9%**	**8.5%**	**51.7%**	**52.1%**	**16.2%**	**13.2%**
Ghana			**0.0%**	**-4.2%**	**5,075**	**3.0x**	**2.3x**	**5.2x**	**3.7x**	**N/A**	**N/A**	**12.5%**	**17.9%**	**28.5%**	**29.8%**	**57.9%**	**58.2%**	**37.3%**	**39.5%**
Egypt			**20.5%**	**20.5%**	**2,884**	**4.1x**	**3.7x**	**4.8x**	**4.3x**	**3.7%**	**5.4%**	**2.9%**	**4.1%**	**9.9%**	**8.8%**	**43.0%**	**43.7%**	**20.7%**	**12.2%**
Africa			3.3%	3.2%	**96,443**	**4.5x**	**4.0x**	**12.1x**	**10.0x**	**13.0%**	**16.1%**	**5.2%**	**6.2%**	**17.6%**	**12.3%**	**47.3%**	**48.1%**	**30.3%**	**22.7%**
Turkiye			**20.9%**	**20.9%**	**11,265**	**2.3x**	**1.8x**	**7.2x**	**5.2x**	**-6.6%**	**-0.2%**	**3.4%**	**5.8%**	**27.4%**	**27.8%**	**41.6%**	**42.0%**	**29.4%**	**38.5%**
Greece			**-6.5%**	**-6.5%**	**7,577**	**4.8x**	**4.7x**	**9.4x**	**9.1x**	**10.1%**	**8.8%**	**6.1%**	**7.0%**	**-0.3%**	**0.9%**	**41.2%**	**41.8%**	**5.2%**	**3.1%**
Poland			**11.8%**	**11.8%**	**6,692**	**5.5x**	**5.4x**	**14.2x**	**12.8x**	**9.9%**	**11.2%**	**3.4%**	**3.9%**	**2.7%**	**2.9%**	**28.5%**	**28.3%**	**22.6%**	**12.0%**
Hungary			**11.5%**	**11.5%**	**5,859**	**5.2x**	**5.0x**	**8.8x**	**8.5x**	**11.9%**	**12.2%**	**8.0%**	**8.9%**	**1.6%**	**2.3%**	**42.0%**	**42.5%**	**2.9%**	**3.1%**
Romania			**18.0%**	**18.0%**	**1,076**	**5.3x**	**4.5x**	**38.0x**	**27.6x**	**0.0%**	**-0.8%**	**1.1%**	**1.2%**	**13.7%**	**12.4%**	**36.1%**	**37.9%**	**43.5%**	**18.0%**
CEE and Turkiye			**10.8%**	**10.8%**	**32,468**	**4.2x**	**3.9x**	**10.4x**	**8.4x**	**10.0%**	**10.0%**	**4.9%**	**6.2%**	**10.8%**	**11.3%**	**38.8%**	**39.1%**	**18.0%**	**17.7%**
CEEMEA			5.2%	5.1%	294,476	5.7x	5.3x	12.9x	11.4x	8.8%	10.3%	5.1%	5.8%	10.9%	8.5%	41.4%	41.8%	10.3%	14.5%
MSCI EM Telcos					211,190	6.3x	5.7x	18.7x	16.1x			3.7%	4.1%	5.8%	6.2%	40.4%	40.9%	21.9%	16.5%
MSCI World Telcos					985,070	6.9x	6.6x	14.0x	13.3x			4.1%	4.3%	5.9%	2.7%	35.1%	35.3%	-0.4%	5.3%

Source: Jefferies for stc, Mobily and e& FactSet for non-covered; Bloomberg for MSCI data

MENA ICT vs Global IT and Software

Exhibit 33 - Global ICT Comps

Company Name	SP Curr.	SP	YTD Δ%	YTD Δ% USD	L12M Δ%	L12M Δ% USD	Market Cap $mn	EV/Rev. (x) 2026E	EV/Rev. (x) 2027E	EV/EBITDA (x) 2026E	EV/EBITDA (x) 2027E	P/E (x) 2026E	P/E (x) 2027E	PEG (x) 2026/27E	Sales growth YoY % 2026E	Sales growth YoY % 2027E	EBITDA margin % 2026E	EBITDA margin % 2027E	EPS growth YoY % 2026E	EPS growth YoY % 2027E
Accenture	USD	263.6	-1.7%	-1.7%	-30.8%	-30.8%	162,219	2.2x	2.0x	11.4x	10.6x	18.2x	16.9x	2.3x	5.9%	5.7%	18.9%	19.1%	8.6%	7.8%
CGI	CAD	116.7	-8.0%	-6.8%	-32.3%	-28.0%	16,561	1.7x	1.6x	8.4x	8.1x	12.7x	11.7x	1.5x	4.5%	2.8%	20.1%	20.3%	8.2%	8.4%
Cognizant Tech	USD	82.1	-1.1%	-1.1%	-0.8%	-0.8%	39,606	1.7x	1.6x	9.4x	8.9x	14.6x	13.4x	1.7x	4.9%	5.7%	18.5%	18.5%	8.3%	8.8%
DXC Technology	USD	14.4	-1.5%	-1.5%	-33.0%	-33.0%	2,513	0.4x	0.4x	3.1x	3.1x	4.4x	4.1x	0.5x	-2.2%	-1.5%	14.1%	14.2%	0.2%	8.9%
Endava	USD	6.3	0.0%	0.0%	-80.5%	-80.5%	258	0.5x	0.5x	3.9x	3.3x	5.2x	4.5x	0.3x	0.8%	4.1%	13.1%	15.0%	-6.8%	15.9%
EPAM Systems	USD	208.6	1.8%	1.8%	-16.8%	-16.8%	11,524	1.8x	1.6x	10.6x	9.5x	16.6x	14.9x	1.4x	7.0%	9.0%	16.9%	17.3%	9.9%	11.7%
Globant	USD	66.9	2.3%	2.3%	-67.7%	-67.7%	2,946	1.3x	1.3x	6.7x	6.2x	10.6x	9.9x	1.4x	1.3%	6.0%	20.0%	20.3%	3.0%	7.6%
IBM	USD	306.7	3.5%	3.5%	18.8%	18.8%	286,683	4.8x	4.6x	16.9x	15.7x	23.4x	21.6x	2.8x	5.2%	4.5%	28.1%	29.0%	13.1%	8.2%
Kyndryl Holdings	USD	23.0	-13.4%	-13.4%	-39.0%	-39.0%	5,257	0.5x	0.5x	2.7x	2.5x	7.1x	5.5x	0.3x	3.6%	2.8%	18.5%	19.5%	59.6%	28.2%
US IT Services			**1.0%**	**1.0%**	**-1.7%**	**-1.5%**	**527,567**	**3.5x**	**3.3x**	**14.0x**	**13.0x**	**20.3x**	**18.8x**	**2.5x**	**5.3%**	**5.0%**	**23.9%**	**24.4%**	**11.5%**	**8.4%**
US IT Services ex-IBM			**-2.1%**	**-2.0%**	**-26.0%**	**-25.7%**	**240,884**	**2.0x**	**1.9x**	**10.5x**	**9.8x**	**16.7x**	**15.4x**	**2.0x**	**5.5%**	**5.5%**	**18.8%**	**19.0%**	**9.5%**	**8.7%**
Alten	EUR	82.6	14.0%	15.5%	-7.3%	5.7%	3,473	0.7x	0.7x	6.5x	5.9x	11.1x	10.0x	1.0x	2.6%	4.2%	10.7%	11.3%	9.5%	11.3%
Atos	EUR	55.4	10.3%	11.8%	151.6%	187.0%	1,278	0.4x	0.4x	3.6x	2.9x	22.8x	7.4x	0.1x	-11.1%	0.8%	9.9%	12.0%	-120.1%	210.3%
Capgemini	EUR	131.2	-7.8%	-6.6%	-25.2%	-14.7%	26,523	1.1x	1.0x	6.8x	6.5x	10.2x	9.5x	1.3x	6.5%	4.1%	15.9%	16.1%	8.2%	8.1%
Kainos Group	GBP	9.0	-10.4%	-8.5%	10.4%	21.5%	1,471	2.2x	2.1x	12.8x	11.2x	19.8x	17.3x	1.3x	10.1%	9.0%	17.5%	18.3%	15.0%	14.8%
NCC Group	GBP	1.4	0.9%	2.9%	-0.8%	9.1%	605	1.4x	1.3x	9.9x	9.3x	23.7x	19.6x	1.2x	1.8%	3.7%	14.1%	14.4%	12.2%	20.5%
Netcompany Group	DKK	332.6	-7.1%	-6.0%	13.1%	28.8%	2,517	2.0x	1.9x	11.8x	10.1x	17.1x	13.2x	0.6x	18.5%	7.4%	17.1%	18.5%	44.8%	29.4%
Sopra Steria Group	EUR	154.2	-0.3%	1.0%	-13.8%	-1.7%	3,769	0.7x	0.7x	5.6x	5.3x	8.8x	8.2x	1.1x	1.3%	3.1%	13.0%	13.4%	8.2%	7.8%
Teleperformance	EUR	54.6	-11.7%	-10.6%	-40.5%	-32.1%	3,889	0.7x	0.7x	3.9x	3.8x	3.9x	3.7x	0.7x	0.2%	2.1%	19.3%	19.4%	6.0%	5.6%
TietoEVRY	EUR	18.3	0.1%	1.3%	-1.7%	12.1%	2,586	1.5x	1.4x	8.8x	8.4x	13.0x	11.9x	1.3x	-1.0%	3.6%	16.8%	17.0%	4.2%	9.9%
European IT Services			**-4.8%**	**-3.6%**	**-14.4%**	**-2.6%**	**46,111**	**1.1x**	**1.0x**	**7.0x**	**6.5x**	**10.7x**	**9.4x**	**1.1x**	**5.0%**	**4.1%**	**15.5%**	**15.9%**	**6.6%**	**15.3%**
Bytes Technology Group	GBP	3.4	-6.2%	-4.4%	-27.0%	-19.7%	1,090	3.1x	2.7x	9.8x	9.2x	15.0x	14.0x	2.1x	9.7%	12.4%	31.1%	29.5%	2.1%	7.0%
Computacenter	GBP	33.3	13.6%	15.9%	43.4%	57.9%	4,852	0.4x	0.4x	8.9x	8.3x	17.4x	16.3x	2.4x	3.4%	4.6%	4.3%	4.4%	9.1%	7.3%
GB Group	GBP	2.4	-6.6%	-4.7%	-30.2%	-23.1%	781	2.2x	2.0x	8.7x	8.1x	11.8x	10.8x	1.2x	3.9%	5.2%	24.9%	25.3%	10.2%	9.8%
Softcat	GBP	14.3	0.9%	3.0%	-8.3%	0.9%	3,894	1.8x	1.7x	13.2x	12.1x	19.4x	17.8x	2.2x	3.2%	7.9%	13.6%	13.7%	5.4%	8.8%
UK Resellers			**5.4%**	**7.5%**	**11.8%**	**23.1%**	**10,617**	**1.3x**	**1.2x**	**10.5x**	**9.8x**	**17.5x**	**16.2x**	**2.2x**	**4.0%**	**6.7%**	**12.0%**	**11.9%**	**7.1%**	**8.0%**
HCL Technologies	INR	1694.5	4.3%	1.9%	-1.1%	-6.9%	49,987	3.2x	2.9x	14.8x	13.6x	23.7x	21.7x	2.6x	8.9%	7.7%	21.4%	21.6%	10.9%	9.3%
Infosys	INR	1640.5	1.5%	-0.8%	-11.8%	-16.9%	74,092	3.5x	3.3x	14.8x	13.7x	21.9x	20.4x	3.1x	7.9%	6.9%	23.8%	24.0%	8.3%	7.2%
Tata Consultancy Services	INR	3125.1	-2.5%	-4.8%	-23.8%	-28.3%	122,916	3.9x	3.6x	14.3x	13.4x	20.9x	19.6x	3.2x	6.1%	6.5%	27.2%	27.3%	8.7%	6.5%
Tech Mahindra	INR	1743.3	9.5%	7.0%	4.4%	-1.7%	18,568	2.8x	2.6x	16.2x	14.4x	24.3x	21.2x	1.7x	7.4%	7.3%	17.2%	17.9%	27.7%	14.4%
Wipro	INR	236.7	-10.1%	-12.2%	-23.5%	-27.9%	26,985	2.2x	2.1x	10.9x	10.3x	17.8x	16.9x	3.5x	6.1%	5.6%	19.8%	19.9%	4.1%	5.1%
Indian IT Services			**-0.3%**	**-2.6%**	**-15.1%**	**-20.0%**	**292,547**	**3.4x**	**3.2x**	**14.3x**	**13.3x**	**21.6x**	**20.0x**	**3.0x**	**7.1%**	**6.8%**	**24.0%**	**24.2%**	**9.7%**	**7.5%**
Adobe	USD	293.3	-16.2%	-16.2%	-34.2%	-34.2%	120,379	4.6x	4.2x	9.8x	9.5x	12.4x	11.0x	1.0x	9.4%	9.0%	47.0%	44.5%	12.0%	12.2%
Amadeus IT Group	EUR	56.6	-9.9%	-8.7%	-19.4%	-8.1%	30,345	3.8x	3.6x	10.0x	9.2x	16.3x	14.7x	1.5x	7.7%	7.3%	38.5%	38.9%	10.7%	10.7%
Appier Group	JPY	1038.0	-3.4%	-2.1%	-36.9%	-37.0%	690	1.9x	1.5x	9.5x	7.1x	21.4x	14.8x	0.5x	25.8%	22.1%	19.5%	21.4%	73.5%	44.5%
Coforge	INR	1652.5	-0.6%	-2.9%	-0.8%	-6.6%	6,019	3.1x	2.6x	17.3x	14.9x	31.6x	26.2x	1.5x	22.4%	16.2%	17.8%	17.8%	32.9%	20.7%
Dassault Systemes	EUR	23.2	-2.6%	-1.3%	-38.4%	-29.8%	37,056	4.4x	4.2x	12.6x	11.8x	16.8x	15.5x	1.9x	4.4%	6.8%	35.2%	35.2%	4.8%	8.7%
Dropbox	USD	25.5	-8.3%	-8.3%	-20.7%	-20.7%	4,444	3.5x	3.5x	7.4x	7.6x	8.4x	8.0x	1.5x	-0.4%	-0.8%	46.8%	46.1%	7.1%	5.8%
Microsoft	USD	430.3	-11.0%	-11.0%	3.7%	3.7%	3,195,174	9.2x	7.9x	15.0x	12.7x	22.4x	19.4x	1.4x	15.7%	15.5%	60.9%	62.2%	17.1%	15.8%
Oracle	USD	164.6	-15.6%	-15.6%	-3.4%	-3.4%	472,860	7.5x	5.3x	13.5x	9.7x	21.4x	17.4x	0.9x	24.4%	41.9%	55.2%	54.1%	12.8%	23.1%
Palantir Technologies	USD	146.6	-17.5%	-17.5%	80.5%	80.5%	334,861	54.5x	39.3x	108.1x	74.5x	148.8x	107.5x	3.9x	43.4%	38.9%	50.5%	52.7%	37.7%	38.4%
Palo Alto Networks	USD	177.0	-3.9%	-3.9%	-5.6%	-5.6%	123,348	10.7x	9.5x	33.4x	29.3x	43.6x	38.5x	3.3x	13.8%	12.8%	32.2%	32.5%	14.2%	13.1%
Sage Group	GBP	9.6	-11.6%	-9.8%	-28.0%	-20.7%	12,459	3.7x	3.4x	13.5x	12.1x	18.7x	16.5x	1.4x	9.1%	8.7%	27.1%	27.7%	15.7%	13.0%
Salesforce	USD	212.3	-19.9%	-19.9%	-38.2%	-38.2%	198,916	4.4x	4.0x	10.5x	9.5x	16.3x	14.2x	1.1x	11.0%	9.5%	41.5%	42.0%	12.2%	14.4%
SAP	EUR	170.6	-18.1%	-17.2%	-36.4%	-27.4%	249,272	4.8x	4.3x	14.7x	12.8x	23.7x	20.2x	1.4x	9.5%	12.0%	32.9%	33.9%	17.1%	17.1%
ServiceNow	USD	117.0	-23.6%	-23.6%	-42.2%	-42.2%	122,392	7.4x	6.3x	20.3x	16.6x	28.0x	23.2x	1.4x	20.2%	18.7%	36.6%	37.6%	19.0%	20.6%
Temenos	CHF	68.4	-14.1%	-11.8%	-12.4%	3.2%	6,383	6.0x	5.7x	15.4x	14.4x	21.2x	19.4x	2.3x	5.3%	6.2%	39.3%	39.4%	6.7%	9.2%
Workday	USD	175.6	-18.2%	-18.2%	-32.5%	-32.5%	37,409	4.1x	3.6x	11.9x	9.9x	16.6x	13.6x	0.8x	12.4%	12.0%	34.1%	36.5%	18.5%	21.7%
Software Services			**-12.8%**	**-12.8%**	**1.4%**	**2.0%**	**4,952,006**	**11.4x**	**9.2x**	**21.4x**	**16.9x**	**31.0x**	**25.2x**	**1.6x**	**17.6%**	**18.9%**	**55.1%**	**56.0%**	**17.6%**	**17.9%**
Software Services ex-PLTR			**-12.5%**	**-12.4%**	**-4.4%**	**-3.7%**	**4,617,145**	**8.3x**	**7.1x**	**15.1x**	**12.7x**	**22.4x**	**19.3x**	**1.4x**	**15.8%**	**17.4%**	**55.4%**	**56.3%**	**16.2%**	**16.4%**
Elm	SAR	774.0	3.5%	3.5%	-33.4%	-33.4%	16,509	5.3x	4.8x	21.3x	18.7x	25.5x	21.6x	1.4x	17.1%	11.1%	25.0%	25.7%	7.9%	17.7%
Presight	AED	3.4	2.7%	2.7%	45.3%	45.3%	5,146	5.6x	4.6x	20.5x	16.3x	25.5x	20.3x	1.0x	26.0%	21.5%	27.3%	28.1%	30.0%	26.1%
Solutions	SAR	234.7	4.3%	4.3%	-27.6%	-27.6%	7,509	1.8x	1.7x	11.7x	10.6x	17.1x	14.9x	1.2x	7.0%	8.1%	15.5%	15.9%	1.3%	14.7%
MENA ICT Services			**3.5%**	**3.5%**	**-18.0%**	**-18.0%**	**29,164**	**4.5x**	**4.0x**	**18.7x**	**16.2x**	**23.3x**	**19.7x**	**1.3x**	**16.0%**	**12.2%**	**23.0%**	**23.6%**	**10.1%**	**18.4%**

Source: FactSet, Jefferies estimates for Elm, Solutions and Presight

A Deeper Look Into Saudi Public Spend: A US$10bn Question

We believe aftershocks of public spend recalibration will remain the key debate and valuation driver for MENA TMT in 2026. While we are constructive on the UAE where fiscal breakeven oil price is c.$US50/bbl (for 2025, according to Federal Reserve Economic Data) and Presight observes no slowdown or alteration of tech-related budgets, we are increasingly concerned about Saudi Arabia where fiscal breakeven is $US91/bbl while the ICT sector is largely driven by the public agenda (c.35% of total market) spanning from giga- and mega-projects to ambitions to lead in eGovernance and AI.

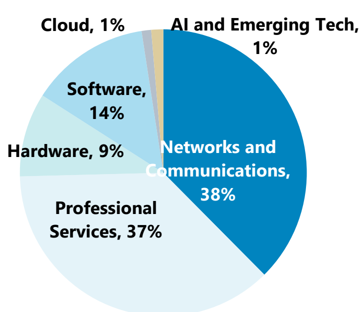
Backed by our newly launched tracker of ICT government awards (which we believe represents c.30% of total volume) we estimate Saudi ICT spend has declined by 6% Y/Y in 2025E, and we forecast a further 5% drop in 2026E before it resumes growth from 2027E. As B2G represents c.40% of revenue for ICT stocks and c.15% for telcos that leads us to cut our medium term revenue projections accordingly.

Saudi ICT B2G Spend 101

As measured by the Digital Government Authority (DGA), Saudi government ICT spend stood at SAR37bn (US$10bn) in 2024. Boosted by COVID, the market has soared at 43% CAGR in 2019-23. Then in 2024, it declined by 12% Y/Y *"primarily due to the settlement of non-recurring financial dues related to services provided in previous years, most notably internet and digital circuit services"*. However, the DGA adds, *"additionally, the activation of several framework agreements contributed to enhancing the operational and financial efficiency of government agencies, enabling them to achieve significant cost savings"*.

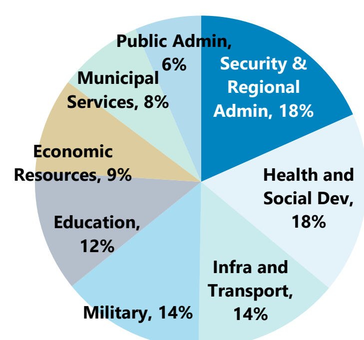
Service wise, Network and Communications is the largest segment representing 38% of total, followed by Professional Services (effectively IT services) at 37% and Software at 14%. Vertical wise, the market is well diversified, driven by Professional Services (effectively IT services) at 37% and Software at 14%.

Exhibit 34 - Saudi Total Government ICT Spend, breakdown by service, 2024



Source: Digital Government Authority (DGA)

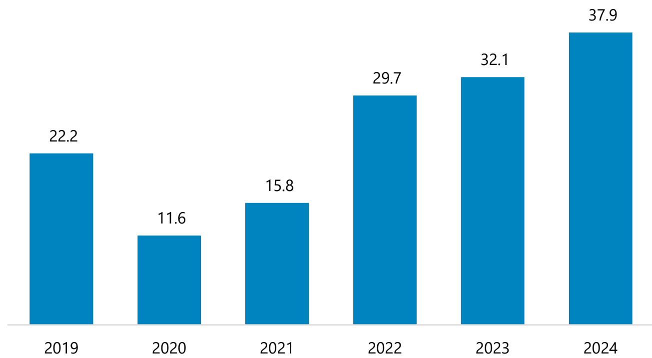
Exhibit 35 - Saudi Total Government ICT Spend, breakdown by vertical, 2024



Source: Digital Government Authority (DGA)

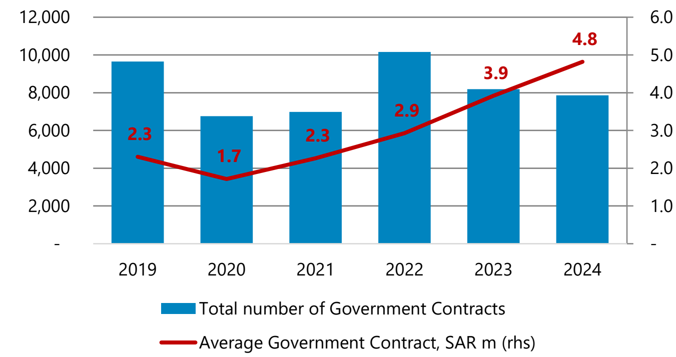
In contrast to total spend, in 2024, total value of government ICT awards increased by 18% Y/Y to SAR38bn. While volume of awards of c.8k was broadly in line with historical average, we note, an average award size has reached SAR5.8m, implying c.16% CAGR since 2019.

Exhibit 36 - Saudi Total Government ICT awards - value, SAR bn



Source: Digital Government Authority (DGA)

Saudi Total Government ICT awards - volume



Source: Digital Government Authority (DGA)

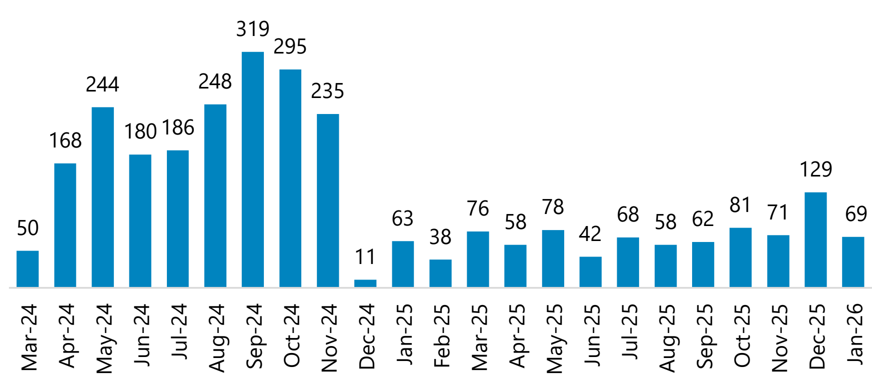
Launching New ICT Tender Tracker: Normalization Continues

We launch our proprietary tracker of tenders published by Saudi government and government related entities (e.g. universities) based on our analysis of Etimad and other tender portals and aggregators. We deem or tracker allows monitoring the dynamics of c.30% of total awards. Thus, for March-December 2024 we have identified 1,936 tenders. If calendarised, and assuming minimal cancellation rate, that would translate into 2,323 tenders for 2024 which represents 29.6% of 7,858 total awards aggregated by the DGA as discussed above.

Key conclusions from our first edition:

- For 2025 we have identified 824 tenders, a 65% Y/Y decline vs 2024 (March-December annualized);
- The drop has commenced in December 2024, which seems to be the lowest point (11 tenders only identified);
- 1Q25, 2Q25, 3Q25 were all equally muted at c.180 tenders per quarter, which was followed by stronger 4Q25 that witnessed 281 tenders. This was largely driven by December with 129 tenders; and
- In January 2026, the improvement seems to have reversed again with only 49 tenders identified for Jan 1-22 which would imply 69 monthly run-rate, only 1% above 2025 monthly average and 10% above January 2025.

Exhibit 37 - Saudi government tenders in the ICT domain (publicly monitored)
2025 was -65% Y/Y; Jan-26 only 1% above 2025 monthly average



Source: Jefferies, based on Etimad, tender portals. Note: Jan-26 is 22 days calendarized

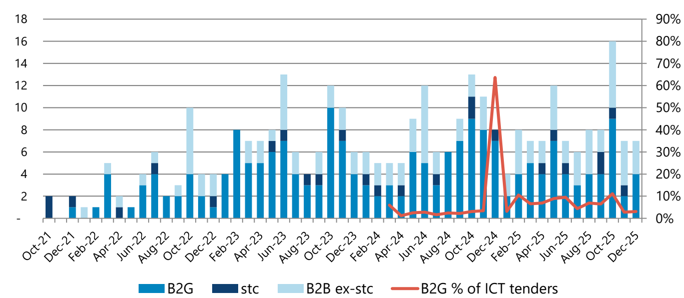
Tadawul Tracker V2: Lower volume, Average Value Keeps Rising

We also update and extend our contract award tracker for Saudi-listed players that we first published in our initiation report in June 2024. This time, besides the largest players (Alm, Solutions, MIS, 2P) we have also included 11 more IT and software players, namely: Edarat, NASEEJ TECH, Sure, Azm, AICTEC, Arab Sea, Alqemam, WSM, Knowledge Net, Purity, Axelerated Solutions.

Key conclusions from our second edition:

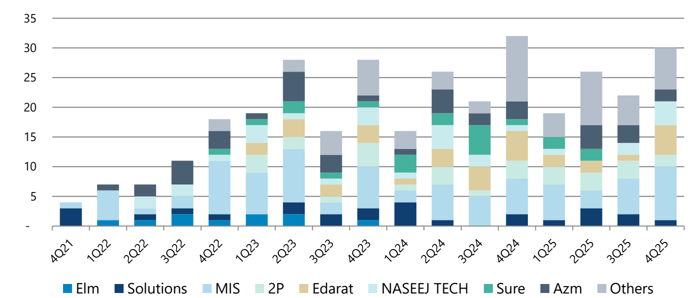
- In 2025, the total number of contracts was broadly flat vs 2024: 97 vs 95, respectively. If we focus on B2G contracts only, it was down to 52 vs 61 in 2024. Yet, we note there is a limited correlation with our ICT tender tracker. While on average, since March 2024, monthly total B2G awards for 15 monitored listed players were c.8% of tenders identified; it varied a lot - from 1% in April 2024 to 64% in December 2024. We believe this is mainly driven by two reasons: (1) total tenders include a large portion of telecom contracts which have limited overlap with tracker ICT players; (2) listed players only disclose awards that exceed >5% of their prior year revenues, or >1% in case of related parties.
- In 2025, total disclosed contract value was SAR8,106m, +36% Y/Y. We note that 2025 includes a contract between MIS and HUMAIN, for which expected value is at least SAR1,880m. Adjusted for this, 2025 value would be -+4% Y/Y. If we focus on B2G contracts only, it was 4,498m, +121% Y/Y. Adjusted for the MIS/HUMAIN contract (which we classified as B2G), B2G disclosed value was +28%% Y/Y.
- In 2025, average contract value was SAR84m, +33% Y/Y. If we focus on B2G contracts only, it was SAR86m, +159% Y/Y; adjusted for the MIS/HUMAIN contract it was SAR51m, +54% Y/Y.

Exhibit 38 - Saudi ICT disclosed awards number, monthly
2025 total was 97 vs 96 in 2024, B2G was 52 vs 61



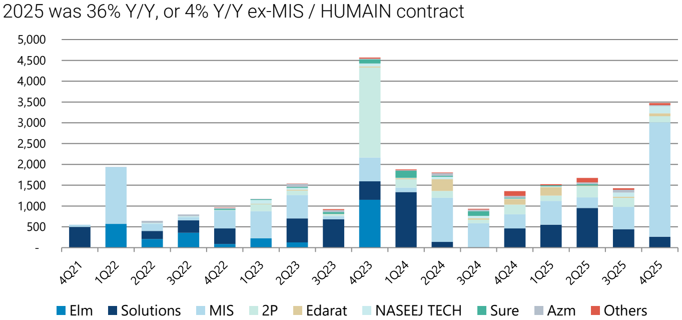
Source: Company reports, Tadawul, Jefferies.

Exhibit 39 - Saudi ICT disclosed awards number, quarterly
4Q25 total was 30 vs 32 in 2024, B2G was 15 vs 24



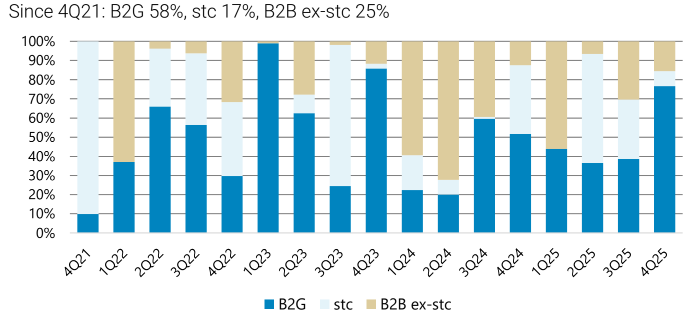
Source: Company reports, Tadawul, Jefferies. Note: Others includes AICTEC, Arab Sea, Alqemam, WSM, Knowledge Net, Purity and Axelerated Solutions

Exhibit 40 - Saudi ICT disclosed awards, SAR m
2025 was 36% Y/Y, or 4% Y/Y ex-MIS / HUMAIN contract



Source: Company reports, Tadawul, Jefferies. Note: Others includes AICTEC, Arab Sea, Alqemam, WSM, Knowledge Net, Purity and Axelerated Solutions

Exhibit 41 - Saudi ICT disclosed awards by customer
Since 4Q21: B2G 58%, stc 17%, B2B ex-stc 25%



Source: Company reports, Tadawul, Jefferies. Note: stc includes stc Bank and Center3. MIS/HUMAIN contract is classified as B2G

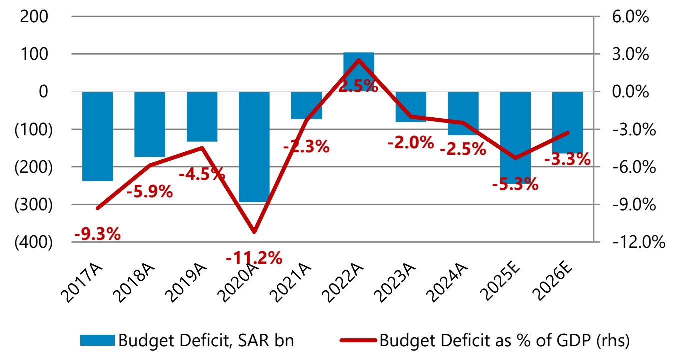
Saudi Budget 2026 Overview

Key conclusions form our review:

- 2026 Capex is planned to be -6% Y/Y vs OPEX is -1%, partly affected by the alteration of giga-/ mega- projects
- Three most ICT-relevant sectors, in our view, are Infrastructure and Transportation (involves telecom and infra projects, SDAIA), Public Administration (e.g. mentions Nusuk cards launch) and Security and Regional Administration (e.g. discusses Absher). In 2026, Combined spend on them is planned to be -1% Y/Y in 2026E.
- There are only 20 new services targeted for addition on Absher in 2026, down from 50 in 2025. *We discuss Absher in more detail in the Elm stock section.*

Exhibit 42 - Saudi Budget Deficit

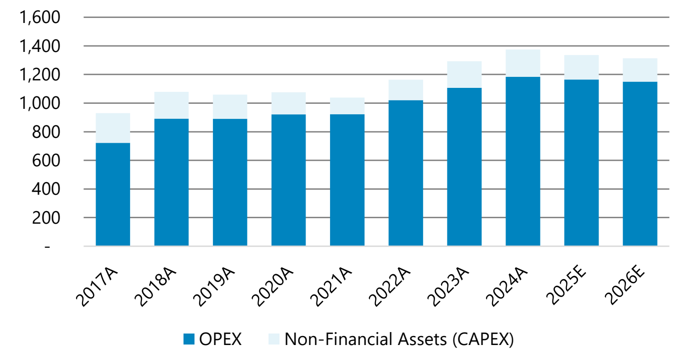
2026E deficit: Base Case -SAR165bn, Upside scenario -SAR107bn, Downside scenario -SAR250bn



Source: Ministry of Finance

Exhibit 43 - Saudi budget expenditures by type, SAR m

2026 Capex is planned to be -6% Y/Y vs OPEX is -1% partly affected by alteration of giga-/mega- projects



Source: Ministry of Finance

Exhibit 44 - Saudi budget expenditures by sector

Combined spend on three most ICT-relevant sectors is planned to be -1% Y/Y in 2026E

SAR bn	2017A	2018A	2019A	2020A	2021A	2022A	2023A	2024A	2025E	2026E	*2026 Y/Y*
Total expenditures	**930**	**1,078**	**1,061**	**1,074**	**1,039**	**1,165**	**1,292**	**1,376**	**1,336**	**1,313**	***-1.7%***
Public Administration	30	31	31	36	34	41	48	54	50	57	*14.0%*
Security and Regional Administration	108	113	114	115	106	115	114	127	123	120	*-2.4%*
Infrastructure and Transportation	35	49	59	60	51	41	40	44	41	35	*-14.6%*
Military	228	242	208	204	202	228	254	237	239	240	*0.4%*
Municipal Services	55	46	50	47	39	75	77	116	91	72	*-20.9%*
Education	207	209	202	205	192	202	210	204	199	202	*1.5%*
Health and Social Development	134	175	190	190	197	227	256	273	269	259	*-3.7%*
Economic Resources	48	105	94	61	71	77	85	93	90	92	*2.2%*
General Items	85	108	113	156	147	159	208	228	234	236	*0.9%*

Source: Ministry of Finance

Another Challenging Year, AI Boom Drives Recalibration

Backed by the trackers discussed above, and assuming further uplift in average contract value, we estimate in 2025E the Saudi ICT spend declined by 6% Y/Y, largely led by Professional Services (-10%) and telecom services (-7%)

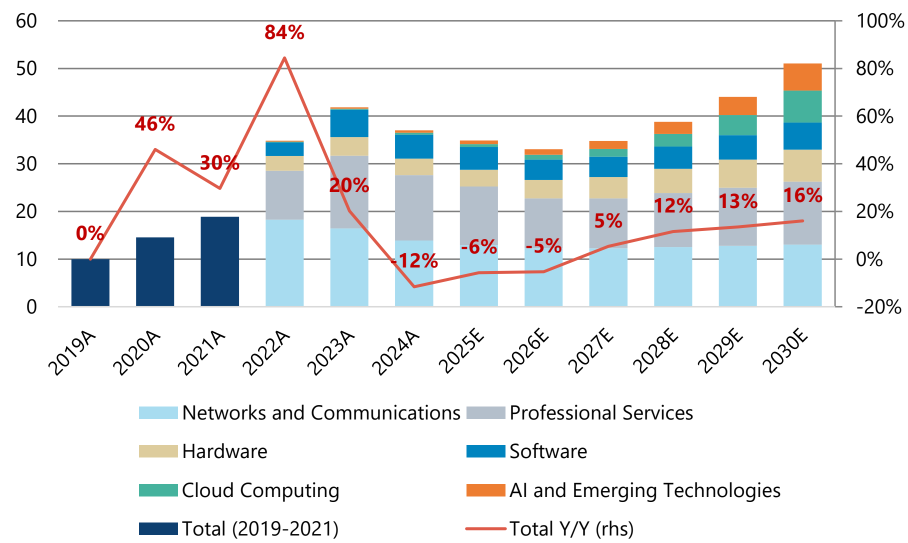
Assuming average contract duration of three years and also factoring in strong double-digit inflation on an average contract value (2025 normalized growth was 54% based on our analysis of Tadawul disclosures) for 2026E, we forecast a further 5% drop before it resumes growth from 2027E. Segment-wise:

- Networks & Communication: -5.0% decline in 2026E, 0.0% in 2027E, returning to 2.0% CAGR in 2027-30E, close to population growth.
- Professional Services: -15.0% decline in 2026E, 0.0% in 2027E, returning to 8.0% CAGR in 2027-30E.
- Hardware: 10.0% growth in 2026E, 15.0% in 2027E, 15.0% CAGR in 2027-30E, benefiting from new infra build-out.
- Software: -10.0% decline in 2026E, 0.0% in 2027E, 10.0% CAGR in 2027-30E.
- Cloud Computing: 60.0% growth in 2026E, 60.0% in 2027E, 60.0% CAGR in 2027-30E.
- AI and Emerging Technologies: 50% growth in 2026E, 50.0% in 2027E, 50.0% CAGR in 2027-30E.

Ultimately, we expect the B2G ICT spend mix will continue to shift towards Cloud and Emerging Tech, boosted by Saudi ambitions to lead in AI, including underpinned by the ambitions to build out 6.6GW capacity by HUMAIN by 2034. The 2026 Saudi budget statement particularly reiterates the objective of "Raising the Kingdom's ranking in global data and AI indicators, as the National Strategy for Data and Artificial Intelligence aim to make Saudi Arabia among the top 17 countries in the world in data and AI by 2030.", first introduced in The National Strategy for Data & AI (NSDAI) in 2020.

Exhibit 45 - Saudi Total Government ICT Spend, SAR bn

Boosted by COVID, the market has soared at 43% CAGR in 2019-23. Then it has entered normalization which we expect to continue in 2026E before it returns to growth from 2027E



Source: Digital Government Authority (DGA) for 2019-2024, Jefferies for 2025-2030E

Elm (Double-downgrade to Underperform): Taking A Break During A Transition Year

Our bullish stance on Elm was based on the view that it can deliver 19/22% top-line/EPS CAGR in 2025-27E capitalising on: (a) Saudi ambitions to lead in GovTech & diversify the economy, (b) limited competition, and (c) material synergies from the Thiqah deal. Following three quarters of revenue misses and more evidence of macro-inflicted slowdown, we reset expectation and double-downgrade the stock from Buy to Underperform. We are cautious for 5 reasons:

1. We believe the core digital business is maturing faster than expected by the market. Given material advancement in the key benchmarks, no scope for price increases and high macro sensitivity (c.80% of revenue is transaction based) we turn more cautious and cut organic digital revenue by 3-10% in 2025-27E.
2. Backed by our ICT tender tracker, we trim organic BPO revenue (c.100% B2G) by 2-14% in 2025-27E.
3. We are taking a more cautious view on the Thiqah deal. We now assume longer turnaround which makes expect still 2% EPS dilution in 2026E and <3% accretion in 2027-28E.
4. Our new estimates imply 4-7% downside to consensus 2026-27E revenue and 9-11% to consensus EPS. We think meeting reiterated FY25 might be challenging, and we also expect underwhelming FY26 guidance given historical conservatism of the management.
5. 39% off the peak, indeed the stock is on 24x cons 12m fwd P/E, 33% below its all-time average. However, with weakened confidence in 20%+ top-line growth, 2026/27E PEG ratio of 1.4x and 10% downside to our new PT we find risk-reward unattractive.

Our PT moves to SAR700 *from SAR1,220. Key drivers: (1) Forecast changes including 13-18% EPS cuts for 2026-27E, underpinned by 7-11% revenue cuts. That includes 6-11% EPS cuts ex Thiqah, and we also cut EPS accretion from the deal to -2% in 2026E and only <3% in 2027-28E; as a result we trim FCFF by 10%/20% for 2026/27E; (2) DCF terminal year EBITDA margin cut to 27.0% from 28.0% mainly driven by slower cost optimisation at Thiqah; (3) Terminal Zakat as % of EBIT raised to 6.5% from 6.0%; (4) Our WACC increases to 9.8% from 9.5% as we raise beta to 1.05 from 0.95 to reflect increased earnings volatility; (5) We reduce our PGR to 4.0% from 5.0% to account for increased penetration of the core digital products and lower revenue synergies potential from M&A; (6) We extend our explicit forecasts to 2030 and our DCF to 2035. We move our valuation date to December 31, 2026.*

Exhibit 46 - Elm: key DCF assumptions

Key DCF assumptions	Group
PGR	4.0%
Terminal EBITDA margin	27.0%
Terminal capex / revenue	1.5%
Terminal change in NWC / revenue	2.0%
Risk-free rate	5.1%
Cost of equity	11.4%
Post-tax Cost of debt	5.1%
Target D/(D+E)	25.0%
WACC	9.8%

Source: Jefferies

Exhibit 47 - Elm: valuation multiples

	Current			Target		
Valuation multiples	2026E	2027E	2028E	2026E	2027E	2028E
Market cap, SAR m	61,920	61,920	61,920	56,001	56,001	56,001
Net debt, 2025E, SAR m	(1,109)	(1,109)	(1,109)	(1,109)	(1,109)	(1,109)
Minorities, SAR m	0	0	0	0	0	0
Associates and JVs, SAR m	34	34	34	34	34	34
EV, SAR m	60,777	60,777	60,777	54,858	54,858	54,858
EV / Adj. EBITDA	21.3x	18.7x	16.7x	19.2x	16.8x	15.0x
P / Adj. EPS	25.5x	21.6x	18.8x	23.0x	19.6x	17.0x
FCFE yield	3.6%	4.0%	4.9%	4.0%	4.4%	5.4%
Div yield	1.6%	1.8%	2.1%	1.7%	2.0%	2.3%

Source: Jefferies

Synopsis: Recalibrating revenue. We believe (a) digital core is maturing faster than expected, (b) BPO will remain in single-digits 2026-27E, and (c) turnaround at Thiqah will take longer. That makes us cut 2026-27E revenue by 7-11%, and we are now 4-7% below consensus for 2026-27E.

Exhibit 48 - Elm revenue model, SAR m

We forecast only 12% organic revenue CAGR in 2025-30E

	2023A	2024A	JEFe 2025E	JEFe 2026E	JEFe 2027E	JEFe 2028E	JEFe 2029E	JEFe 2030E	JEFe CAGR 2025-30E
Total revenue	**5,898**	**7,407**	**9,755**	**11,420**	**12,690**	**14,017**	**15,461**	**17,041**	***11.8%***
Elm	5,898	7,407	8,590	9,708	10,812	12,138	13,582	15,162	*12.0%*
Thiqah			1,165	1,712	1,878	1,878	1,878	1,878	*9.0%*
Digital business	4,255	5,469	7,031	8,298	9,339	10,418	11,602	12,902	*12.9%*
Elm	4,255	5,469	6,397	7,385	8,314	9,394	10,577	11,877	*13.2%*
Product Suite (Elm-only)	3,856	4,976	5,860	6,821	7,711	8,615	9,612	10,717	*12.8%*
Top-6 Products	3,073	3,943	4,526	5,220	5,870	6,497	7,177	7,916	*11.8%*
Original Top-5	2,457	3,033	3,445	3,878	4,259	4,672	5,109	5,574	*10.1%*
Absher	1,049	1,327	1,568	1,776	1,905	2,035	2,156	2,266	*7.6%*
Yakeen, Muqeem, Fasah, Tamm	1,407	1,706	1,877	2,102	2,354	2,637	2,953	3,307	*12.0%*
Nusuk	616	910	1,081	1,342	1,611	1,825	2,068	2,343	*16.7%*
Other Products	783	1,033	1,334	1,601	1,841	2,118	2,435	2,800	*16.0%*
Technical Projects	399	493	537	564	603	645	690	739	*6.6%*
Thiqah			634	914	1,025	1,025	1,025	1,025	*11.0%*
Business process outsourcing (BPO)	1,479	1,785	2,524	2,892	3,094	3,311	3,542	3,790	*8.5%*
Elm	1,479	1,785	1,994	2,094	2,240	2,457	2,689	2,937	*8.0%*
Thiqah			530	798	854	854	854	854	*6.6%*
Professional services	164	153	200	229	257	288	317	348	*11.8%*
Elm	164	153	200	229	257	288	317	348	*11.8%*
Thiqah			0	0	0	0	0	0	-

Source: Company reports, Jefferies. Note: Thiqah 2025-30E CAGR is on a LFL basis

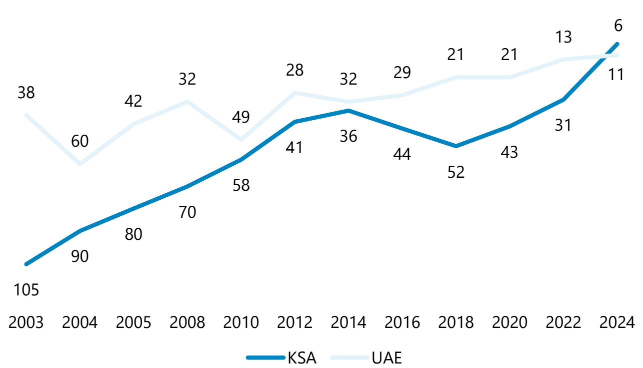
Core digital business is maturing faster than expected by the market

We estimate that revenue growth for Elm's top-5 products (Absher, Yakeen, Muqeem, Fasah, Tamm) has decelerated from c.30% CAGR in 2018-24 to only 7% in 3Q25, or c.12% adjusted for IFRS-15 impact (we assume SAR70m guided for 2H was fully incurred in 3Q and equally split between Absher and Nusuk). *Given material advancement in the key benchmarks, no scope for price increases and high macro sensitivity (c.80% of revenue is transaction based) we turn more cautious and cut organic digital revenue by 3-10% in 2025-27E.*

Checking in on Indices. As we wrote in October 2024, Saudi Arabia already made significant progress in the E-Government Development Index, measured biannually by the United Nations. In 2024, it advanced to 6th place from 31st in 2022, thus almost hitting its target of being in the top-5 some 6 years ahead of schedule. This has been followed recently by an update from the World Bank putting the KSA 2nd globally in terms of GovTech maturity (while in absolute terms the index is also pretty high at 0.996 out of 1.000). Lastly, the KSA continues to maintain 1st place in the E-Government and Mobile Services Maturity Index, by ESCWA, which measure the maturity of government services provided through e-portals and mobile applications in the Arab countries.

Exhibit 49 - UN E-Government Development Index: global rank

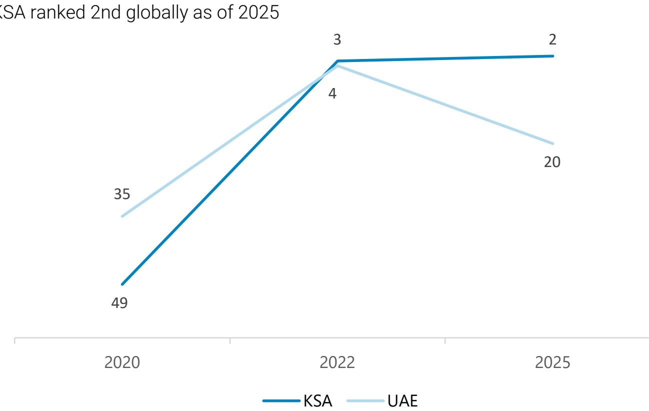
KSA has almost reached its 2030 target



Source: UN

Exhibit 50 - World Bank GovTech Maturity Index rank

KSA ranked 2nd globally as of 2025



Source: World Bank

Exhibit 51 - GovTech Maturity Index global rank

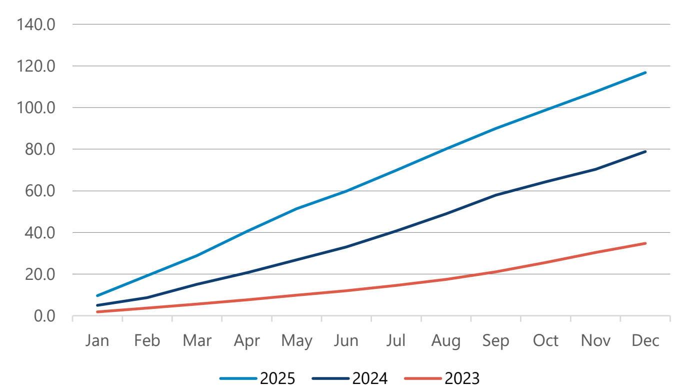
	2025						2022	
	GTMI Rank	GTMI Score	Core Government Systems Index	Public Service Delivery Index	Digital Citizen Engagement Index	GovTech Enablers Index	GTMI Rank	GTMI Score
Korea	1	0.997	1.000	1.000	0.995	0.995	1	0.991
Saudi Arabia	**2**	**0.996**	**0.999**	**0.999**	**0.993**	**0.995**	**3**	**0.971**
Estonia	3	0.990	0.974	1.000	0.993	0.995	5	0.956
Brazil	4	0.986	0.990	0.991	0.975	0.987	2	0.975
Australia	5	0.985	0.989	0.992	0.960	0.998	44	0.811
Serbia	6	0.977	0.977	0.961	0.980	0.988	11	0.895
India	7	0.969	0.979	0.982	0.938	0.978	7	0.940
Russian Federation	8	0.960	0.993	0.970	0.921	0.954	10	0.897
Uzbekistan	9	0.958	0.967	0.952	0.931	0.981	43	0.813
Canada	10	0.949	0.934	0.969	0.985	0.907	55	0.769
Iceland	11	0.948	0.907	0.942	0.978	0.967	19	0.867
Kazakhstan	12	0.945	0.938	0.994	0.958	0.892	39	0.817
Mauritius	13	0.944	0.973	0.952	0.864	0.986	21	0.864
Albania	14	0.939	0.931	0.941	0.951	0.932	68	0.752
Bahrain	15	0.936	0.871	0.958	0.983	0.932	37	0.828
Austria	16	0.929	0.951	0.976	0.855	0.934	12	0.892
Denmark	17	0.928	0.915	0.984	0.892	0.920	17	0.874
Singapore	18	0.927	0.848	0.990	0.917	0.951	34	0.833
Peru	19	0.921	0.903	0.968	0.880	0.931	15	0.879
United Arab Emirates	**20**	**0.918**	**0.867**	**0.975**	**0.915**	**0.915**	**4**	**0.961**
World average		**0.589**	**0.619**	**0.657**	**0.474**	**0.607**		**0.552**

Source: World Bank

Absher growth further normalizes. Absher, an integrated digital platform for the services of the Saudi Ministry of Interior, is Elm's largest product (c.16%/24% of total/product revenue including Thiqah as of 2025E on our estimates). Launched in 2010, Absher is also one of the most mature products (now adopted by >80% of Saudi residents), however it kept on delivering impressive growth, including 95% in total transactions and 127% in automated operations in 2024, which was followed by 81% growth in automated operations in 1H25. Yet, it has materially normalised to 21% in 3Q and still remained below-history 28% in 4Q25. Importantly, Absher Business, the key revenue generating part, saw growth normalization to 12% Y/Y in 3Q and further to 4% in 4Q25. As for Absher Individuals, in 4Q the growth was solid, at 42% Y/Y, however we note that as mentioned during the recent Absher conference, held in December 2025, the number or registered users has reached 32m, which implies 88% penetration of the Saudi population (vs 84% we estimated earlier) and suggests lower scope for gains from here.

Exhibit 52 - Automated operations on Absher YTD, m

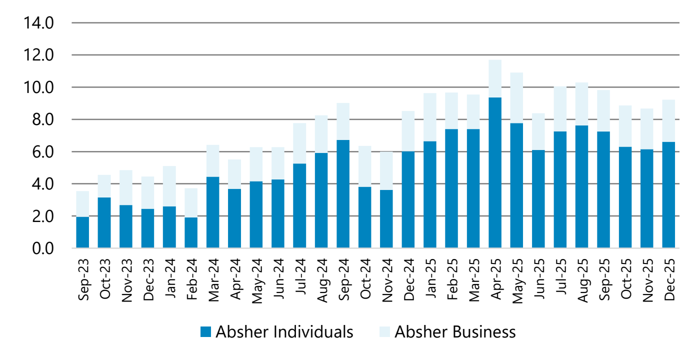
2025 was +48% Y/Y, after +127% in 2024



Source: Absher.sa, Jefferies

Exhibit 53 - Automated operations on Absher monthly, m

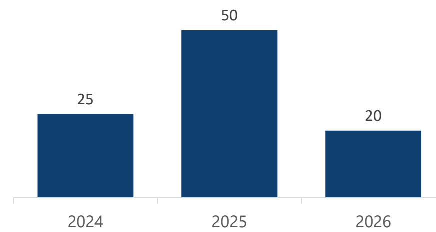
3Q/4Q growth normalized to 21%/28% from 81% in 1H, importantly Absher Business decelerated to 12% in 3Q and 4% in 4Q



Source: Absher.sa, Jefferies

Indeed, addition of new VAS (value-added services) is a powerful tool for Elm to drive growth. To this end, we note, that the company has been making solid progress including it generating c.SAR45m incremental revenue in June-September 2025 from 14 new services added in June, thus materially outpacing initial expectations (SAR140m planned cumulative revenue through to 2027). In addition, on December 17, 2025, The Ministry of Interior launched five new services on Absher: (1) "Absher Assistant" for delegated AI; (2) "Comprehensive Field" for enhanced security and safety; (3) "Secured Conversations" via the Absher application; (4) the "Talk to Your Data" service to support leadership decision-making, and (5) the "Central Database" service for analyzing 911 reports. That said, we note that in the 2026 Saudi budget statement, it is only 20 new services targeted for addition in 2026, down from 50 in 2025.

Exhibit 54 - Targeted number of Absher services to be added



Source: Ministry of Finance, Jefferies

We revisit our assumptions and cut Absher revenue by 7-18% for 2025-27E and see now only 7.6% CAGR in 2025-30E. Key drivers: (1) higher velocity on the platform boosted by the solid economic outlook with both the IMF and The Ministry of Economy and Planning expecting real GDP growth to surge to 4.6% in 2025E, (2) moderating pace of VAS additions; we note only 20 services are targeted in the 2026 Saudi budget statement vs 50 in 2025 (we assume 40 that also includes 20 monetizable services, allowed by the New Naster Agreeement), (3) revenue / transaction drop moderating but still at -8% pa in 2028-30E.

Exhibit 55 - Absher revenue model

We now project only 7.6% revenue CAGR in 2025-30E

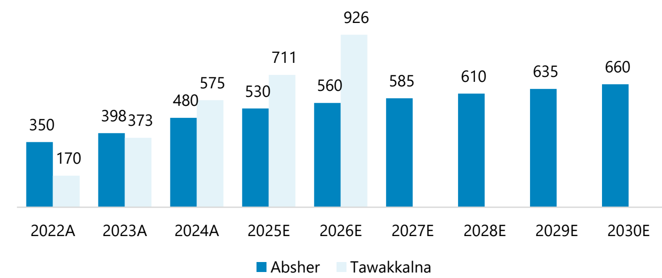
	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
KSA population, m (IMF as of Oct-25)	33.7	35.3	36.0	36.7	37.5	38.2	39.0	39.8
Y/Y	*4.7%*	*4.7%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*
Absher penetration	80%	83%	88%	90%	90%	90%	90%	90%
Number of users, m, eop	27.0	29.3	31.7	33.1	33.7	34.4	35.1	35.8
Y/Y	*8.0%*	*8.5%*	*8.1%*	*4.3%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*
Services provided, eop	398	480	530	560	585	610	635	660
Y/Y	*13.7%*	*20.6%*	*10.4%*	*5.7%*	*4.5%*	*4.3%*	*4.1%*	*3.9%*
Absher capacity = average users x average services, m	9,724	12,358	15,399	17,641	19,112	20,346	21,621	22,939
Y/Y	*19.2%*	*27.1%*	*24.6%*	*14.6%*	*8.3%*	*6.5%*	*6.3%*	*6.1%*
Absher utilization	2.3%	3.5%	4.4%	5.0%	5.5%	6.0%	6.5%	7.0%
Number of transactions, m	221.0	430.0	677.5	882.1	1,051.2	1,220.8	1,405.4	1,605.8
Y/Y	*72.7%*	*94.6%*	*57.6%*	*30.2%*	*19.2%*	*16.1%*	*15.1%*	*14.3%*
Average revenue / transcaction, SAR	4.7	3.1	2.3	2.0	1.8	1.7	1.5	1.4
Y/Y	*-20.0%*	*-35.0%*	*-25.0%*	*-13.0%*	*-10.0%*	*-8.0%*	*-8.0%*	*-8.0%*
Revenue, SAR m	1,049	1,327	1,568	1,776	1,905	2,035	2,156	2,266
Y/Y	*38.1%*	*26.5%*	*18.2%*	*13.3%*	*7.3%*	*6.8%*	*5.9%*	*5.1%*

Source: IMF, Company reports, Jefferies

Lastly, we note a material pickup of Tawakkalna, an official app of the Saudi government, developed by SDAIA. Originally launched during COVID-19 (for health-related services) it later transformed into a general-purpose digital government platform, offering multiple services related to digital IDs, digital driving licenses, Hajj/Umrah permits, etc. It currently provides 711 services and 215 more are planned for 2026, a contrast to the momentum on Absher. Indeed, Tawakkalna *pulls data* from Absher but does *not replace* Absher (think of Tawakkalna as the digital wallet and convenience layer, and Absher as the government engine room). However, we note growing overlap of the platforms, which we would be closely watching to see if there is meaningful cannibalization of traffic / usage.

Exhibit 56 - Number of services provided, eop

20 new additions are targeted on Absher in 2026 (vs 50 in 2025) compared to 215 on Tawakkalna (vs 136 in 2025)



Source: Media, Jefferies

Exhibit 57 - Absher vs Tawakkalna: selected shared / overlapping services

Service	Absher	Tawakkalna
Digital ID	Manages official identity records	Shows digital ID
Digital driving license	Yes	Yes
Traffic/vehicle info	Full (fines, registration, renewals)	Limited (view-only)
Health & vaccine data	No	Yes
Iqama information	Full management	View
Permits & appointments	Extensive	Some

Source: Jefferies

Nusuk: well positioned for >20% growth. We estimate for Nusuk (c.11% of total revenue) growth has dropped from 48% in 2024 to 19% in 2025 largely driven by the lower Hajj season (-9% Y/Y). That said, in 2026 we expect growth re-acceleration to 24% and still solid 20% in 2027E. This should be enabled by the recovery in Hajj volumes, still solid Umrah (to be accompanied by a launch of a Nusuk card planned in 2026), c.3% median package inflation as well as accelerating VAS momentum. As for the latter, >30 smart services were added to the platform in 2025. For instance, on October 20, The Ministry of Hajj and Umrah launched a service enabling citizens and residents "to conveniently order 330 ml bottles of blessed Zamzam water delivered directly to their homes anywhere in the Kingdom".

Exhibit 58 - Nusuk revenue model

We project >20% revenue growth in 2026-27E and 17% revenue CAGR in 2025-30E

.	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
Hajj								
Hajj pilgrims, m	1.8	1.8	1.7	1.9	2.1	2.3	2.6	2.8
Y/Y	*99.2%*	*-0.6%*	*-8.7%*	*15.0%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*
External, m	1.7	1.6	1.5	1.7	1.9	2.1	2.3	2.5
Y/Y	*112.6%*	*-3.0%*	*-6.5%*	*15.6%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*
Internal, m	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3
Y/Y	*27.3%*	*20.5%*	*-24.9%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*
Median Hajj package, SAR	10,500	11,550	11,550	11,897	12,253	12,621	13,000	13,390
Y/Y	*5.0%*	*10.0%*	*0.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Hajj spend (total), SAR m	19,373	21,173	19,326	22,891	25,936	29,385	33,294	37,722
Y/Y	*109.2%*	*9.3%*	*-8.7%*	*18.5%*	*13.3%*	*13.3%*	*13.3%*	*13.3%*
% processed via Nusuk	80%	80%	80%	80%	80%	80%	80%	80%
Elm take-rate	1.5%	1.6%	1.7%	1.8%	2.0%	2.0%	2.0%	2.0%
Hajj revenue, SAR m	232	278	263	330	415	470	533	604
Y/Y	*109.2%*	*19.5%*	*-5.4%*	*25.4%*	*25.9%*	*13.3%*	*13.3%*	*13.3%*
Umrah								
Umrah visitors, m	26.9	35.8	43.0	49.4	56.8	65.3	75.1	86.4
Y/Y	*8.7%*	*33.3%*	*20.0%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*
External, m	13.6	16.9	20.3	23.4	25.7	28.3	31.1	34.2
Y/Y	*61.8%*	*24.9%*	*20.0%*	*15.0%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*
Internal, m	13.3	18.9	22.7	26.1	31.1	37.1	44.1	52.2
Y/Y	*-18.6%*	*41.9%*	*20.0%*	*15.0%*	*19.5%*	*19.1%*	*18.8%*	*18.5%*
Median Umrah package, SAR	1,030	1,061	1,093	1,126	1,159	1,194	1,230	1,267
Y/Y	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Umrah spend (external), SAR m	13,957	17,955	22,192	26,287	29,783	33,744	38,232	43,317
Y/Y	*66.7%*	*28.6%*	*23.6%*	*18.5%*	*13.3%*	*13.3%*	*13.3%*	*13.3%*
% processed via Nusuk	55%	55%	55%	55%	55%	55%	55%	55%
Elm take-rate	5.0%	6.4%	6.7%	7.0%	7.3%	7.3%	7.3%	7.3%
Umrah revenue, SAR m	384	632	818	1,012	1,196	1,355	1,535	1,739
Y/Y	*104.3%*	*64.7%*	*29.4%*	*23.8%*	*18.2%*	*13.3%*	*13.3%*	*13.3%*
Nusuk revenue	616	910	1,081	1,342	1,611	1,825	2,068	2,343
Y/Y	*106.1%*	*47.6%*	*18.8%*	*24.2%*	*20.1%*	*13.3%*	*13.3%*	*13.3%*

Source: Media sources, Jefferies

New Products Needed to Re-Ignite Growth. Culture is a big opening. Outside top-6, Elm operates c.30 products, for which revenue keeps growing at c.30% pa. That said, we believe the company needs its next "big thing" that could potentially become a new top-contributor, re-ignite growth and investor confidence. Culture and tourism remains one of the sectors that are largely untapped by Elm and could present material upside. Recently the company has published a report on the sector overviewing some notable applications around the world that could be potentially underlie similar concepts in the Kingdom.

Exhibit 59 - Notable Technology Applications in the Global Cultural Sector

Initiative	Technology	Leading Entity	Country	Use Case
Voice of Art AI Guide	AI	Pinacoteca são paulo	Brazil	AI-powered assistant device serving as an interactive personalized exhibit guide.
Shared Free Roam VR	VR, Smart Tracking	Musée d'Orsay	France	Cutting edge free roam, multi-user VR experience with interactive environments.
AI Archeology Scanner	AI, Satellite	- European Space Agency - Istituto Italiano di Tecnologia	EU	Machine learning applied to satellite data to uncover subsurface archaeological features.
Smart Monitoring for Site Preservation	AI, IoT	Museu Nacional Arqueològic de Tarragona	Spain	IoT-enabled monitoring safeguarding archaeological restoration in real-time.
Smart Monitoring for Site Preservation	Robotics, AI, XR, and Data Science	Asia Culture Center	South Korea	Showcasing AI-human creativity blending art, technology, and immersive culture.
Mixed-Reality Museum Development	AR, VR, XR	University of Glasgow	UK	Empowering users to design and explore personalized virtual museums with XR.
Predictive Demand Analytics	AI	The National Gallery	UK	Predictive AI is used to forecast exhibition demand and estimate ticket sales.
Smart Visitor Analytics	AI	The Art Institute of Chicago	USA	Automated analysis of visitor feedback, movement, and spending patterns.
Blockchain Art Markets	Blockchain	Royal Museums of Fine Arts of Belgium	Belgium	Tokenized art pieces represented as digital securities, enabling trade and investment.
Cultural Export Ecommerce Ecosystem	Digital Platform	Prosper Africa	USA	Digital export marketplace enabling artisan African SMEs to participate in the US market.

Source: "Building a Digitally Enabled Cultural Future in Saudi Arabia" report by Elm, January 2026

BPO: Taking A Direct Hit from the public spend reallocation

Almost entirely sourced from the government, BPO (business outsourcing) is the segment that is most sensitive to the public spend reallocation. As discussed above, backed by our ICT tender tracker, we forecast B2G ICT spend to decline by -5% in 2026 before resuming growth in 2027 (+5%). This includes Professional Services drop of -15% in 2026E and 0% growth in 2027E. Indeed, Elm's management intends to adapt its offering to mirror the shifts in public priorities, and also the company has one of the highest local content scores in the industry (>60%, underpinned by Saudization of >80%), which should allow for continued market share gains. A recent win example is a contract with the Ministry of Education (related to the roll-out of test centres), just below 5% of Elm's 2024 revenue (potentially >SAR300m, we do not rule out). Still we trim organic BPO revenue by 2-14% in 2025-27E, thus expecting deceleration from 11.7% in 2025E to 5.0% in 2026E and acceleration to 7.0% in 2027E.

Thiqah: we expect turn-around to take longer

Since June 2023, Thiqah has become the key catalyst for Elm. On the confirmation of acquisition talks the stock has quickly (in 2 months) re-rated from high 20s to >40x 12-month forward P/E and largely held this multiple until January 2025 when the long-awaited update on the deal was mixed and kicked-off correction from historical highs. That was followed by the underwhelming disclosure of the 2024 performance while also 9M25 results, which indicated a -9.9% revenue decline Y/Y (or only a 2.1% growth if adjusted for a SAR138m one-off revenue in 3Q24) and a -SAR99m net loss.

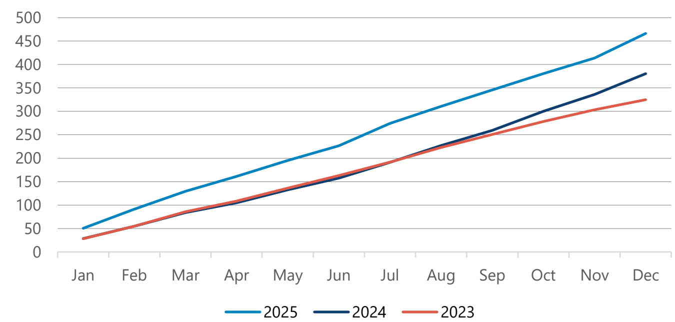
Indeed, a long-term case for value creation remains in place including major scope for product integration (e.g. Fasah-Saber) discussed in our earlier deep-dive on Thiqah, and (2) significant room to optimise opex which we estimate at >30% of revenue compared to c.14% for Elm on standalone basis. However, we take a more cautious view and expect a bumpier road towards achieving SAR200-300m mid-term synergies indicated on the 4Q24 earnings call for four reasons:

1. We admit that integration of Thiqah is a much more complex task compared to the Tabadul deal (Elm's previous biggest M&A in which it delivered material revenue growth acceleration in year 1). Its portfolio includes 13 key products compared to effectively 1 for Tabadul (which is Fasah, while Wethaq was significantly smaller). Also, the Thiqah corporate structure is more complex and includes a BPO arm AHAD and overall it employees >800 people (as of 2024).
2. While Thiqah provides Elm with access to 6 key clients and partners (including 3 ministries), we sense it might take longer to start upselling Elm's solutions to Thiqah's clients, given overall slower pace of changes in the B2G sector (both in the KSA and globally).

3. Saber, Thiqah's largest product (we understand), started showing some signs of slowdown: we note a Y/Y growth for a combined number of certificates of conformity and consignment decelerated from 51%/54% in 1Q/2Q to 5% in 3Q and 5% in 4Q.
4. Thiqah's revenue split into digital/BPO transformed from 65%/35% before the deal to 46%/54% in 2025, which poses more challenges to meaningfully accelerate growth in 2026.

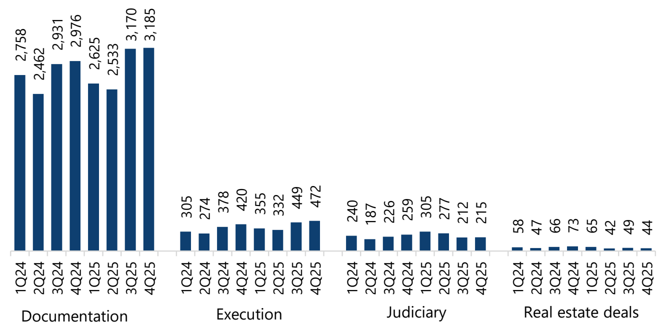
As a result, we revisit our assumptions and cut Thiqah revenue by 5-17% for 2025-27E, increase a 2025E loss to -SAR48m from -SAR17m and slash 2026/27E net income expectations by 61%/56%. Our estimates now imply still -2.1% Elm's EPS dilution from the deal in 2026E and <3% accretion in 2027-28E.

Exhibit 60 - Certificates of Conformity on Saber YTD, 000
4Q25 growth decelerated to -1% Y/Y (and combined with certificates of consignment it was +5% only)



Source: Saber page on X, Jefferies

Exhibit 61 - Operations growth on Najiz
c.5% total Y/Y growth in 2025



Source: Najiz.sa

Exhibit 62 - Thiqah model, SAR m

SAR m, unless stated otherwise	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
Revenue breakdown by segment	**1,576**	**1,652**	**1,617**	**1,712**	**1,878**	**2,072**	**2,277**	**2,492**
Y/Y	*-7.8%*	*4.8%*	*-2.1%*	*5.9%*	*9.7%*	*10.3%*	*9.9%*	*9.5%*
Digital business	1,024	991	857	914	1,025	1,158	1,299	1,446
Y/Y	*-0.2%*	*-3.2%*	*-13.6%*	*6.7%*	*12.1%*	*13.0%*	*12.2%*	*11.3%*
Saber	337	415	511	585	663	743	821	897
Y/Y	*-2.5%*	*23.1%*	*23.1%*	*14.6%*	*13.3%*	*12.0%*	*10.6%*	*9.2%*
Other Products and Projects	687	576	346	328	361	416	478	550
Y/Y	*1.0%*	*-16.1%*	*-40.0%*	*-5.0%*	*10.0%*	*15.0%*	*15.0%*	*15.0%*
Business process outsourcing (BPO)	552	661	760	798	854	914	977	1,046
Y/Y	*-19.4%*	*19.8%*	*15.0%*	*5.0%*	*7.0%*	*7.0%*	*7.0%*	*7.0%*
Professional services	0	0	0	0	0	0	0	0
Y/Y	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Cost of sales ex-D&A	(867)	(909)	(954)	(1,010)	(1,089)	(1,202)	(1,321)	(1,446)
Gross profit	**709**	**743**	**663**	**702**	**789**	**870**	**956**	**1,047**
Gross margin	45.0%	45.0%	41.0%	41.0%	42.0%	42.0%	42.0%	42.0%
Opex ex-D&A	(473)	(545)	(550)	(514)	(507)	(528)	(546)	(548)
Y/Y	*-7.8%*	*15.3%*	*0.8%*	*-6.6%*	*-1.2%*	*4.2%*	*3.4%*	*0.3%*
% of revenue	30.0%	33.0%	34.0%	30.0%	27.0%	25.5%	24.0%	22.0%
EBITDA	**236**	**198**	**113**	**188**	**282**	**342**	**410**	**498**
EBITDA margin	15.0%	12.0%	7.0%	11.0%	15.0%	16.5%	18.0%	20.0%
D&A	(32)	(33)	(32)	(34)	(38)	(41)	(46)	(50)
% of revenue	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
EBIT	205	165	81	154	244	300	364	449
EBIT margin	13.0%	10.0%	5.0%	9.0%	13.0%	14.5%	16.0%	18.0%
Net interest, Zakat and other (net)	(25)	(53)	(129)	(34)	(38)	(41)	(46)	(50)
% of revenue	1.6%	3.2%	8.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Net profit after zakat	**180**	**112**	**(48)**	**120**	**207**	**259**	**319**	**399**
Net income margin	11.4%	6.8%	-3.0%	7.0%	11.0%	12.5%	14.0%	16.0%
Y/Y	*39.5%*	*-37.8%*	*-143.3%*	*-347.1%*	*72.4%*	*25.3%*	*23.1%*	*25.1%*

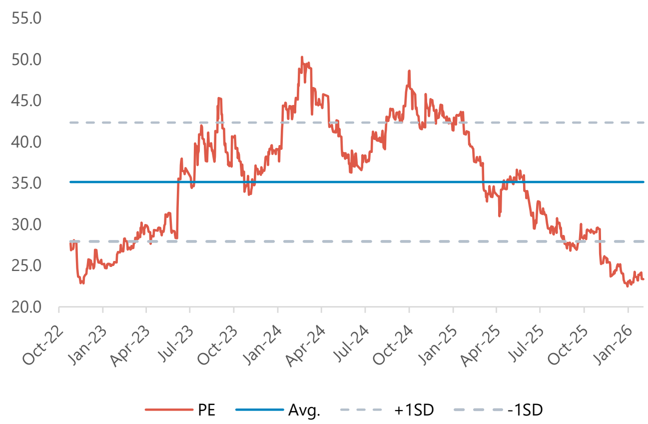
Source: Company reports, Jefferies

Below the street across the board. Our new estimates imply 4-7% downside to consensus 2026-27E revenue and 9-11% to consensus EPS. We think meeting reiterated FY25 might be challenging (we are 2.4%/2.8% below on revenue/EPS for 4Q25), and we also expect underwhelming FY26 guidance given historical conservatism of the management.

Risk-reward is unattractive in our view. 39% off the peak, the stock is on 24x 12m fwd P/E, 33% below its all-time average. However, with weakened confidence in 20%+ top-line growth, 2026/27E PEG ratio of 1.4x and with 10% downside to our new PT we find risk-reward unattractive. Besides, on our trimmed FCFE projections (including on the back of bigger outflow from the government receiveables), Elm trades on only 3.6% yield for 2026E vs 5.0% for Solutions.

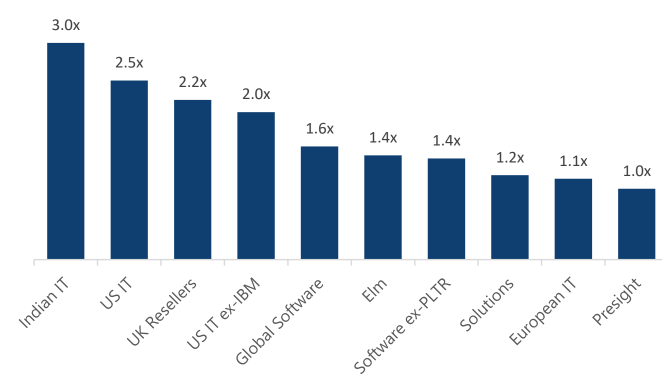
Lastly, we argue that compared to the time of its peak multiples (2023-2024) Elm's scarcity value feature has gradually faded: in a broader MENA Tech universe it has important alternatives like Presight and Rasan (Buy-rated, covered by Rajae Aadel).

Exhibit 63 - Elm 12 month forward P/E
All time average: 35.1x, Last year average: 36.4x, Spot: 23.4x



Source: FactSet, Jefferies

Exhibit 64 - Global ICT 2026/27 PEG
We prefer Presight (Buy) to Solutions (Hold) to Elm (Unpf)



Source: FactSet, Jefferies

Exhibit 65 - Elm: change in estimates

	New			Old			Change		
SARm	**2025E**	**2026E**	**2027E**	**2025E**	**2026E**	**2027E**	**2025E**	**2026E**	**2027E**
Revenue	**9,755**	**11,420**	**12,690**	**10,056**	**12,322**	**14,314**	**-3.0%**	**-7.3%**	**-11.3%**
Digital business	7,031	8,298	9,339	7,271	8,916	10,533	-3.3%	-6.9%	-11.3%
Business process outsourcing (BPO)	2,524	2,892	3,094	2,593	3,186	3,534	-2.7%	-9.2%	-12.4%
Professional services	200	229	257	192	220	247	4.2%	4.2%	4.2%
Gross profit	**4,070**	**4,740**	**5,339**	**4,136**	**5,000**	**5,919**	**-1.6%**	**-5.2%**	**-9.8%**
Gross margin	41.7%	41.5%	42.1%	41.1%	40.6%	41.4%	0.6pp	0.9pp	0.7pp
EBITDA	**2,471**	**2,776**	**3,165**	**2,508**	**3,156**	**3,792**	**-1.5%**	**-12.0%**	**-16.5%**
EBITDA margin	25.3%	24.3%	24.9%	24.9%	25.6%	26.5%	0.4pp	-1.3pp	-1.6pp
EBIT	**2,217**	**2,446**	**2,844**	**2,270**	**2,847**	**3,504**	**-2.3%**	**-14.1%**	**-18.8%**
EBIT margin	22.7%	21.4%	22.4%	22.6%	23.1%	24.5%	0.2pp	-1.7pp	-2.1pp
Net profit after zakat	**2,260**	**2,354**	**2,775**	**2,288**	**2,720**	**3,389**	**-1.2%**	**-13.5%**	**-18.1%**
Net profit attributable to shareholders	**2,260**	**2,354**	**2,775**	**2,288**	**2,720**	**3,389**	**-1.2%**	**-13.5%**	**-18.1%**
EPS diluted, SAR	**28.26**	**29.42**	**34.69**	**28.60**	**34.00**	**42.36**	**-1.2%**	**-13.5%**	**-18.1%**
Adjusted EPS diluted, SAR	**28.17**	**30.40**	**35.77**	**28.57**	**35.06**	**43.52**	**-1.4%**	**-13.3%**	**-17.8%**
DPS declared, SAR	**9.50**	**12.00**	**14.00**	**9.50**	**12.00**	**14.00**	**0.0%**	**0.0%**	**0.0%**
CASH FLOW STATEMENT									
Adjusted EBITDA	2,549	2,860	3,257	2,592	3,247	3,892	-1.6%	-11.9%	-16.3%
Cash taxes	(135)	(57)	(177)	(169)	(70)	(205)	-19.7%	-18.7%	-13.5%
Change in WC	(507)	(280)	(374)	(520)	(409)	(348)	-2.3%	-31.6%	7.4%
Other CFO	217	230	246	205	210	225	6.0%	9.6%	9.3%
Capex	(177)	(187)	(182)	(116)	(129)	(121)	52.2%	45.5%	51.2%
Payments for capital WIP	(269)	(295)	(324)	(262)	(314)	(377)	2.6%	-6.1%	-13.9%
Payment for purchasing property	24	0	0	15	0	0	57.1%		
Free Cash Flow to Firm	**1,702**	**2,271**	**2,445**	**1,746**	**2,535**	**3,067**	**-2.5%**	**-10.4%**	**-20.3%**
Finance income received	145	144	203	143	149	213	1.1%	-3.3%	-5.1%
Dividends from associates	0	0	0	0	0	0			
Dividends paid to NCI	0	0	0	0	0	0			
Finance cost paid	(38)	(97)	(97)	(49)	(96)	(96)	-21.0%	1.4%	1.4%
Lease liabilities payments	(64)	(64)	(64)	(89)	(89)	(89)	-28.2%	-28.0%	-28.0%
Free Cash Flow to Equity	**1,745**	**2,254**	**2,486**	**1,752**	**2,499**	**3,095**	**-0.4%**	**-9.8%**	**-19.7%**
BALANCE SHEET									
Net debt / (cash) incl. leases	**(1,109)**	**(2,476)**	**(3,916)**	**(1,159)**	**(2,772)**	**(4,822)**	**-4.3%**	**-10.7%**	**-18.8%**
Net debt / (cash) / adjusted EBITDA	-0.4x	-0.9x	-1.2x	-0.4x	-0.9x	-1.2x	-2.7%	1.4%	-3.0%

Source: Jefferies

Exhibit 66 - Elm: Jefferies vs Consensus estimates

	Jefferies				Consensus				JEF vs Cons.			
SAR m, %	2025E	2026E	2027E	2028E	2025E	2026E	2027E	2028E	2025E	2026E	2027E	2028E
Total revenue	9,755	11,420	12,690	14,017	9,862	11,867	13,711	15,477	(1.1%)	(3.8%)	(7.4%)	(9.4%)
Total revenue - Digital business	7,031	8,298	9,339	10,418	7,271	8,753	10,136	11,433	(3.3%)	(5.2%)	(7.9%)	(8.9%)
Total revenue - Products	5,860	6,821	7,711	8,615	6,048	7,225	8,380	9,837	(3.1%)	(5.6%)	(8.0%)	(12.4%)
Total revenue - Projects	537	564	603	645	540	634	722	815	(0.6%)	(11.1%)	(16.5%)	(20.9%)
Total revenue - Thiqah	634	914	1,025	1,158	683	893	1,034	781	(7.1%)	2.3%	(0.9%)	48.4%
Total revenue - Outsourcing	2,524	2,892	3,094	3,311	2,387	2,869	3,283	3,667	5.8%	0.8%	(5.7%)	(9.7%)
Total revenue - Business support services	200	229	257	288	204	245	293	376	(2.1%)	(6.5%)	(12.1%)	(23.5%)
Cost of sales	(5,684)	(6,680)	(7,351)	(8,102)	(5,793)	(6,962)	(7,986)	(8,967)	(1.9%)	(4.1%)	(8.0%)	(9.7%)
Gross profit	4,070	4,740	5,339	5,915	4,069	4,904	5,725	6,509	0.0%	(3.4%)	(6.7%)	(9.1%)
Gross profit margin	41.7%	41.5%	42.1%	42.2%	41.3%	41.3%	41.8%	42.1%	0.5pp	0.2pp	0.3pp	0.1pp
Opex ex-D&A	(1,599)	(1,964)	(2,175)	(2,370)	(1,571)	(1,856)	(2,141)	(2,440)	1.8%	5.8%	1.6%	(2.9%)
EBITDA	2,471	2,776	3,165	3,545	2,498	3,048	3,585	4,069	(1.1%)	(8.9%)	(11.7%)	(12.9%)
EBITDA margin	25.3%	24.3%	24.9%	25.3%	25.3%	25.7%	26.1%	26.3%	0.0pp	(1.4pp)	(1.2pp)	(1.0pp)
D&A and impairment	(254)	(330)	(320)	(301)	(254)	(310)	(323)	(358)	0.0%	6.4%	(0.9%)	(15.9%)
Operating Profit (EBIT)	2,217	2,446	2,844	3,244	2,244	2,738	3,261	3,711	(1.2%)	(10.7%)	(12.8%)	(12.6%)
Net interest expence and others	100	85	140	194	88	13	56	96	13.0%	534.5%	149.8%	102.4%
Net profit before zakat	2,317	2,531	2,984	3,438	2,332	2,751	3,318	3,807	(0.6%)	(8.0%)	(10.0%)	(9.7%)
Zakat Expense	(57)	(177)	(209)	(241)	(77)	(181)	(219)	(247)	(26.4%)	(2.3%)	(4.4%)	(2.8%)
Net profit after zakat	2,260	2,354	2,775	3,198	2,255	2,570	3,099	3,560	0.2%	(8.4%)	(10.4%)	(10.2%)
Minority interest	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Net profit attributable to shareholders	2,260	2,354	2,775	3,198	2,255	2,570	3,099	3,560	0.2%	(8.4%)	(10.4%)	(10.2%)
EPS diluted (SAR)	28.26	29.42	34.69	39.97	28.64	32.34	39.18	44.99	(1.3%)	(9.0%)	(11.5%)	(11.2%)
DPS (SAR)	9.50	12.00	14.00	16.00	11.07	13.19	16.12	20.20	(14.2%)	(9.0%)	(13.2%)	(20.8%)
Capital expenditures	177	187	182	202	116	184	238	315	52.6%	1.5%	(23.3%)	(36.0%)

Source: Jefferies, Visible Alpha (last 180 days)

Exhibit 67 - Elm: Financials snapshot

Elm, SAR m	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
INCOME STATEMENT								
Revenue	**5,898**	**7,407**	**9,755**	**11,420**	**12,690**	**14,017**	**15,461**	**17,041**
Y/Y	*28.1%*	*25.6%*	*31.7%*	*17.1%*	*11.1%*	*10.5%*	*10.3%*	*10.2%*
Digital business	4,255	5,469	7,031	8,298	9,339	10,418	11,602	12,902
Business process outsourcing (BPO)	1,479	1,785	2,524	2,892	3,094	3,311	3,542	3,790
Professional services	164	153	200	229	257	288	317	348
Gross profit	**2,332**	**3,026**	**4,070**	**4,740**	**5,339**	**5,915**	**6,544**	**7,233**
Gross margin	39.5%	40.9%	41.7%	41.5%	42.1%	42.2%	42.3%	42.4%
EBITDA	**1,471**	**1,899**	**2,471**	**2,776**	**3,165**	**3,545**	**3,965**	**4,443**
EBITDA margin	24.9%	25.6%	25.3%	24.3%	24.9%	25.3%	25.6%	26.1%
Adjusted EBITDA	**1,513**	**1,994**	**2,549**	**2,860**	**3,257**	**3,647**	**4,077**	**4,566**
EBITDA margin	25.7%	26.9%	26.1%	25.0%	25.7%	26.0%	26.4%	26.8%
Net profit attributable to shareholders	**1,356**	**1,827**	**2,260**	**2,354**	**2,775**	**3,198**	**3,663**	**4,183**
Y/Y	*45.8%*	*34.7%*	*23.7%*	*4.1%*	*17.9%*	*15.2%*	*14.6%*	*14.2%*
Adjusted Net profit attributable to shareholders	**1,399**	**1,921**	**2,254**	**2,432**	**2,861**	**3,292**	**3,767**	**4,297**
Y/Y	*41.8%*	*37.4%*	*17.3%*	*7.9%*	*17.7%*	*15.1%*	*14.4%*	*14.1%*
EPS diluted, SAR	16.95	22.84	28.26	29.42	34.69	39.97	45.79	52.28
Adjusted EPS diluted, SAR	17.48	24.02	28.17	30.40	35.77	41.15	47.09	53.71
DPS declared, SAR	7.00	7.50	9.50	12.00	14.00	16.00	18.00	20.00
CASH FLOW STATEMENT								
Adjusted EBITDA	1,513	1,994	2,549	2,860	3,257	3,647	4,077	4,566
Cash taxes	(72)	(92)	(135)	(57)	(177)	(209)	(241)	(276)
Change in WC	(168)	(609)	(507)	(280)	(374)	(204)	(301)	(339)
Other CFO	195	223	217	230	246	264	284	305
Capex	(58)	(63)	(177)	(187)	(182)	(202)	(222)	(245)
Payments for capital WIP	(116)	(165)	(269)	(295)	(324)	(357)	(393)	(432)
Payment for purchasing property	(25)	(25)	24	0	0	0	0	0
Free Cash Flow to Firm	**1,269**	**1,262**	**1,702**	**2,271**	**2,445**	**2,939**	**3,204**	**3,580**
Finance income received	90	144	145	144	203	260	333	414
Dividends from associates	0	0	0	0	0	0	0	0
Dividends paid to NCI	0	0	0	0	0	0	0	0
Finance cost paid	(2)	(8)	(38)	(97)	(97)	(97)	(97)	(97)
Lease liabilities payments	(39)	(81)	(64)	(64)	(64)	(64)	(64)	(64)
Free Cash Flow to Equity	**1,318**	**1,317**	**1,745**	**2,254**	**2,486**	**3,038**	**3,376**	**3,832**
BALANCE SHEET								
Total Assets	8,097	9,554	12,330	15,496	17,135	20,054	23,363	27,128
Total Liabilities	4,103	4,261	8,156	9,601	9,230	9,848	10,520	11,254
Total Equity	3,995	5,293	4,174	5,895	7,905	10,205	12,843	15,874
Gross debt	0	0	1,947	1,947	1,947	1,947	1,947	1,947
Leases	224	566	640	640	640	640	640	640
Gross debt incl. leases	224	566	2,587	2,587	2,587	2,587	2,587	2,587
Cash and deposits	3,441	3,677	3,696	5,063	6,503	8,335	10,346	12,653
Net debt / (cash) incl. leases	**(3,216)**	**(3,111)**	**(1,109)**	**(2,476)**	**(3,916)**	**(5,748)**	**(7,759)**	**(10,067)**
Net debt / (cash) / adjusted EBITDA	-2.1x	-1.6x	-0.4x	-0.9x	-1.2x	-1.6x	-1.9x	-2.2x

Source: Company reports, Jefferies

Solutions by stc (Downgrade to Hold): Most Sensitive to Budget Cuts, But with Tools to Withstand

Our Buy rating on Solutions was based on the view that the company can deliver 9/11% top-line/EPS CAGR in 2025-27E capitalising on: (a) c.10% mid-term growth of the underpenetrated Saudi IT market that proved to be resilient to macro swings in the past, (b) support of the parent stc, processing >50% of total sales, (c) digital business gradually ramping up, allowing creation of more visible recurring revenue streams and enhanced margins. Following muted 9M25 performance and more evidence of macro-inflicted slowdown, we reset expectation and downgrade the stock from Buy to Hold. We give 4 reasons for a more balanced view:

1. Our ICT tender tracker makes us turn more cautious on the B2G revenue (c.40-45% of total), however stronger expectations for sell-to-stc limit our revenue cuts to 3/4% for 2025-26E - we are only 1% below VA consensus.
2. Digital business had uninspiring 2025E, yet we expect more progress in 2026E, supported by more material contribution from the Riyadh Parking project.
3. Higher competitive pressure - we trim EBITDA margins and raise working capital requirement that makes us cut FCFE to 16-18% for 2026-27E.
4. 41% off the peak, the stock is on 16x cons 12m fwd P/E, 32% below its all-time average. Yet, at 1.2x PEG and with only 7% upside to our new PT we find risk-reward balanced.

Our PT moves to SAR250 *from SAR330. Key drivers: (1) Forecast changes including 8% EPS cuts for 2026-27E, underpinned by 3-4% revenue cuts; (2) DCF terminal year EBITDA margin cut to 16.0% from 16.5% mainly driven by operating leverage; (3) Terminal NWC change as % of revenue raised to 2.5% from 2.0% to account for less favourable trends in the sector; (4) Our WACC increases to 9.9% from 9.7% as we raise beta to 1.00 from 0.95 to reflect increased earnings volatility; (5) We reduce our PGR to 3.0% from 3.5% to account for the structural slowdown in the B2G segment; (6) We extend our explicit forecasts to 2030 and our DCF to 2035. We move our valuation date to December 31, 2026.*

Exhibit 68 - Solutions: key DCF assumptions

Key DCF assumptions	Group
PGR	3.0%
Terminal EBITDA margin	16.0%
Terminal capex / revenue	1.5%
Terminal change in NWC / revenue	2.5%
Risk-free rate	5.1%
Cost of equity	11.1%
Post-tax Cost of debt	5.0%
Target D/(D+E)	20.0%
WACC	9.9%

Source: Jefferies

Exhibit 69 - Solutions: valuation multiples

	Current			Target		
Valuation multiples	2026E	2027E	2028E	2026E	2027E	2028E
Market cap, SAR m	28,164	28,164	28,164	30,028	30,028	30,028
Net debt, 2025E, SAR m	(2,515)	(2,515)	(2,515)	(2,515)	(2,515)	(2,515)
Minorities, SAR m	31	31	31	31	31	31
Associates and JVs, SAR m	297	297	297	297	297	297
EV, SAR m	25,384	25,384	25,384	27,248	27,248	27,248
EV / Adj. EBITDA	11.7x	10.6x	9.8x	12.6x	11.4x	10.5x
P / Adj. EPS	17.1x	14.9x	13.3x	18.2x	15.9x	14.2x
FCFE yield	5.0%	5.7%	6.4%	4.7%	5.3%	6.0%
Div yield	3.8%	4.3%	4.7%	3.6%	4.0%	4.4%

Source: Jefferies

Synopsis: Recalibrating revenue. We believe (a) B2G will be under pressure in 2026-27E (mostly impacting core ICT), however (b) sell-to-stc remains solid, and (c) digital should take off. That makes cut 2026-27E revenue by 3-4%, but compared to Elm we are seeing lower downside to consensus: c.1% for both years, respectively.

Exhibit 70 - Solutions revenue model: JEFe vs Consensus

We expect 0.5pp lower revenue CAGR in 2025-30E on lower Core ICT business

	2023A	JEFe 2024E	JEFe 2025E	JEFe 2026E	JEFe 2027E	JEFe 2028E	JEFe 2029E	JEFe 2030E	JEFe CAGR 2025-30E	Cons CAGR 2025-30E
Total revenue	**11,040**	**12,064**	**13,044**	**13,959**	**15,095**	**16,292**	**17,513**	**18,682**	***7.4%***	***7.9%***
Core ICT Services	5,994	6,188	6,381	6,472	6,699	7,024	7,400	7,777	*4.0%*	*6.5%*
Solutions	4,493	4,804	4,719	4,577	4,577	4,669	4,809	4,953	*1.0%*	*5.5%*
Giza	1,501	1,384	1,662	1,895	2,122	2,356	2,591	2,824	*11.2%*	*9.2%*
IT Managed and Operational Services	3,262	3,948	4,765	5,242	5,792	6,299	6,788	7,247	*8.7%*	*8.0%*
Solutions	2,638	2,005	2,373	2,610	2,924	3,201	3,473	3,734	*9.5%*	*6.7%*
ccc and Sanad	624	1,943	2,392	2,631	2,868	3,098	3,314	3,513	*8.0%*	*9.2%*
Digital Services	1,784	1,929	1,898	2,245	2,604	2,969	3,325	3,658	*14.0%*	*11.5%*

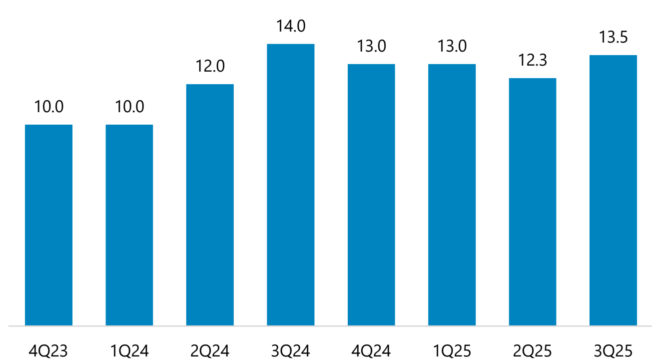
Source: Company reports, Jefferies, Visible Alpha (last 180 days consensus). Giza, ccc and Sanad 2030 assumed based on 2028 estimates and total revenue growth

We take a more cautious view on the IT market. At the start of 2025 IDC (as quoted on Solutions' 4Q24 earnings call) forecasted Saudi IT market to accelerate from 9.0% in 2024E to 9.4/9.9/10.3% in 2025/26/27E; however, we believe these expectations are now misplaced, pressurised by the public spend adjustments. As discussed above, backed by our ICT tender tracker, we forecast B2G ICT spend to decline by -5.0% in 2026 before resuming growth in 2027 (+5.0%) which includes -15.0% projected decline for professinal services in 2026E before stabilisation at 0.0% in 2027E. Competition has been also intensifying, in particular we note more activity from Globant throughout 2025 while on January 19, 2026, TCS announced incorporation of its regional headquarters in Riyadh (which is a pre-requistione to become eligible for participation in government and semi-government bidding).

But Solutions is well placed to maintain its leadership. In 9M25 Solutions' winning ratio remained >75% and the number of contracts signed progressed to 55+ in 3Q from 45+ in 2Q and 50+ in 1Q. We attribute this partly to an increase in local content score to 42.6% from 41.3% throughout 2025. Another factor that continues to support the company is the business with its parent stc (c.30-35% of total revenue). In 9M25, the segment did decline by 4% Y/Y; however, we largely attribute this to a relatively high base and to delays in revenue recognition. Backed by newly disclosed awards (e.g., a new SAR313m contract should kick off in 1Q26) and by an increasing contribution from stc's SAR33bn contract run by specialized, we expect c.10% segment revenue CAGR in 2025-30E.

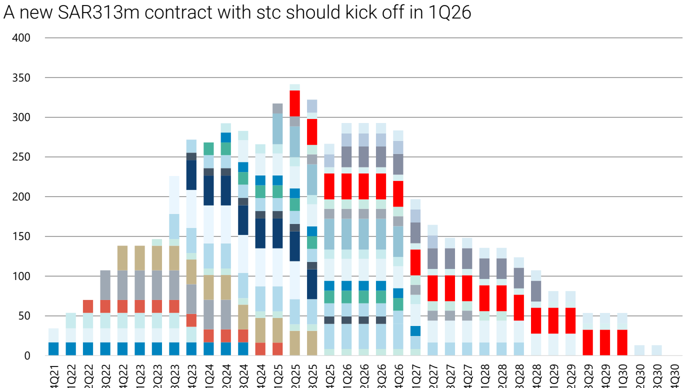
Still, as we incorporate softer backlog trends (3Q25 was SAR13.45bn, -4% Y/Y)_we trim core ICT revenue by 1-8% in 2025-27E, thus expecting deceleration from 3.1% in 2025E to 1.4% in 2026E and acceleration to 3.5% in 2027E.

Exhibit 71 - Solutions' backlog, SAR bn
-4% Y/Y in 3Q25



Source: Company conference calls

Exhibit 72 - Timeline of Solutions' publicly disclosed contract awards, SAR m
A new SAR313m contract with stc should kick off in 1Q26



Source: Tadawul, Jefferies. Note: the chart excludes Remat and Sports Boulevard parking contracts (revenue sharing)

Digital has been lagging, will things change in 2026? In 9M25, digital revenue declined by 6% Y/Y and the drop was as low as -13% in 3Q25, despite easier comps (carve-outs to stc are not in the base anymore). We cut the segment by 10/9% in 2025-27E but continue to expect acceleration to double-digit growth from 2026E, mainly drove by the Remat contract.

Riyadh Smart Parking – solid progress, monetization to follow. As paid spaces represent only 24k of 164k launched initially and Solutions faced some law enforcement issues in 1H25, monetization of the project has been muted. With that, we expect to see more progress in 2026. Below, some constructive points:

- Riyadh Parking has reached c.500k cumulative app downloads by the mid-January 2026 and c.200k monthly web visits in December 2025.
- On August 8, 2025, Riyadh parking announced several new paid spaces including on Prince Mosaad Bin Jalawi Road in both directions, between King Abdulaziz Road and Makkah Al-Mukarramah Road. The Makkah Road, from King Abdulaziz Road to the intersection of Prince

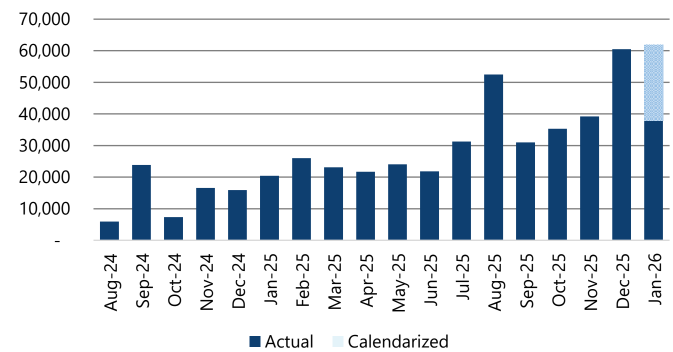
Msaad bin Jalawi Road, will also require paid parking. This should have a more meaningful contribution to revenue from 4Q25.

- On December 22, 2025, Abdullah Abu Dawood, the CEO of Remat Riyadh Development Company, said that "parking fees in Riyadh are among the lowest compared to Gulf and international averages, pointing out that 3.45 riyals per hour is just a symbolic fee" that might suggest room for price increases in the medium term.

Below we set out our updated revenue flexer for the project. We estimate that in its current scope (only phase 1 encompassing 164k spaces and % of paid spaces gradually increasing) Solutions can reach SAR358m revenue in 2026E (up to extra 2.7pp revenue growth in 2026E) and SAR107m EBITDA, or 30% margin We maintain our longer-term EBITDA margin for the project towards 37% by 2028E.

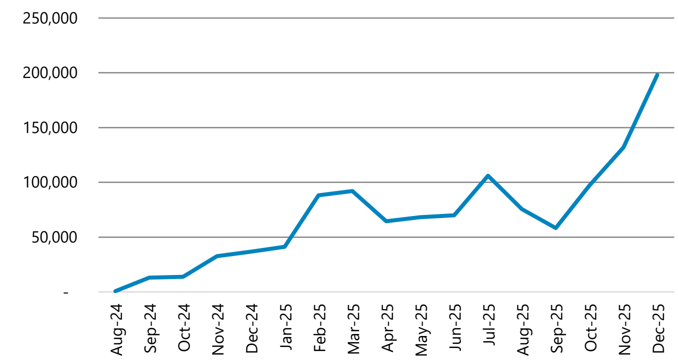
On October 20, 2025, Solutions and Remat extended their agreement for an additional 5 years to 10 years; however, we assume that the economics remained broadly unchanged. Thus, we maintain our original assumption of a 50% revenue-sharing ratio.

Exhibit 73 - Riyadh Parking mobile app cumulative downloads
494k by Jan 19th, 2026; c.62k calendarized in Jan



Source: Sensor Tower

Exhibit 74 - Riyadhparking.sa web visits, monthly
198k in Dec-25, 427k in 4Q25, +414% Y/Y and +78% Q/Q



Source: Similarweb

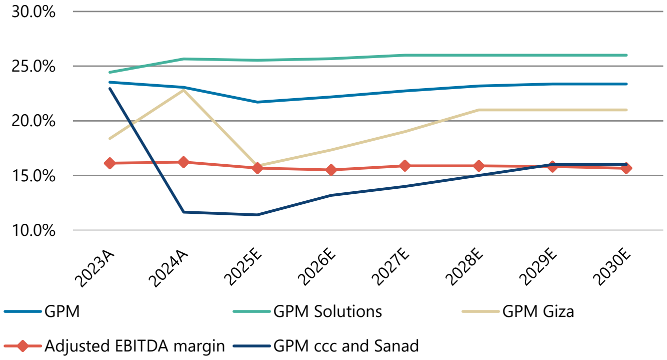
Exhibit 75 - Riyadh Parking flexer
In 2026E, revenue from the project could add up to 2.7pp/5.3pp to Solutions revenue/EBITDA growth

	2024E	2025E	2026E	2027E	2028E
Public parking spaces, eop	50,000	164,000	164,000	164,000	164,000
% paid	15%	15%	20%	25%	30%
Paid public parking spaces, eop	7,500	24,000	32,800	41,000	49,200
Paid Public parking spaces, average	3,750	15,750	28,400	36,900	45,100
Occupancy: paid hours / day	8.0	8.0	10.0	12.0	12.0
Rate / hour, SAR	3.45	3.45	3.45	3.45	3.45
Revenue / day, SAR m	0.1	0.4	1.0	1.5	1.9
Revenue / year, SAR m	9	159	358	558	682
Revenue sharing costs	(5)	(79)	(179)	(279)	(341)
Solutions' share	50%	50%	50%	50%	50%
Other costs	(5)	(56)	(72)	(84)	(89)
Other costs as % of revenue	50%	35%	20%	15%	13%
Solutions' EBITDA, SAR m	0	24	107	195	252
EBITDA margin	0%	15%	30%	35%	37%

Source: Jefferies

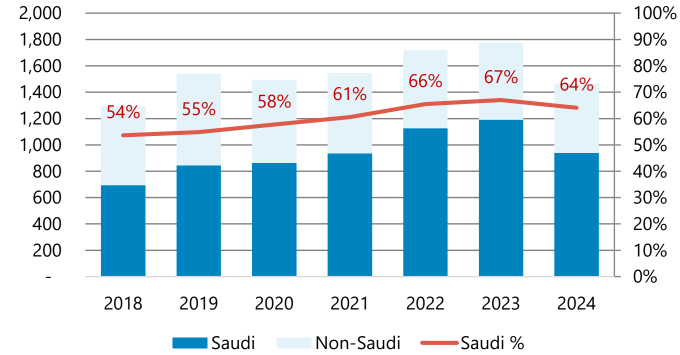
>15% margins should be intact. Driven by revenue cuts and higher competition, we cut gross margin by 70-90bp for 2025-27E, leading to EBITDA margin cuts 40-60bp in 2026-27E. Still, our forecasts imply >15% EBITDA margin in the medium term, supported by limited attrition, cost optimization at Giza and upsource, and and rising contribution from the Riyadh Parking project.

Exhibit 76 - Solutions margins
We forecast >15% EBITDA margin in 2025-30E



Source: Company reports, Jefferies.

Exhibit 77 - Solutions standalone headcount
In 2024, total headcount was down 18% Y/Y impacted by reallocation of business between Solutions, Giza and ccc. Saudization normalized by 3pp Y/Y

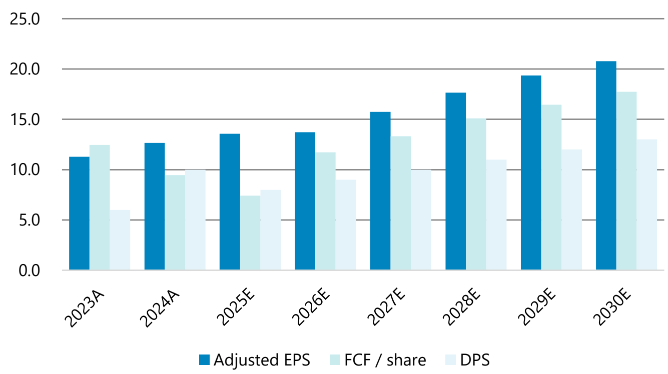


Source: Company reports

FCF likely bottomed in 2025E. As we cut 2026-27E EBITDA by 6-7% and raise working capital requirements (including on the back of bigger outflow from the government receivables), we reduce FCFE to 16-18% for 2026-27E.

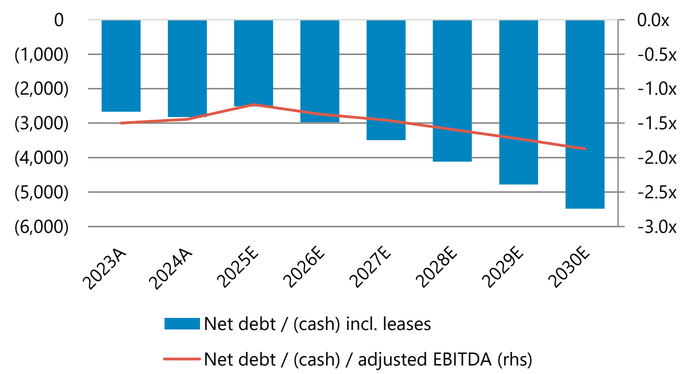
Ultimately, our forecasts imply net cash position dropping to SAR2.5bn by the end of 2025E still leaving significant headroom for M&A. In 2024 the company did opt to pay SAR2.0 special DPS on top of SAR8.0 basic, but we expect nil for 2025-203E as deal activity might resume in 2026.

Exhibit 78 - Solutions: key metrics per share, SAR
9%/19% CAGR in 2025-30E for EPS/FCFE



Source: Company reports, Jefferies

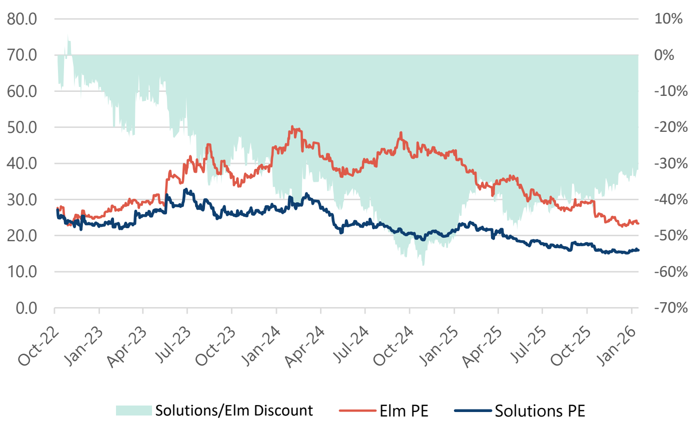
Exhibit 79 - Solutions net cash incl. leases, SAR m
We expect deleveraging to resume in 2026E



Source: Company reports, Jefferies

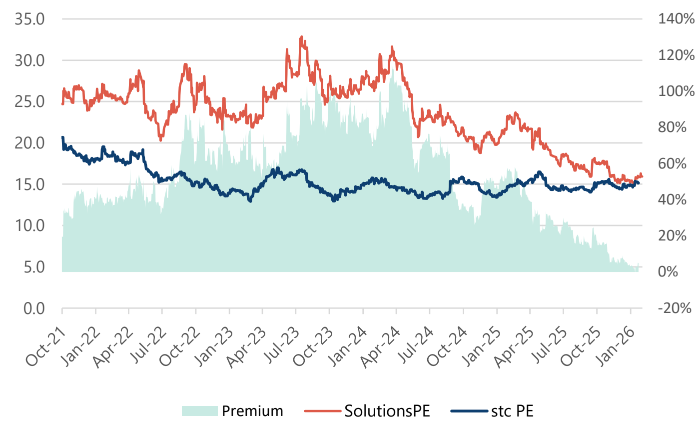
Valuation fair. 41% off the peak, the stock is on 16x, 32% below its all-time average. Yet at 1.2x PEG and with only 7% upside to our new PT, we find risk-reward balanced. Should quarterly performance remain erratic, we believe downside risks are likely limited as the stock is at only at a 5% premium to its parent stc (compared to a 54% all-time average premium).

Exhibit 80 - Elm vs Solutions 12 month forward P/E
Spot discount is -32%, all-time average is -33%



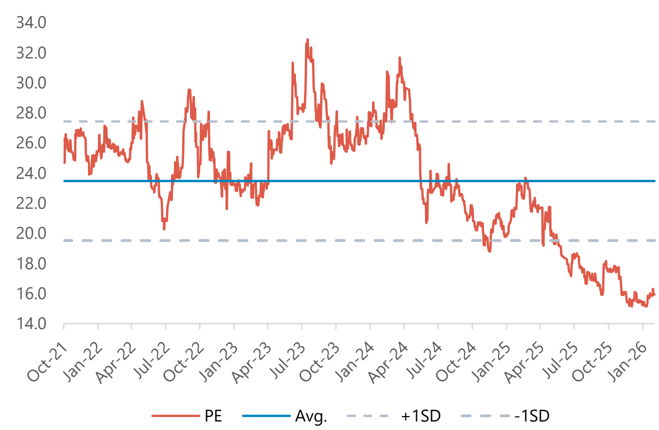
Source: FactSet, Jefferies

Exhibit 81 - Solutions vs stc 12 month forward P/E
Spot premium is 5%, all-time average is 54%



Source: FactSet, Jefferies

Exhibit 82 - Solutions 12 month forward P/E
All time average: 23.5x, Last year average: 18.2x, Spot: 15.9x



Source: FactSet, Jefferies

Exhibit 83 - Solutions: change in estimates

	New			Old			Change		
SARm	**2025E**	**2026E**	**2027E**	**2025E**	**2026E**	**2027E**	**2025E**	**2026E**	**2027E**
Revenue	**13,044**	**13,959**	**15,095**	**13,047**	**14,381**	**15,778**	**0.0%**	**-2.9%**	**-4.3%**
Core ICT Services	6,381	6,472	6,699	6,426	6,847	7,270	-0.7%	-5.5%	-7.8%
IT Managed and Operational Services	4,765	5,242	5,792	4,517	5,074	5,653	5.5%	3.3%	2.4%
Digital Services	1,898	2,245	2,604	2,104	2,461	2,855	-9.8%	-8.8%	-8.8%
Gross profit	**2,832**	**3,096**	**3,432**	**2,941**	**3,315**	**3,704**	**-3.7%**	**-6.6%**	**-7.4%**
Gross margin	21.7%	22.2%	22.7%	22.5%	23.1%	23.5%	-0.8pp	-0.9pp	-0.7pp
EBITDA	**2,034**	**2,152**	**2,383**	**1,966**	**2,297**	**2,557**	**3.4%**	**-6.3%**	**-6.8%**
EBITDA margin	15.6%	15.4%	15.8%	15.1%	16.0%	16.2%	0.5pp	-0.6pp	-0.4pp
Adjusted EBITDA	**2,043**	**2,164**	**2,397**	**1,975**	**2,308**	**2,571**	**3.5%**	**-6.2%**	**-6.8%**
Adjusted EBITDA margin	15.7%	15.5%	15.9%	15.1%	16.1%	16.3%	0.5pp	-0.5pp	-0.4pp
Net profit after zakat	**1,628**	**1,636**	**1,876**	**1,585**	**1,782**	**2,049**	**2.7%**	**-8.1%**	**-8.5%**
Net profit attributable to shareholders	**1,627**	**1,636**	**1,876**	**1,584**	**1,782**	**2,049**	**2.7%**	**-8.1%**	**-8.5%**
EPS diluted, SAR	**13.56**	**13.64**	**15.63**	**13.20**	**14.85**	**17.08**	**2.7%**	**-8.1%**	**-8.5%**
Adjusted EPS diluted, SAR	**13.55**	**13.73**	**15.74**	**13.17**	**14.93**	**17.18**	**2.9%**	**-8.1%**	**-8.4%**
DPS declared, SAR	**8.00**	**9.00**	**10.00**	**8.00**	**9.00**	**10.00**	**0.0%**	**0.0%**	**0.0%**
CASH FLOW STATEMENT									
Adjusted EBITDA	2,043	2,164	2,397	1,975	2,308	2,571	3.5%	-6.2%	-6.8%
Cash taxes	(128)	(117)	(145)	(119)	(118)	(158)	7.6%	-0.9%	-8.1%
Change in WC	(685)	(441)	(491)	(393)	(349)	(380)	74.3%	26.6%	29.0%
Other CFO	(87)	60	66	22	55	60	-486.9%	9.4%	9.4%
Capex	(272)	(279)	(287)	(343)	(288)	(237)	-20.8%	-2.9%	21.2%
Free Cash Flow to Firm	**871**	**1,387**	**1,540**	**1,143**	**1,609**	**1,856**	**-23.7%**	**-13.8%**	**-17.0%**
Finance income received	122	117	155	137	149	178	-10.9%	-21.5%	-12.7%
Dividends from associates	4	0	0	0	0	0			
Dividends paid to NCI	0	0	0	0	0	0			
Finance cost paid	(50)	(39)	(39)	(50)	(38)	(38)	0.4%	1.3%	1.3%
Lease liabilities payments	(59)	(59)	(59)	(44)	(44)	(44)	34.2%	35.0%	35.0%
Free Cash Flow to Equity	**889**	**1,406**	**1,598**	**1,186**	**1,676**	**1,952**	**-25.1%**	**-16.1%**	**-18.1%**
BALANCE SHEET									
Net debt / (cash) incl. leases	**(2,515)**	**(2,969)**	**(3,496)**	**(2,787)**	**(3,511)**	**(4,392)**	**-9.8%**	**-15.4%**	**-20.4%**
Net debt / (cash) / adjusted EBITDA	-1.2x	-1.4x	-1.5x	-1.4x	-1.5x	-1.7x	-12.8%	-9.8%	-14.6%

Source: Jefferies

Exhibit 84 - Solutions: Jefferies vs Consensus estimates

	Jefferies				Consensus				JEF vs Cons.			
SAR m, %	2025E	2026E	2027E	2028E	2025E	2026E	2027E	2028E	2025E	2026E	2027E	2028E
Total revenue	13,044	13,959	15,095	16,292	13,061	14,140	15,288	16,378	(0.1%)	(1.3%)	(1.3%)	(0.5%)
Total revenue - ICT	6,381	6,472	6,699	7,024	6,528	6,916	7,332	7,749	(2.3%)	(6.4%)	(8.6%)	(9.3%)
Total revenue - IT managed and operational	4,765	5,242	5,792	6,299	4,456	4,924	5,408	5,861	6.9%	6.5%	7.1%	7.5%
Total revenue - Digital services	1,898	2,245	2,604	2,969	2,077	2,300	2,548	2,768	(8.6%)	(2.4%)	2.2%	7.3%
Cost of sales	(10,212)	(10,862)	(11,663)	(12,515)	(10,185)	(10,985)	(11,859)	(12,710)	0.3%	(1.1%)	(1.7%)	(1.5%)
Gross profit	2,832	3,096	3,432	3,777	2,877	3,155	3,428	3,668	(1.6%)	(1.9%)	0.1%	3.0%
Gross profit margin	21.7%	22.2%	22.7%	23.2%	22.0%	22.3%	22.4%	22.4%	(0.3pp)	(0.1pp)	0.3pp	0.8pp
Opex ex-D&A	(798)	(944)	(1,049)	(1,209)	(799)	(888)	(953)	(987)	(0.2%)	6.3%	10.1%	22.5%
EBITDA	2,034	2,152	2,383	2,569	2,077	2,267	2,476	2,681	(2.1%)	(5.0%)	(3.8%)	(4.2%)
EBITDA margin	15.6%	15.4%	15.8%	15.8%	15.9%	16.0%	16.2%	16.4%	(0.3pp)	(0.6pp)	(0.4pp)	(0.6pp)
D&A and impairment	(296)	(373)	(375)	(330)	(315)	(339)	(352)	(370)	(5.9%)	10.0%	6.5%	(10.7%)
Operating Profit (EBIT)	1,737	1,780	2,007	2,239	1,762	1,928	2,123	2,311	(1.4%)	(7.7%)	(5.5%)	(3.1%)
Net interest expence and others	37	38	77	98	40	42	60	73	(7.8%)	(7.4%)	28.1%	34.4%
Net profit before zakat	1,774	1,818	2,084	2,336	1,802	1,970	2,183	2,384	(1.6%)	(7.7%)	(4.5%)	(2.0%)
Zakat Expense	(146)	(182)	(208)	(234)	(146)	(195)	(213)	(227)	0.0%	(6.6%)	(2.2%)	2.8%
Net profit after zakat	1,628	1,636	1,876	2,103	1,656	1,775	1,970	2,157	(1.7%)	(7.8%)	(4.8%)	(2.5%)
Minority interest	(1)	0	0	0	(10)	(3)	(3)	(4)	(92%)	(100%)	(100%)	(100%)
Net profit attributable to shareholders	1,627	1,636	1,876	2,103	1,645	1,772	1,967	2,153	(1.1%)	(7.7%)	(4.6%)	(2.3%)
EPS diluted (SAR)	13.56	13.64	15.63	17.52	13.70	14.75	16.38	17.92	(1.0%)	(7.5%)	(4.6%)	(2.2%)
DPS (SAR)	8.00	9.00	10.00	11.00	9.39	10.01	11.04	12.36	(14.8%)	(10.1%)	(9.4%)	(11.0%)
Capital expenditures	272	279	287	293	268	270	275	287	1%	3%	4%	2%

Source: Jefferies, Visible Alpha (last 180 days)

Exhibit 85 - Solutions: Financials snapshot

Solutions by stc, SAR m	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
INCOME STATEMENT								
Revenue	**11,040**	**12,064**	**13,044**	**13,959**	**15,095**	**16,292**	**17,513**	**18,682**
Y/Y	*25.4%*	*9.3%*	*8.1%*	*7.0%*	*8.1%*	*7.9%*	*7.5%*	*6.7%*
Core ICT Services	5,994	6,188	6,381	6,472	6,699	7,024	7,400	7,777
IT Managed and Operational Services	3,262	3,948	4,765	5,242	5,792	6,299	6,788	7,247
Digital Services	1,784	1,929	1,898	2,245	2,604	2,969	3,325	3,658
Gross profit	**2,598**	**2,783**	**2,832**	**3,096**	**3,432**	**3,777**	**4,092**	**4,365**
Gross margin	23.5%	23.1%	21.7%	22.2%	22.7%	23.2%	23.4%	23.4%
EBITDA	**1,669**	**1,948**	**2,034**	**2,152**	**2,383**	**2,569**	**2,749**	**2,902**
EBITDA margin	15.1%	16.1%	15.6%	15.4%	15.8%	15.8%	15.7%	15.5%
Adjusted EBITDA	**1,779**	**1,957**	**2,043**	**2,164**	**2,397**	**2,586**	**2,770**	**2,926**
EBITDA margin	16.1%	16.2%	15.7%	15.5%	15.9%	15.9%	15.8%	15.7%
Net profit attributable to shareholders	**1,192**	**1,597**	**1,627**	**1,636**	**1,876**	**2,103**	**2,303**	**2,470**
Y/Y	*13.2%*	*33.9%*	*1.9%*	*0.6%*	*14.6%*	*12.1%*	*9.5%*	*7.3%*
Adjusted Net profit attributable to shareholders	**1,354**	**1,517**	**1,626**	**1,647**	**1,889**	**2,118**	**2,322**	**2,493**
Y/Y	*22.2%*	*12.1%*	*7.2%*	*1.3%*	*14.7%*	*12.2%*	*9.6%*	*7.4%*
EPS diluted, SAR	9.93	13.31	13.56	13.64	15.63	17.52	19.19	20.59
Adjusted EPS diluted, SAR	11.28	12.64	13.55	13.73	15.74	17.65	19.35	20.77
DPS declared, SAR	6.00	9.99	8.00	9.00	10.00	11.00	12.00	13.00
CASH FLOW STATEMENT								
Adjusted EBITDA	1,779	1,957	2,043	2,164	2,397	2,586	2,770	2,926
Cash taxes	(113)	(130)	(128)	(117)	(145)	(167)	(187)	(205)
Change in WC	(168)	(509)	(685)	(441)	(491)	(465)	(496)	(513)
Other CFO	69	83	(87)	60	66	73	80	88
Capex	(112)	(255)	(272)	(279)	(287)	(293)	(298)	(299)
Free Cash Flow to Firm	**1,455**	**1,146**	**871**	**1,387**	**1,540**	**1,733**	**1,869**	**1,998**
Finance income received	148	108	122	117	155	177	201	228
Dividends from associates	0	0	0	0	0	0	0	0
Dividends paid to NCI	0	0	0	0	0	0	0	0
Finance cost paid	(70)	(67)	(50)	(39)	(39)	(39)	(39)	(39)
Lease liabilities payments	(38)	(53)	(59)	(59)	(59)	(59)	(59)	(59)
Free Cash Flow to Equity	**1,495**	**1,135**	**885**	**1,406**	**1,598**	**1,812**	**1,973**	**2,128**
BALANCE SHEET								
Total Assets	11,516	12,043	13,650	14,924	16,149	17,840	19,650	21,505
Total Liabilities	8,164	8,010	9,205	9,723	10,063	10,751	11,467	12,166
Total Equity	3,353	4,033	4,445	5,201	6,086	7,089	8,184	9,339
Gross debt	710	735	773	773	773	773	773	773
Leases	61	143	144	144	144	144	144	144
Gross debt incl. leases	772	878	917	917	917	917	917	917
Cash and deposits	3,438	3,702	3,432	3,886	4,413	5,035	5,699	6,399
Net debt / (cash) incl. leases	**(2,667)**	**(2,824)**	**(2,515)**	**(2,969)**	**(3,496)**	**(4,118)**	**(4,782)**	**(5,482)**
Net debt / (cash) / adjusted EBITDA	-1.5x	-1.4x	-1.2x	-1.4x	-1.5x	-1.6x	-1.7x	-1.9x

Source: Company reports, Jefferies

Presight AI (Buy): Preferred Exposure To MENA ICT

Following the electric 3Q results, Presight shares re-entered >25x NTM P/E territory, which we largely attribute to the constructive earnings call (where the company tightened the 2025 expectations) and upbeat messaging from the management, including during the NDR and investor meetings at the GEMs conference hosted by Jefferies. Into 2026, we reiterate Buy for four reasons:

1. The Public sector demand remains strong, which should drive organic growth acceleration from 21% in 2025E to 24% in 2026E. Combined with 30% growth at AIQ, that translates into 26% total revenue growth in 2026E, close to the higher end of the current mid-term guidance. We also model 22% growth in 2027E, well above MENA peers.
2. New verticals ramp up helps raise conviction in competitiveness of the business model and presents upside risks for growth.
3. We see scope for margin enhancement driving >25% EPS CAGR in 2026-28E (from now on exceeding revenue growth).
4. We keep finding valuation attractive. The stock trades now on 26x 2026 P/E for 24% revenue CAGR in 2025-27E and also 26% EPS growth in 2027E implying only 1.0x PEG compared to 1.4x key MENA peer Elm and 1.6x Global Software. We see >25% upside to our new PT of AED4.40.

Our PT moves to AED4.40 *from AED4.20. Key drivers: (1) forecast changes including 9-12% EPS upgrades for 2025-27E: despite 3-4% revenue cuts we raise EBITDA margins by 40-60bp driven by changes in mix (from AIQ towards the core); our 2025-27E FCFF estimates go up by 5-8%; (2) DCF terminal year EBITDA margin lifted to 30.0% from 28.0% on reassessed scope to increase operating leverage; (3) We raise WACC to 10.1% from 9.9% previously as we now apply 5.2% risk-free rate vs 5.1% earlier to account for accelerated international expansion (we use a mix of 4.8% for the UAE and 6.0% for the international footprint, weighted 70%/30% based on assumed long-term earnings split). (4) We now shift valuation of the minority stake in AIQ from 25x 2026 P/E to 25x 2027 P/E. (5) We extend our explicit forecasts to 2030 and our DCF to 2035. We move our valuation date to December 31, 2026.*

Exhibit 86 - Presight: key DCF assumptions

Key DCF assumptions	Group
PGR	4.5%
Terminal EBITDA margin	30.0%
Terminal capex / revenue	1.0%
Terminal change in NWC / revenue	2.5%
Risk-free rate	5.2%
Cost of equity	11.8%
Post-tax Cost of debt	5.1%
Target D/(D+E)	25.0%
WACC	10.1%

Source: Jefferies

Exhibit 87 - Presight: valuation multiples

	Current			Target		
Valuation multiples	2026E	2027E	2028E	2026E	2027E	2028E
Market cap, AED m	18,901	18,901	18,901	24,700	24,700	24,700
Net debt, 2025E, AED m	(2,582)	(2,582)	(2,582)	(2,582)	(2,582)	(2,582)
Minorities, AED m	4,577	4,577	4,577	4,577	4,577	4,577
Associates and JVs, AED m	0	0	0	0	0	0
EV, AED m	20,896	20,896	20,896	26,695	26,695	26,695
EV / Adj. EBITDA	20.5x	16.3x	13.5x	26.1x	20.9x	17.3x
P / Adj. EPS	25.5x	20.3x	16.6x	33.3x	26.4x	21.7x
FCFE yield	4.5%	5.6%	6.9%	3.4%	4.3%	5.3%
Div yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Jefferies

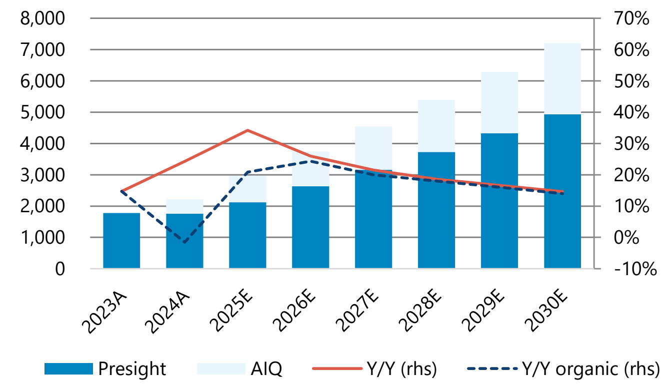
We expect organic growth acceleration in 2026. We forecast top-line growth of 26.0% in 2026E, closer to the higher end of the latest 4Y mid-term guidance (21-27%). That is largely underpinned by organic growth acceleration from 20.8% in 2025E to 24.3% in 2026E. We also model 21.5% growth in 2027E, well above MENA peers, underpinned by 20.0% on a standalone basis. What makes us particularly constructive:

- In the UAE, we expect renewals of key contracts with some anchor clients. Cohort 1 revenue contribution seems to have bottomed at c.AED165m per quarter in 2Q-3Q25E and that should pick up from 2026E.
- We should see acceleration of deployment of the AED13bn budgeted by Abu Dhabi (under the Digital Strategy 2025-202) to build the world's first AI-native government. Presight management believes it can directly target c.15% of this opportunity. Most recent updates on this front include: (1) On Jan 22, 2026, in Davos, in partnership with Presight, the UAE Government unveiled "advanced regulatory intelligence model for governments of the future", (2) On Jan 20, 2026,

Presight signed a strategic partnership with The Federal Competitiveness and Statistics Centre (FCSC) "to develop a unified national AI-powered data and statistics platform", (3) On Jan 20, 2026, Presight signed an agreement with The Ministry of Foreign Trade "to deliver new AI-powered trade platform".

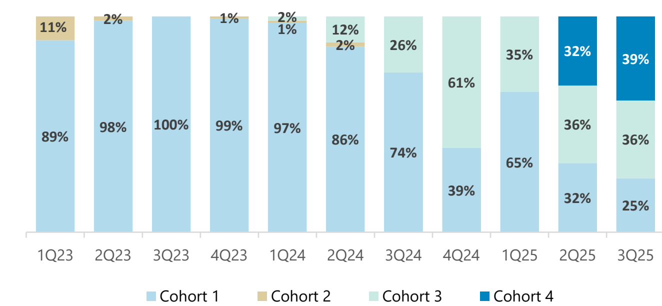
- The international business should continue to ramp-up towards 50% of total (vs 35-40% in 2025E) as more MoUs start being converted into contracts and orders. We highlight that while in the case of Kazakhstan it took c.2.5 years (between Sep 2024 and Feb 2025), in the case of Albania it has been shortened to c.1.5 years (between Apr 2024 and Dec 2025). Overall, we believe as the UAE progresses with build-out of Stargate's 1GW capacity, there will be scope to further reduce international time-to-market for Presight. To this end, On Jan 20, 2026, G42 announced the launch of its "Digital Embassies framework and Greenshield, a new sovereign operating model that enables nations to deploy AI securely and at scale while maintaining full legal authority and control over their data, systems, and policies regardless of where infrastructure is located." Indeed, that might bring down an average contract size for Presight from US$100-150m however that would accelerate AI adoption and also help boost margins as international contracts gradually become software-heavier.

Exhibit 88 - Presight revenue outlook, AED m
We expect 26.0% growth in 2026E, or 24.3% ex-AIQ (up from 20.8% in 2025E)



Source: Company reports, Jefferies

Exhibit 89 - Revenue by Customer Cohort
Cohort 1 seems to have bottomed at c.AED165m per quarter in 2Q-3Q25. Renewals should drive growth acceleration in 2026E



Source: Company reports, Jefferies. Note: exact percentages are JEF estimates

Still 30% growth at AIQ. AIQ revenue has been growing at a c.77% CAGR in between 2022 and 9M25, and we expect still solid 30.0% in 2026E and 25.0% CAGR in 2025-28E. Three main reasons to be bullish:

- Scope to upscale business with ADNOC, for which AIQ solutions are now deployed on 100% of rigs but only on 25% of producing wells and 20% of reservoirs. Key achievements of ENERGYai's first 90 days were impressive including proven time reduction (for major aspects of seismic interpretation) from months to hours while delivering 70%+ accuracy in certain aspects on interpretation.
- Scope to upsell energy contracts to the countries with existing business in public services and smart cities domains
- Broadening partner/client base from beyond energy producers. To this end, on Jan 13, 2026 AIQ signed an agreement with NOV, a Texas-based global provider of energy technology.

Overall, we note, that since the acquisition in June 2024, Presight has materially increased investments at AIQ that drove a material net margin compression from 45-50% pre-acquisition to as low as 8% in 3Q25. One of the main factors behind that has been an R&D program that we now expect to bear material fruits. AIQ now offers 14 AI solutions covering the entire O&G value chain and has submitted 21 patent applications.

Exhibit 90 - AIQ: overview of key offerings

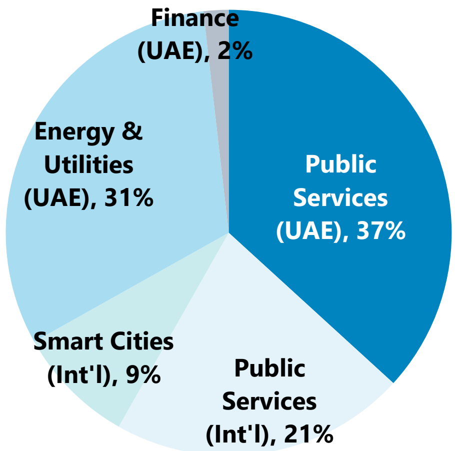
AI Discipline	AIQ Solution	Selected Achievements / Benefits
Natural Language Processing	DRILLREP	Reduces opex, drives efficiency gain in people productivity of the QA/QC process (100%)
Computer Vision	WELLINSIGHT	Reduces opex, insures safer and efficient operations, reduces undertainty, improves data integration
	ROCKINSIGHT	Reduces opex, preserves expertise, achieves faster decisions and results, improves data integration
	SMARTi	Reduction in safety incidents (30%), reduction in downtime (20%), 90%+ accuracy in detecting HSE violations, 50%+ increase in compliance adherence, 25% improvement in workforce productivity, <2 Sec reaction time from violation to alerting
	CORROVISION	Reduces visual inspection time and related costs (30%), >80% realistic corrosion prediction
Agentic AI	ENERGYai	Proven time reduction (from months to hours) for major aspects of seismic interpretation while delivering 70%+ accuracy
Time Series Forecasting	FORESIGHT	88.6% accuracy in failure prediction with 91.7% precision; reduced ESP downtime up to 50%, c.US$10m saved during pilot stage
	CORROPIPE	
	CORROSCAN	Minimizes yearly inspection (20%), predicts remnant wall thickness and cuts future UT inspections (40%), >85% realistic prediction
	EMISSIONX	90%+ accurancy in forecasting emissions and detecting anomalities
Optimization	DRIVE	New opportunities proposed (+30%), optimized field control parameters (+20%), faster evaluation of FDP scenarios (75%), cost reduction in drilling new infill wells (+10%)
	OPTIDRILL, DRILLREP, DRILLTECT	Reduces opex, drives efficiency gain in people productivity (100%), reduces invisible lost time identified (10%), enhances stuck pipe detection cuts non-productve time and costs (50%), improves operational efficiency (40%)
	AR360	Boosting oil recovery from water flooding (+10%), extension in life of active wells >5Y (+20%), efficiency gain in reservoir model reviews (75%), cost reduction in drilling new infill wells >5Y (+10%)
	ROBOWELL	1st application of APC for gas lift wells, drives digital transformation, gas lift optimization (up to 30%), increase in production (up to 5%)

Source: Company reports

New verticals ramp-up should help raise conviction in competitiveness of the business model and presents upside risks for growth. In particular, we highlight the financial vertical which still represents only 2% of cumulative contracts (AED136m) awarded since March 2023 compared to 4-6% revenue contribution targeted under the correct medium-term strategy. We note, the progress has accelerated in 2H25 which was earmarked with several contracts including: (1) an MoU with HSBC focusing on intelligent risk and compliance, human capital intelligence, growth and client intelligence, client acquisition, and real-time analytics for executive dashboards. (2) a contract with FAB focusing on growth intelligence and resource planning, as well as earlier (3) an MoU with Dow Jones Factiva "to explore advanced, AI-powered risk-intelligence innovations".

That said, in financials and other emerging verticals (e.g. education) we would expect Presight to remain focused on B2G clients (e.g. contemplating likes of its agreements with ADAA and CBUAE). B2B is by far competitive (and so less profitable) that can be highlighted by the fact that small private contracts might attract up to 50 applicants, Presight notes based on its observation of publicly available RFPs in the UAE.

Exhibit 91 - Presight: Mar 2023 - Sep 2025 contract value breakdown by vertical
Out of AED7.5bn, Financials represented only AED136m, or 2% of total, that compares to 4-6% eyed under the mid-term guidance

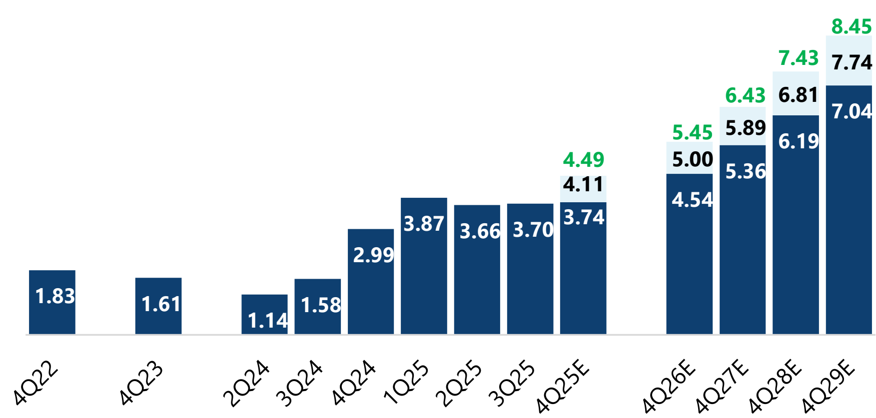


Source: Company reports

Approaching the backlog. The backlog was flat at c.US$1bn in 1Q-3Q25 however, we anticipate a substantial pick-up in 4Q. New orders include: (1) a US$114m formalized multi-year contract with the Ministry of Internal Affairs of Albania, (2) a multi-year contract with ADNOC Gas and Gecko Robotics "to integrate AI and robotics across the former's operations and digitize the full inspection-to-decision workflow", (3) a contract with FAB "to deploy advanced AI-powered solutions".

Given that (a) 50-55% of the backlog is typically consumed within 12 months, and (b) backlog revenue represents 55-60% of revenue, we estimate that Presight would need to report backlog of AED3.74-4.49bn as of 4Q25E to be on track our AED3.74bn revenue forecast for 2026E. The mid-point, AED4.11bn, would be needed for us to get more comfort.

Exhibit 92 - Presight backlog - actual and implied by our 2026-30E revenue forecasts, AED bn
Scenario 1 (white labels): 55% of backlog consumed within 12mo, backlog is 55% of revenue; Scenario 2 (green): 50% of backlog consumed within 12mo, backlog is 60% of revenue; Scenario 3 (black): mid-points of Secnarios 1 and 2. **AED4.11bn** as of 4Q25E (mid-point) needed to get comfort in our AED3.74bn revenue forecast for 2026E

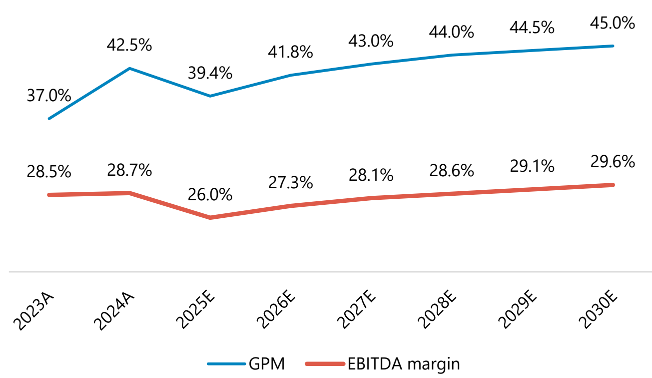


Source: Company reports, Jefferies

We see scope for significant margin enhancement. We forecast consolidated (pre-minorities) net margin expansion from 22.0% in 2025E to 27.0% in 2030E underpinned by c.360bp EBITDA margin expansion. Key drivers:

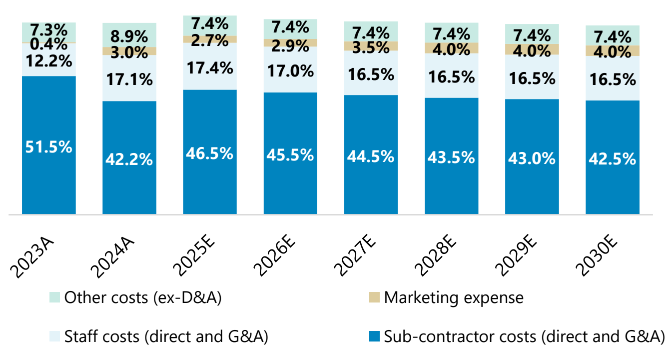
- Revenue mix shift towards software analytics, as international projects scale up (yielding c.400bp reduction in subcontractor costs intensity)
- Staff costs as % of revenue normalising from 17.4% in 2025E to 17.0% in 2026E and c.16.5% of revenue from 2027E as the FTEs is nearing its optimal size (now Presight has over 700 employees including 80% technical specialists compared to <300 pre-IPO). Realising operating leverage at AIQ (where net margin temporarily dipped from 40-45% pre-deal to 8% in 3Q25) will be instrumental to that
- Marketing costs as % of revenue rising only slightly from 2.7% in 2025E towards 4.0% from 2028E as we see the company remaining largely anchored to B2G clients and its sales process should remain largely streamlined through a broader ecosystem of G42.

Exhibit 93 - Presight gross profit and EBITDA margin
We see scope to increase EBITDA margin by 360bp in 2025-30E



Source: Company reports, Jefferies

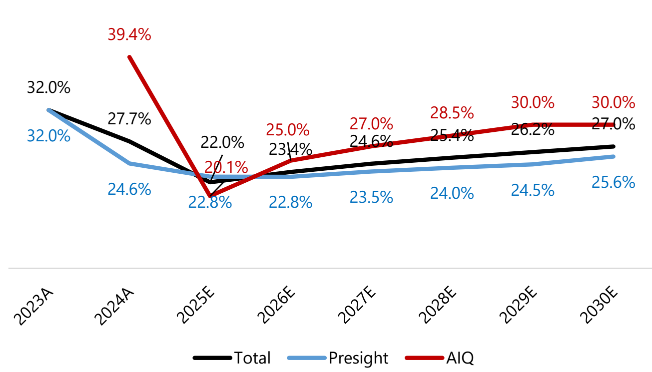
Exhibit 94 - Presight costs as % of revenue
We assume c.400bp subcontractor cost optimization in 2026-30E on revenue mix shift to software as well as marketing density limited to 4.0%



Source: Company reports, Jefferies

As a result, our new forecasts keep pointing to upside to the company's latest medium-term guidance. We forecast 26.0% 4Y EBITDA CAGR (vs 17-22% guide) and 18.3% PAT CAGR (vs 7-12% guide). That said, we might potentially see Presight shifting its mid-term guidance timeline from 2023-27E potentially setting 2025 as a base year.

Exhibit 95 - Net income margins
We expect margin restoration at AIQ to drive consolidated margin expansion of c.500bp in 2025-30E



Source: Company reports, Jefferies

Exhibit 96 - Presight mid-term guidance vs JEFe
We keep seeing upside to the guide

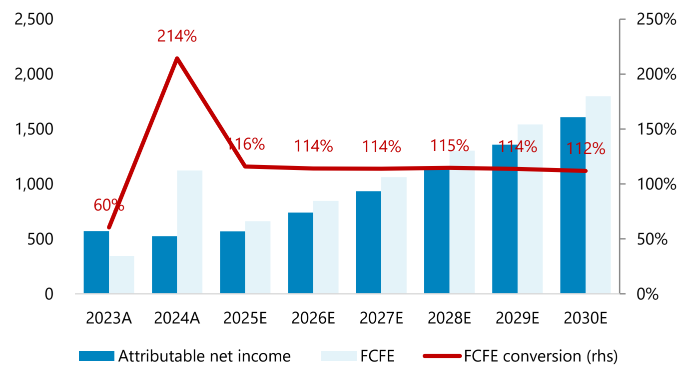
	2021-2024	2023-2027		
	Actual	Nov-25 Guide	JEFe	Cons.
Revenue	18.4%	21-27%	26.4%	26.3%
EBITDA	18.2%	17-22%	26.0%	24.2%
Net income before tax	24.3%		23.2%	20.1%
Net income after tax	20.4%	7-12%	18.3%	15.0%
Net income after tax and minorities	14.3%		13.1%	12.6%

Source: Company reports, FactSet, Jefferies

Robust FCF generation will keep solidifying balance sheet; M&A likely in 2026? Operating cash flow generation has normalised from abnormal 2024 level, but we expect >110% conversion to sustain in 2025-30E as the business model remains asset-light, the management sees no deteriorating of collection of government receivables in the UAE, despite lower oil prices, while international contracts are largely backed by the UAE sovereign financing. That leads us to expect 23% EPS CAGR in 2025-30E to translate into respective 22% FCF CAGR and drive net cash pile to US$1bn in 2026E and US$2bn in 2029E. We expect no dividends for FY25, as M&A remains a preferred use of cash for the management (as of November 2025, around 80 opportunities have been studied in the past 12 months). The company stated that it might consider returning cash to shareholders at a point, but we assume no distributions in 2026-30E either.

Exhibit 97 - Presight net income and FCF, AED m

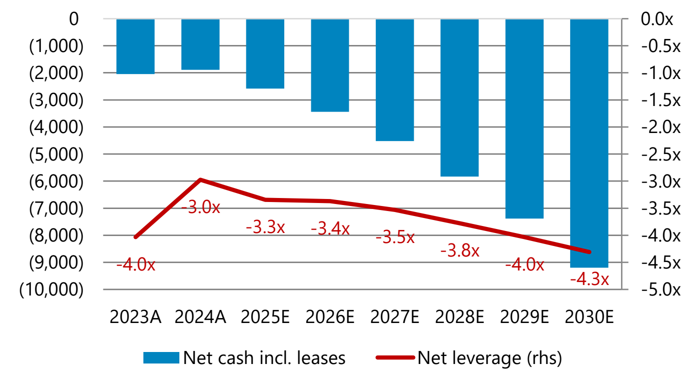
We forecast 23% EPS CAGR in 2025-30E and >110% conversion yielding 22% FCF CAGR



Source: Company reports, Jefferies

Exhibit 98 - Presight net leverage, AED m

Assuming no M&A, we forecast net cash pile to reach US$1bn in 2026E and US$2bn in 2029E

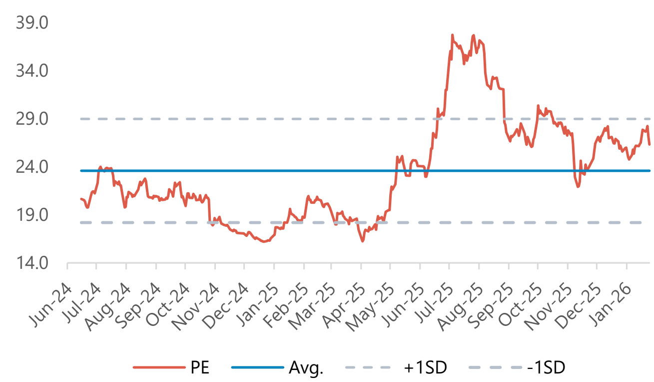


Source: Company reports, Jefferies

We keep finding valuation attractive. The stock trades now on 26x 2026 P/E for 24% revenue CAGR in 2025-27E and also 26% EPS growth in 2027E implying inly 1.0x PEG compared to 1.4x key MENA peer Elm and 1.6x Global Software. We see >25% upside to our new PT of AED4.40.

Exhibit 99 - Presight 12 month forward P/E

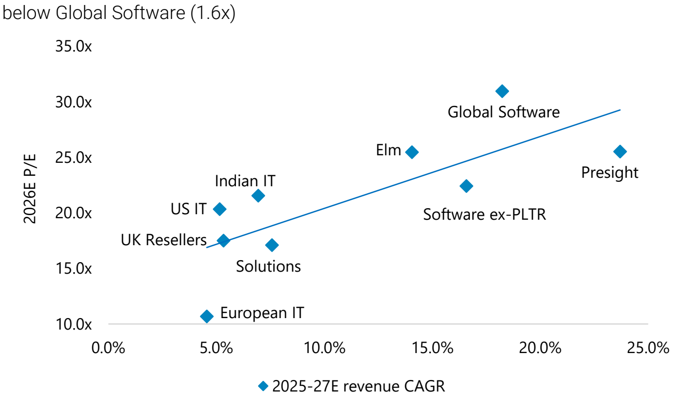
All time average: 23.6x, Last year average: 25.8x, Spot: 26.3x



Source: FactSet, Jefferies

Exhibit 100 - Presight in a Global Context

Presight's 2026 P/E is on par with Elm yet PEG is below (1.0x vs 1.4x) as well as it is below Global Software (1.6x)



Source: FactSet, Jefferies

Exhibit 101 - Presight: change in estimates

	New			Old			Change		
AED m	**2025E**	**2026E**	**2027E**	**2025E**	**2026E**	**2027E**	**2025E**	**2026E**	**2027E**
INCOME STATEMENT									
Revenue	**2,970**	**3,740**	**4,544**	**3,110**	**3,879**	**4,686**	**-4.5%**	**-3.6%**	**-3.0%**
Presight	2,118	2,633	3,160	2,157	2,545	2,952	-1.8%	3.5%	7.0%
AIQ	852	1,107	1,384	953	1,334	1,734	-10.6%	-17.0%	-20.2%
Gross profit	**1,171**	**1,562**	**1,954**	**1,252**	**1,668**	**2,085**	**-6.5%**	**-6.3%**	**-6.3%**
Gross margin	39.4%	41.8%	43.0%	40.3%	43.0%	44.5%	-0.8pp	-1.2pp	-1.5pp
EBITDA	**772**	**1,021**	**1,279**	**795**	**1,034**	**1,296**	**-2.9%**	**-1.2%**	**-1.3%**
EBITDA margin	26.0%	27.3%	28.1%	25.6%	26.7%	27.7%	0.4pp	0.6pp	0.5pp
Adjusted EBITDA	**772**	**1,021**	**1,279**	**795**	**1,034**	**1,296**	**-2.9%**	**-1.2%**	**-1.3%**
Adjusted EBITDA margin	26.0%	27.3%	28.1%	25.6%	26.7%	27.7%	0.4pp	0.6pp	0.5pp
Net profit after tax	**653**	**876**	**1,116**	**683**	**901**	**1,153**	**-4.4%**	**-2.8%**	**-3.2%**
Net profit attributable to shareholders	**569**	**740**	**933**	**522**	**659**	**855**	**9.2%**	**12.3%**	**9.1%**
EPS diluted, AED	**0.10**	**0.13**	**0.17**	**0.09**	**0.12**	**0.15**	**9.2%**	**12.3%**	**9.1%**
Adjusted EPS diluted, AED	**0.10**	**0.13**	**0.17**	**0.09**	**0.12**	**0.15**	**9.2%**	**12.3%**	**9.1%**
DPS declared, AED	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**-**	**-**	**-**
CASH FLOW STATEMENT									
Adjusted EBITDA	772	1,021	1,279	795	1,034	1,296	-2.9%	-1.2%	-1.3%
Cash taxes	(60)	(116)	(155)	(84)	(159)	(203)	-28.7%	-27.0%	-24.0%
Change in WC	(91)	(96)	(119)	(125)	(139)	(158)	-27.7%	-30.9%	-24.8%
Other CFO	18	13	16	16	13	16	13.5%	-0.3%	-0.3%
Capex	(28)	(37)	(45)	(17)	(19)	(23)	61.9%	92.9%	93.9%
Free Cash Flow to Firm	**612**	**785**	**976**	**585**	**730**	**928**	**4.6%**	**7.6%**	**5.3%**
Finance income received	86	84	110	93	103	136	-7.5%	-19.1%	-18.9%
Dividends from associates	0	0	0	0	0	0	-	-	-
Dividends paid to NCI	(13)	0	0	(13)	0	0	0.0%	-	-
Finance cost paid	0	0	0	0	0	0	-	-	-
Lease liabilities payments	(24)	(24)	(24)	(19)	(19)	(19)	27.5%	28.9%	28.9%
Free Cash Flow to Equity	**660**	**845**	**1,063**	**646**	**815**	**1,045**	**2.3%**	**3.7%**	**1.7%**
BALANCE SHEET									
Net debt / (cash) incl. leases	**(2,582)**	**(3,441)**	**(4,516)**	**(2,559)**	**(3,379)**	**(4,428)**	**0.9%**	**1.8%**	**2.0%**
Net debt / (cash) / adjusted EBITDA	-3.3x	-3.4x	-3.5x	-3.2x	-3.3x	-3.4x	4.0%	3.1%	3.4%

Source: Jefferies

Exhibit 102 - Presight: Jefferies vs Consensus estimates

	Jefferies			Consensus			JEF vs Cons.		
AED m, %	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Total revenue	2,970	3,740	4,544	2,863	3,723	4,535	3.7%	0.5%	0.2%
EBITDA	772	1,021	1,279	755	956	1,209	2.2%	6.9%	5.8%
EBITDA margin	26.0%	27.3%	28.1%	25.9%	25.7%	26.7%	0.1pp	1.6pp	1.5pp
D&A and impairment	(66)	(73)	(75)	(81)	(118)	(131)	(18.4%)	(37.9%)	(43.0%)
Operating Profit (EBIT)	705	948	1,204	694	838	1,077	1.7%	13.2%	11.8%
Net interest expence and others	64	82	109	79	98	110	(19%)	(16%)	(1%)
Net profit before tax	769	1,031	1,313	772	935	1,187	(0.4%)	10.2%	10.6%
Tax Expense	(116)	(155)	(197)	(116)	(147)	(190)	(0.2%)	5.4%	3.6%
Net profit	653	876	1,116	661	789	997	(1.2%)	11.1%	12.0%
Minority interest	(84)	(136)	(183)	(40)	(65)	(80)	112%	109%	130%
Net profit attributable to shareholders	569	740	933	617	724	917	(8%)	2%	2%
EPS diluted (AED)	0.10	0.13	0.17	0.10	0.13	0.16	(2.7%)	5.4%	4.1%
DPS (AED)	0.00	0.00	0.00	0.00	0.00	0.00	-	-	-
Capital Expenditures	28	37	45	79	93	108	(65%)	(60%)	(58%)

Source: Jefferies, FactSet, company compiled cons. for 2025E, Revenue, EBITDA and Net profit (total)

Exhibit 103 - Presight: Financials snapshot

Presight AI, AED m	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
INCOME STATEMENT								
Revenue	**1,781**	**2,213**	**2,970**	**3,740**	**4,544**	**5,390**	**6,285**	**7,204**
Y/Y	*14.7%*	*24.3%*	*34.2%*	*26.0%*	*21.5%*	*18.6%*	*16.6%*	*14.6%*
Presight	0	460	852	1,107	1,384	1,661	1,960	2,273
AIQ	658	941	1,171	1,562	1,954	2,371	2,797	3,242
Gross profit	**658**	**941**	**1,171**	**1,562**	**1,954**	**2,371**	**2,797**	**3,242**
Gross margin	37.0%	42.5%	39.4%	41.8%	43.0%	44.0%	44.5%	45.0%
EBITDA	**508**	**635**	**772**	**1,021**	**1,279**	**1,544**	**1,831**	**2,134**
EBITDA margin	28.5%	28.7%	26.0%	27.3%	28.1%	28.6%	29.1%	29.6%
Adjusted EBITDA	**508**	**635**	**772**	**1,021**	**1,279**	**1,544**	**1,831**	**2,134**
EBITDA margin	28.5%	28.7%	26.0%	27.3%	28.1%	28.6%	29.1%	29.6%
Net profit attributable to shareholders	**570**	**524**	**569**	**740**	**933**	**1,137**	**1,358**	**1,608**
Y/Y	*34.0%*	*-8.1%*	*8.7%*	*30.0%*	*26.1%*	*21.9%*	*19.4%*	*18.4%*
Adjusted Net profit attributable to shareholders	**570**	**524**	**569**	**740**	**933**	**1,137**	**1,358**	**1,608**
Y/Y	*75.2%*	*-8.1%*	*8.7%*	*30.0%*	*26.1%*	*21.9%*	*19.4%*	*18.4%*
EPS diluted, AED	0.10	0.09	0.10	0.13	0.17	0.20	0.24	0.29
Adjusted EPS diluted, AED	0.10	0.09	0.10	0.13	0.17	0.20	0.24	0.29
DPS declared, AED	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CASH FLOW STATEMENT								
Adjusted EBITDA	508	635	772	1,021	1,279	1,544	1,831	2,134
Cash taxes	0	0	(60)	(116)	(155)	(197)	(242)	(291)
Change in WC	(180)	504	(91)	(96)	(119)	(129)	(169)	(210)
Other CFO	9	13	18	13	16	19	23	28
Capex	(2)	(50)	(28)	(37)	(45)	(54)	(63)	(72)
Free Cash Flow to Firm	**335**	**1,103**	**612**	**785**	**976**	**1,183**	**1,381**	**1,589**
Finance income received	51	52	86	84	110	144	186	235
Dividends from associates	0	0	0	0	0	0	0	0
Dividends paid to NCI	(35)	(18)	(13)	0	0	0	0	0
Finance cost paid	0	0	0	0	0	0	0	0
Lease liabilities payments	(6)	(13)	(24)	(24)	(24)	(24)	(24)	(24)
Free Cash Flow to Equity	**345**	**1,123**	**660**	**845**	**1,063**	**1,303**	**1,543**	**1,800**
BALANCE SHEET								
Total Assets	4,073	5,239	6,366	7,557	9,139	10,958	13,079	15,479
Total Liabilities	1,022	1,381	1,844	2,145	2,595	3,026	3,477	3,907
Total Equity	3,051	3,859	4,523	5,412	6,544	7,932	9,602	11,572
Gross debt	0	0	0	0	0	0	0	0
Leases	29	33	18	4	(9)	(21)	(31)	(41)
Gross debt incl. leases	29	33	18	4	(9)	(21)	(31)	(41)
Cash and deposits	2,076	1,923	2,600	3,445	4,508	5,811	7,354	9,154
Net debt / (cash) incl. leases	**(2,048)**	**(1,890)**	**(2,582)**	**(3,441)**	**(4,516)**	**(5,832)**	**(7,385)**	**(9,195)**
Net debt / (cash) / adjusted EBITDA	-4.0x	-3.0x	-3.3x	-3.4x	-3.5x	-3.8x	-4.0x	-4.3x

Source: Company reports, Jefferies

e& (Buy): Operations Shine, Returns Uplift Ahead?

e& is up 15% LTM; however, this can is largely attributed to uptake in the market (ADX +7%) and its listed portfolio (+c.30% for c.25% of SOTP) while the "core" value remains undervalued, in our view. We reiterate Buy for four reasons:

1. The domestic business is well positioned to keep capitalising on the accelerated population growth and digitisation while maintaining best-in-class capex / sales of <10% - we raise the UAE's EV by 4%.
2. International operations are solid including Egypt (we raise EV 2x, helped by lower CDS), Maroc Telecom (we expect return to growth in Morocco in 2026E) and PPF (scope for synergies in Serbia and capex optimisation for the group). Lastly, we incorporate the Telenor Pakistan deal which yields another AED0.3/share accretion.
3. e& is entering the final year of its 3Y dividing policy with only 1.1x EV/EBITDA (ex-leases), just marginally up from 0.8x as of 2023 despite a sequence of M&As. While we forecast only 5% adjusted EPS growth in 2026E, we expect c.90% FCFE/Net income conversion in 2026-27E that drives deleveraging towards 0.9x/0.7x by 2026/27E. In that context, and given that the management has been sounding more selective regarding new potential deals recently - we believe there is scope to lift shareholder returns. Our base case is AED1.00 DPS in 2027E growing by 5 files pa onwards, however, given that would still imply only 60-65% pay-out, we see material upside risks to our (and consensus) expectations.
4. Valuation remains attractive. e& trades on 13.4x cons 12m forward P/E, only 1% re-rating LTM; however, we show that the core has gone down by 6%. e& also still trades to 12% discount to the key MENA peer stc.

Our PT moves to AED23.0 *from AED21.0. Key drivers: (1) forecast changes including 4% EBITDA hikes for 2026-27E, yet driven by higher D&A we cut 2026-27E EPS by 2-3%; our 2025-27E FCFF estimates go up by 4-8%; (2) We cut UAE WACC to 7.9% from 8.0% as we now use 4.9% risk-free rate for the UAE; we raise UAE terminal growth to 2.0% from 1.5% on stronger population growth trends, cut terminal capex to sales to 9.0% from 9.5%; (3) We incorporate Telenor Pakistan deal and as a result raise our terminal growth rate for Pakistan to 4.0% from 3.0%, terminal EBITDA margin to 35.0% from 30.0%, cut terminal capex to sales to 20.0% from 30.0%; (4) We update valuation of Vodafone in line with the current market price; Mobily in line with our new fair value; (5) Our valuation methodology remains a 50-50 mix of a 4.5% target dividend yield (we now apply it to 2026 DPS vs 2025 earlier) and SOTP (where we maintain a 5.0% discount related to M&A execution risks); (6) We extend our explicit forecasts to 2030 and our DCFs to 2035. We move our valuation date to December 31, 2026.*

Exhibit 104 - e&: key DCF assumptions

Key DCF assumptions	UAE	MT	Egypt	Pakistan	PPF	Mobily
PGR	2.0%	1.5%	4.5%	4.0%	1.0%	2.0%
Terminal EBITDA margin	51.0%	55.0%	38.0%	35.0%	48.0%	37.5%
Terminal capex / revenue	9.0%	20.0%	25.0%	20.0%	14.0%	15.0%
Terminal NWC / revenue	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Risk-free rate	4.9%	6.6%	7.8%	8.4%	5.8%	5.1%
Cost of equity	10.3%	12.0%	13.2%	13.8%	11.2%	10.5%
Post-tax Cost of debt	5.0%	4.7%	9.3%	10.7%	5.2%	5.2%
Target D/(D+E)	45.0%	45.0%	45.0%	45.0%	45.0%	30.0%
WACC	7.9%	8.7%	11.4%	12.4%	8.5%	8.9%

Source: Jefferies

Exhibit 105 - e&: valuation multiples

	Current			Target		
Valuation multiples	2026E	2027E	2028E	2026E	2027E	2028E
Market cap, AED m	171,326	171,326	171,326	200,025	200,025	200,025
Net debt, 2025E, AED m	39,302	39,302	39,302	39,302	39,302	39,302
Minorities, AED m	46,591	46,591	46,591	46,591	46,591	46,591
Associates and JVs, AED m	37,388	37,388	37,388	37,388	37,388	37,388
EV, AED m	219,830	219,830	219,830	248,529	248,529	248,529
EV / Adj. EBITDA	6.2x	5.8x	5.5x	7.0x	6.6x	6.2x
P / Adj. EPS	13.8x	12.5x	11.3x	16.1x	14.6x	13.2x
FCFE yield	6.5%	7.2%	7.6%	5.5%	6.1%	6.5%
Div yield	4.5%	5.1%	5.3%	3.9%	4.3%	4.6%

Source: Jefferies

Exhibit 106 - e& SOTP valuation, AED m
UAE accounts for 58%. We maintain discount for M&A of 5%

Asset	Ownership	Valuation methodology	EV (100%), AED m	Net debt, 2025E, AED m	Equity value (100%), AED m	Equity value (e& stake), AED m	Equity value / share, AED	% of TP	EV/EBITDA 2025E	EV/EBITDA 2026E	WACC	PGR
UAE	100.0%	DCF	155,723	13,779	141,944	141,944	16.3	59.5%	8.4x	8.1x	7.9%	2.0%
Maroc Telecom	53.0%	DCF	46,939	6,965	39,974	21,186	2.4	8.9%	6.0x	5.8x	8.7%	1.5%
Egypt	66.4%	DCF	18,179	1,800	16,379	10,875	1.3	4.6%	8.2x	6.4x	11.4%	4.5%
Pakistan	23.4%	DCF	9,022	4,621	4,401	1,030	0.1	0.4%	4.7x	4.1x	12.4%	4.0%
Afghanistan	100.0%	n/a	0	0	0	0	0.0	0.0%	0.0x	0.0x		
PPF	50.0%	DCF	43,259	12,137	31,122	15,561	1.8	6.5%	8.1x	7.8x	8.5%	1.0%
e& enterprise	90.0%	EV/EBITDA	9,426	0	9,426	8,484	1.0	3.6%	17.3x	13.0x		
Starzplay	38.0%	Transaction	1,543	0	1,543	586	0.1	0.2%				
Careem Technologies	50.0%	Transaction	2,938	0	2,938	1,470	0.2	0.6%				
Total Consolidated			**287,029**	**39,302**	**247,728**	**201,137**	**23.1**	**84.3%**	**8.1x**	**7.6x**		
Mobily	28.0%	DCF & DY			60,306	16,880	1.9	7.1%	8.5x	8.1x	8.9%	2.0%
Vodafone	16.8%	Market price			116,724	19,649	2.3	8.2%				
Hutch	15.0%	n/a			0	0	0.0	0.0%				
Wio	25.0%	Transaction			2,556	639	0.1	0.3%				
Newberry	10.0%	Transaction			2,204	220	0.0	0.1%				
Total Associates and JVs					**181,790**	**37,388**	**4.3**	**15.7%**				
NOSH diluted, m, 2026E	8,697											
e& SOTP valuation						**238,525**	**27.4**					
Target discount (M&A)							-5.0%					
e& target valuation						**226,599**	**26.1**					

Source: Jefferies

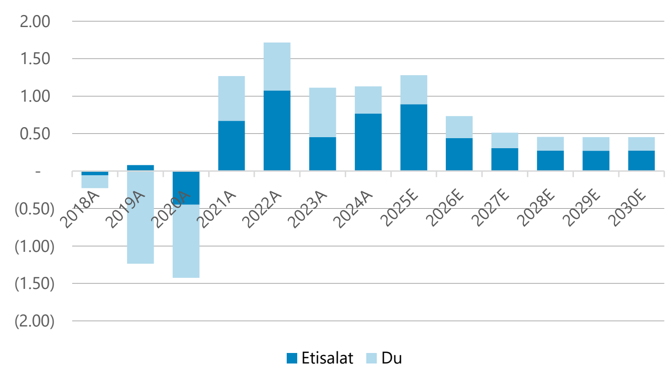
Exhibit 107 - e& 50/50 valuation

Methodology	Weight	Fair value, AED	Upside / downside	TSR potential
SOTP (incl. UAE 7.9% WACC, 2.0% PGR)	50.0%	26.1	32.5%	36.9%
2026E DY (AED0.89 DPS, 4.5% target DY)	50.0%	19.8	0.5%	4.9%
Weighted Average		**23.0**	**16.8%**	**21.2%**

Source: Jefferies

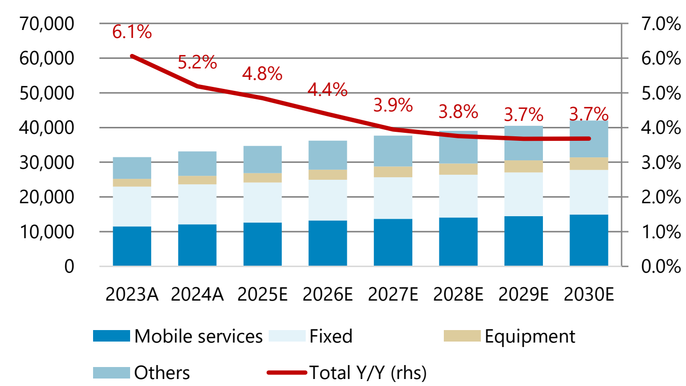
UAE shines. We believe, e&'s domestic business is well positioned to keep capitalising on the accelerated population growth and digitisation while maintaining best-in-class capex / sales of <10% - we raise the UAE's EV by 4%.

Exhibit 108 - UAE mobile net adds, m
946k in 9M25



Source: Company reports, Jefferies

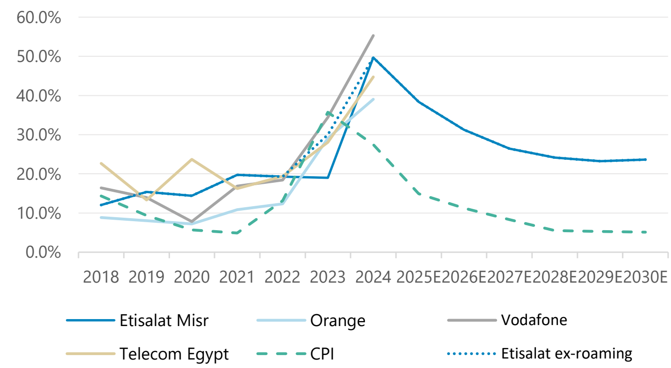
Exhibit 109 - e& UAE revenue, AED m
We forecast >3.5% growth through to 2030E. Easing competition in fixed presents upside risks



Source: Company reports, Jefferies

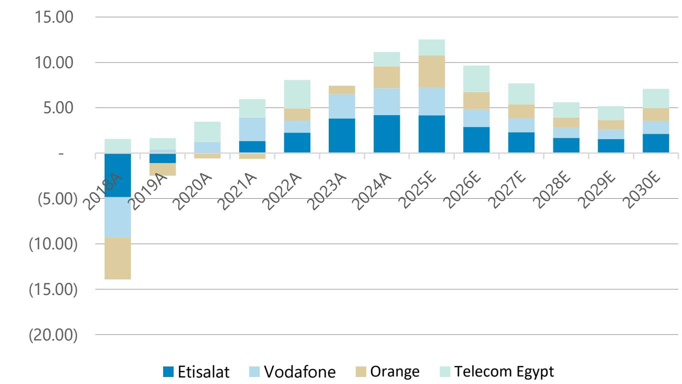
We lift fair value of the stake in Egypt by 107% to AED1.25 / share *We raise our valuation of Etisalat Misr (the e&'s stake) by 107% to AED1.25 / share driven by (1) Forecast changes including 4-6% revenue increase for 2026-27E and 8% EBITDA-Capex increase for 2026-27E, (2) DCF terminal growth raised to 4.5% from 4.0%; (3) WACC cut to 11.4% from 13.6% as we now use 7.8% risk-free rate (vs 11.0% earlier) based on reduced 360bp Egypt 10Y USD CDS applied to US 10Y of 4.2%.*

Exhibit 110 - Egypt telcos LCU revenue growth vs CPI
2 out of 4 telcos had a negative real growth in 2024



Source: Company reports, IMF WEO Oct 2025, Jefferies

Exhibit 111 - Egypt mobile net adds, m
9.3m in 9M25



Source: Company reports, Jefferies

PPF: scope for more in-market consolidation and synergies

Solid medium term outlook is intact:

- Scope for mid-single digit revenue growth in the medium term, driven by tariff hikes (and Hungary and Bulgaria are CPI-linked), post-paid-isation, higher uses and usage including in Serbia, fuelled by the 5G roll-out;
- More cost savings are possible through centralized procurements;
- Capex/sales (ex-licenses) to normalize from 23% in 2025E to <15% from 2028E. In 2027, PPF highlights a 2,100MHz spectrum renewal in Hungary and 1,800MHz renewal in Serbia. To recap, at the 2025 CMD, the CEO of PPF mentioned scope to reach as low as 10% cape/sales intensity in the long run, assuming no 6G adoption.

In Serbia, the SBB acquisition has allowed the co to establish a solid n2 player with c.35% revenue market share (25% Yettel + 10% SBB) and we expect to see more progress in 2026.

Additionally, on December 18, 2025, PPF Telecom signed a binding agreement with Liberty Global to acquire 100% of UPC Broadband Slovakia for EUR95m on a cash-free, debt-free basis.

- The acquisition is strategic for O2 Slovakia as the Slovak telecom market continues to evolve toward fixed-mobile convergence. UPC Slovakia is serving approximately 170,000 customers and its network covers approximately 647,000 homes passed across 80 cities.
- The transaction multiple is 6.7x LTM EV/EBITDA, that compares with 7.3x LTM paid for PPF.
- We do not yet incorporate this deal into our model as we await final regulatory approvals.

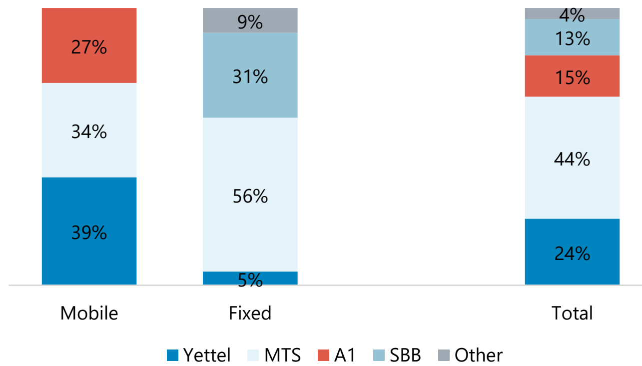
With that, in the absence of meaningful forecast changes our valuation of PPF (the e&'s stake) decreases by 12% to AED1.79 / share driven by WACC hike to 8.5% from 8.2% as we now use 5.8% risk-free rate (vs 5.5% earlier) based on 160bp Hungary/Serbia average 10Y USD CDS applied to US 10Y of 4.2%.

Exhibit 112 - PPF Group KPIs as of 1H25

	Slovakia	Hungary	Bulgaria	Serbia	Group
Mobile subs, m	2.366	3.686	3.199	2.866	12.118
FBB and Pay TV subs, m	0.13	0.16	0.22	1.58	2.09
Mobile ARPU, EUR	12	15.8	12.6	12.7	
Mobile revenue market share	26%	27%	36%	38%	30%
4G population coverage	99%	100%	100%	98%	99%
5G population coverage	93%	52%	84%	n/a	72%
Own mobile sites	1.0k	2.8k	2.8k	1.9k	8.6k

Source: Company reports, Jefferies

Exhibit 113 - Serbia Telecom market revenue shares, 1Q25
The SBB deal increases PPF total market share from 24% to 37%

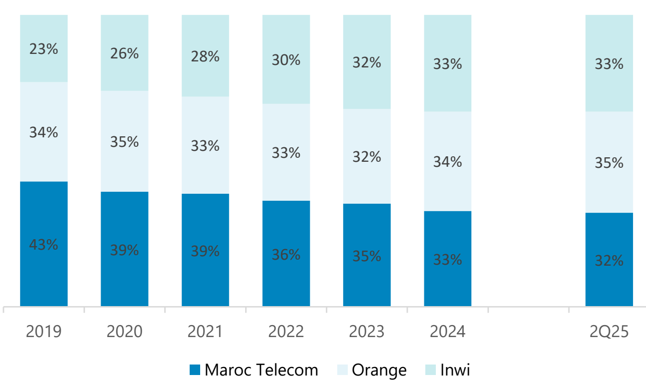


Source: PPF 1H25 earnings presentation, Jefferies. Note: Fixed includes Fixed broadband, Pay TV, and fixed voice

We expect Morocco to return to growth in 2026. We tweak our estimates for MT (raising revenue by c.1% in 2025-27E) and we continue to expect domestic business to resume growth in 2026: +2.4% Y/Y after -2.2% in 2025E in MAD terms. This should be largely enabled by the regulatory changes allowing MT to compete more efficiently.

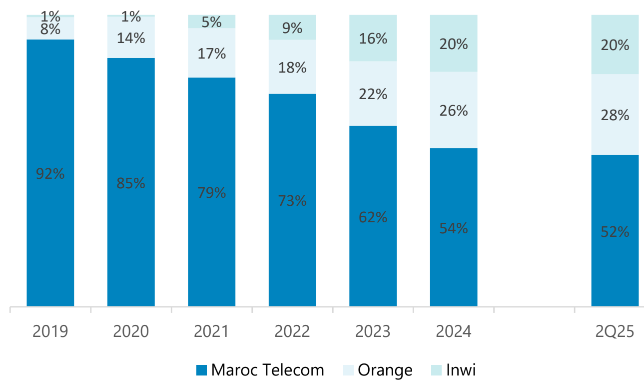
. We note, our updated valuation for Maroc Telecom now implies US$10.9bn fair value for 100% which is relatively close to the current market cap (US$10.5bn as of January 27, 2026).

Exhibit 114 - Morocco mobile subscribers market shares
MT lost 11pp since 2019



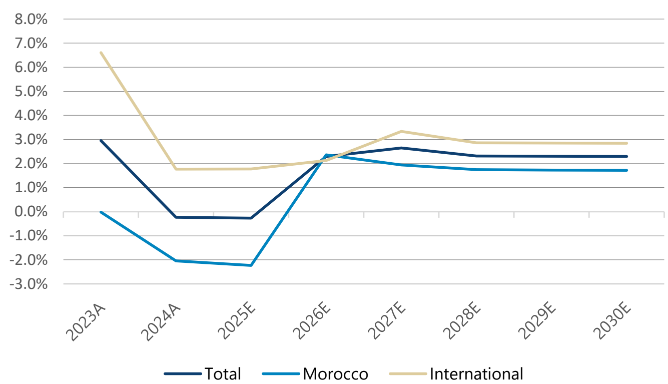
Source: Company reports, Jefferies

Exhibit 115 - Morocco fixed line subscribers market shares
MT lost 40pp since 2019



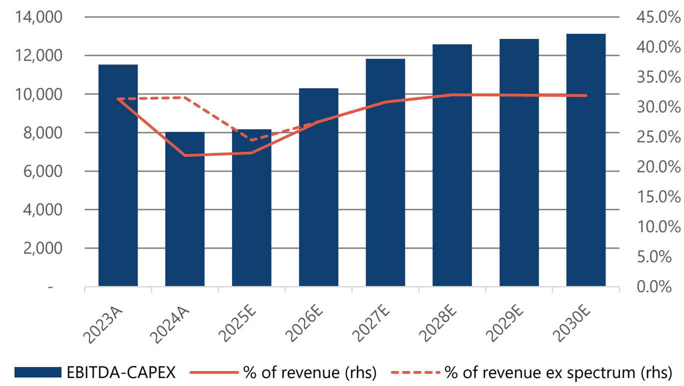
Source: Company reports, ANRT, Jefferies

Exhibit 116 - Maroc Telecom LCU revenue growth Y/Y
We see 2%/3% Y/Y growth in 2026/27 supported by international operations, positive growth in Morocco



Source: Company reports, Jefferies

Exhibit 117 - Maroc Telecom EBITDA-capex (incl spectrum), MAD m
MAD3.5bn/ MAD0.7bn spectrum at Moov Africa in 2024/9M25



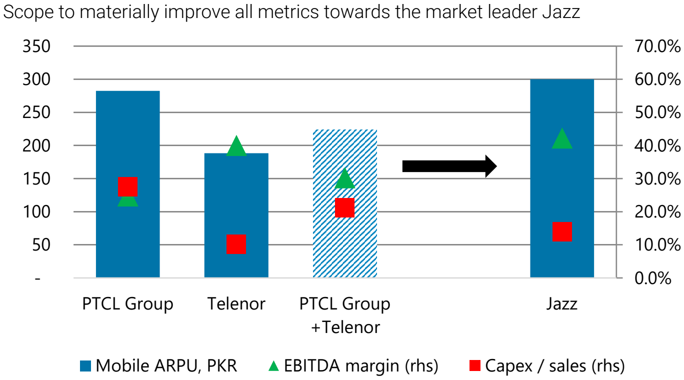
Source: Company reports, Jefferies. 2025 adjusted for 9M25 actual spectrum

Incorporating Telenor Pakistan: AED0.3/share accretion. On December 31, e& announced the completion of the acquisition of Telenor Pakistan by PTCL.

Pakistani telecom market 101. In Mobile, there are 198m subscribers (as of 2Q25), still only 83% penetration; it is a 4-player market, in which Jazz (owned by VEON) leads with 37% share, followed by Zong (China Mobile) with 26%, Telenor with 22% and Ufone (PTCL) with 14%. In the fixed segment, PTCL is the market leader, with 2.2m subscribers and >80% share in landlines. Fintech is a major opening, with the leader, JazzCash having reached US$34bn GTV in 2024, representing 9% of GDP. Our benchmarking analysis shows the merged entity's KPIs are significantly below the market leader, Jazz, thus implying significant room for enhancement. This includes (1) 25% lower mobile ARPU, (2) 12pp lower EBITDA margin, and (3) 7pp higher capex intensity as of 2024.

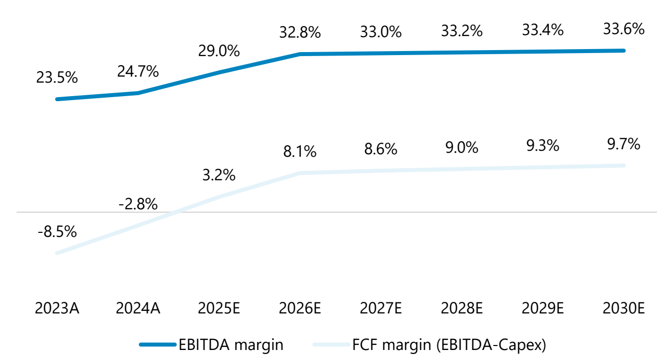
We incorporate the deal into our model that yields c.AED0.3 / e& share accretion in our SOTP valuation. Key factors: (1) we assume 2-3pp mobile ARPU growth acceleration at Telenor as it starts converging faster towards Jazz; (2) for PTCL DCF valuation we raise terminal growth rate to 4.0% from 3.0%, terminal EBITDA margin to 35.0% from 30.0%, cut terminal capex / sales to 20.0% from 25.0%; (3) we reduce WACC to 12.4% from 19.3% *as we now use 8.4% risk-free rate based on reduced 420bp Egypt 10Y USD CDS applied to US 10Y of 4.2%.*

Exhibit 118 - Pakistani telcos: operational benchmarking, 2024
Scope to materially improve all metrics towards the market leader Jazz



Source: Company reports, Jefferies

Exhibit 119 - PTCL margins
We forecast 3x FCF margin improvement between 2025E and 2030E

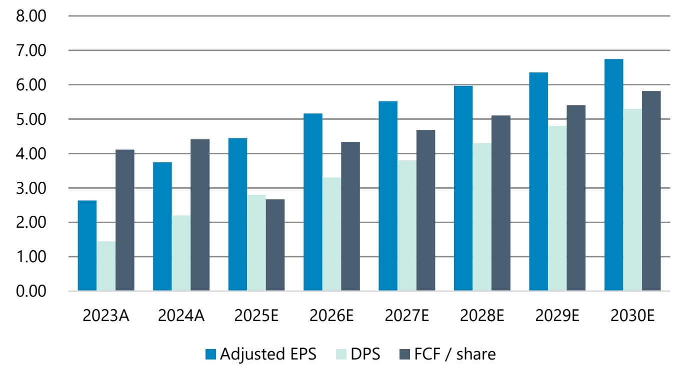


Source: Company reports, Jefferies

We lift fair value of the stake in Mobily by 7% to AED1.94 / share on the back of our PT revision for Mobily to SAR80.0 from SAR75.0. (1) we forecast 5.7% revenue CAGR in 2025-28 driving 10.4% adjusted earnings CAGR; (2) We maintain our DPS projections that puts us 7-8% above consensus for

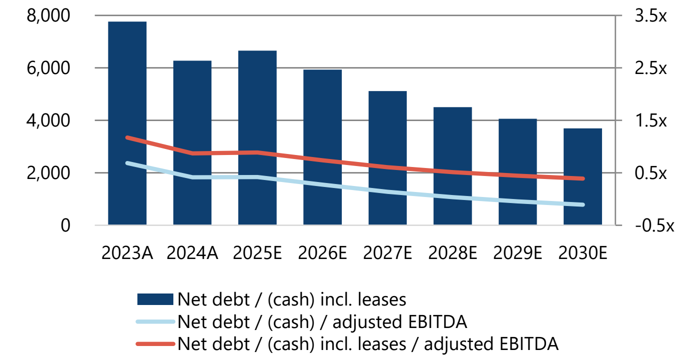
2025-27E; (3) We see leverage at 0.9x by the end of 2026E and 0.8x by the end of 2027E that presents further upside risks to our DPS expectations.

Exhibit 120 - Mobily key metrics: SAR / share
9%/17%/14% CAGR in 2025-30E for EPS/FCF/DPS



Source: Company reports, Jefferies

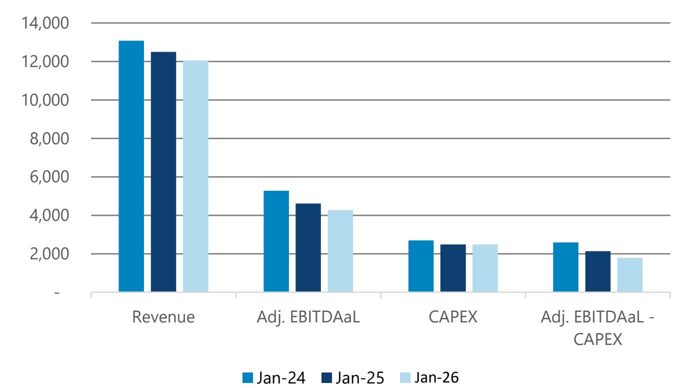
Exhibit 121 - Mobily net debt (SAR m) and leverage
We see stable at 0.9x in 2025E, deleveraging to 0.7x by the end of 2026E



Source: Company reports, Jefferies

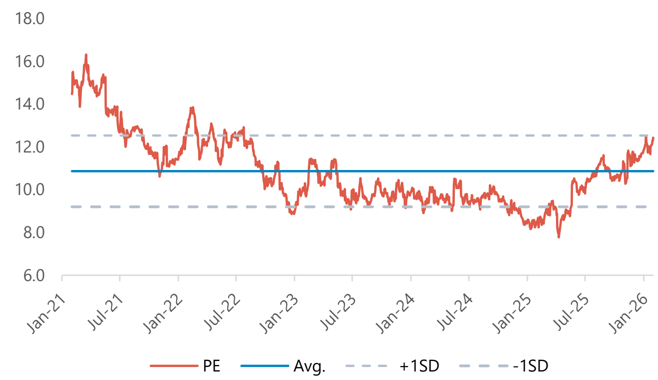
Vodafone (8.2% of e& SOTP, non-covered): More re-rating to come?

Exhibit 122 - Vodafone Germany FY26E consensus estimates, EURm
Jan 26 Y/Y revisions: Rev. -3%, Adj. EBITDAaL -7%, CAPEX 0%, Adj. EBITDAaL - CAPEX -16%



Source: Visible Alpha, Jefferies

Exhibit 123 - Vodafone 12 month forward P/E
Last 5 years average: 10.9x, Last year average: 10.3x, Spot: 12.4x

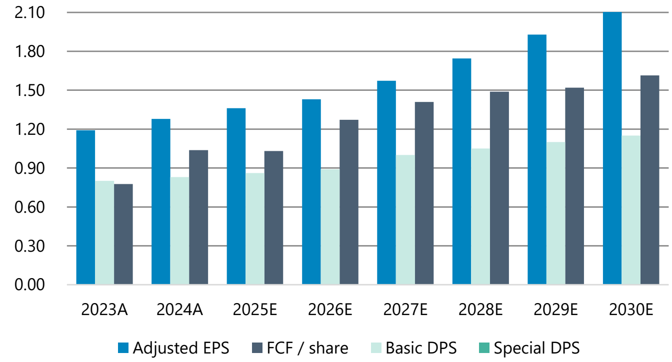


Source: FactSet, Jefferies

Tweaking EPS. We incorporate stronger operational trends at the telco vertical (and higher losses for e& life's Careem though), which leads us to raise 2026-27E EBITDA by 3.7%. With that we cut 2026-27E EPS by 2.4-3.0% mainly on the back of higher D&A and lower finance income. Our forecasts are 3-5% below VA consensus for 2026/27E, yet mainly driven by non-operational factors (we are 3-5% above on EBITDA).

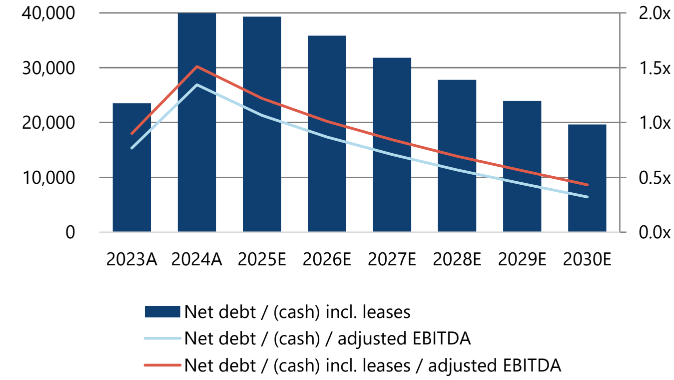
Returns uplift ahead? e& is entering the final year of its 3Y dividing policy with only 1.1x EV/EBITDA (ex-leases), just marginally up from 0.8x as of 2023 despite a sequence of M&As. While we forecast only 5% adjusted EPS growth in 2026E, we expect c.90% FCFE/Net income conversion in 2026-27E that drives deleveraging towards 0.9x/0.7x by 2026/27E. In that context, and given that the management has been sounding more selective regarding new potential deals recently, we believe there is scope to lift shareholder returns. Our base case is AED1.00 DPS in 2027E growing by 5 files pa onwards; however, given that would still imply only 60-65% pay-out we see material upside risks to our (and consensus) expectations.

Exhibit 124 - e& key metrics: AED / share
9%/9%/6% CAGR in 2025-30E for EPS/FCF/DPS



Source: Company reports, Jefferies

Exhibit 125 - e& net debt (AED m) and leverage
We see deleveraging from 1.2x in 2025E to 1.0x in 2026E (or from 1.1x to 0.9x ex-leases)



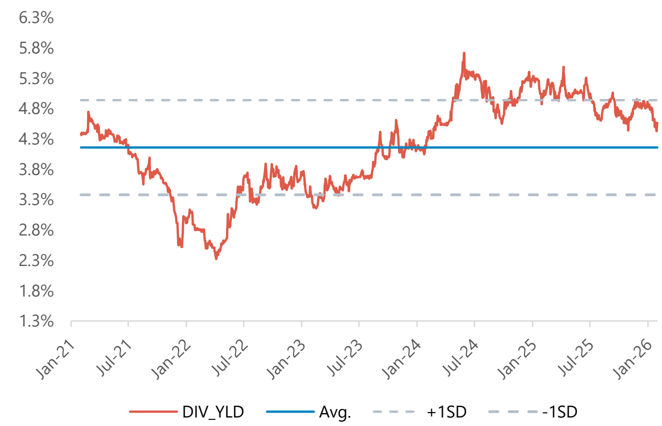
Source: Company reports, Jefferies

Valuation is attractive. e& trades on 13.4x 12m forward P/E, 12% discount to the key MENA peer stc vs 7% 1Y average. We also note that the LTM stock move was largely driven by the outperformance of its listed assets - MT, Mobily and Vodafone (24% of our SOTP valuation). Excluding the listed assets, consensus 12m forward P/E of the core is currently 12.9x, only -6% LTM.

Exhibit 126 - e& 12 month forward P/E
Last 5 years average: 18.5x, Last year average: 12.5x, Spot: 13.4x

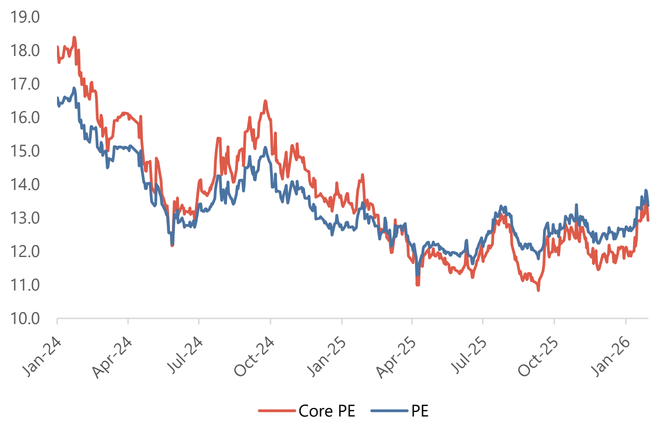
Source: FactSet, Jefferies

Exhibit 127 - e& 12 month forward Div Yield
Last 5 years average: 4.2%, Last year average: 4.9%, Spot: 4.6%



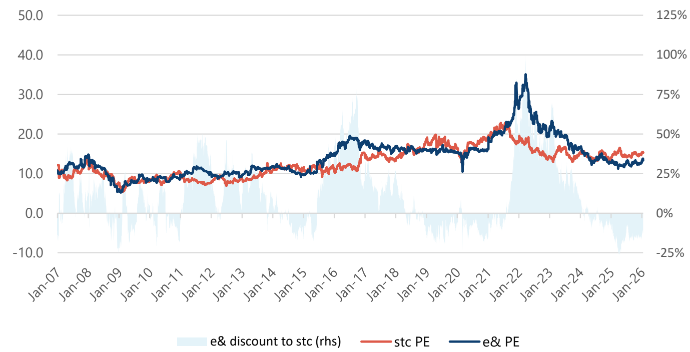
Source: FactSet, Jefferies

Exhibit 128 - e& vs core e& 12 month forward P/E
-6% LTM movement for Core PE vs +1% for total PE



Source: FactSet, Jefferies. Note: Core is excluding impact of VOV, EEC and MT

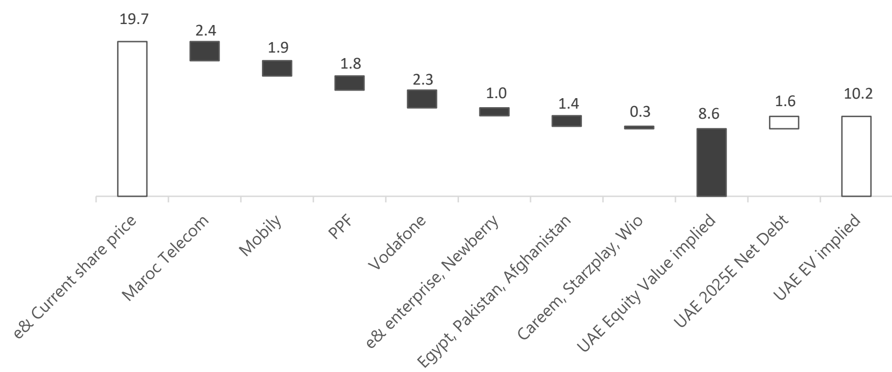
Exhibit 129 - stc vs e& 12 month forward P/E
Spot discount is -12% (-10% on our est), all-time average is 11% premium



Source: FactSet, Jefferies

Lastly, our reverse SOTP analysis suggests that the best-in-class UAE telco business is valued only on 4.8x EV/EBITDA for 2026E.

Exhibit 130 - e& reverse SOTP (equity value / share)
At AED19.7, the UAE telco operations are valued at AED8.6 / share, or 4.8x 2026E EV/EBITDA (all else equal, using JEFe valuation for other assets)



Source: Jefferies

Exhibit 131 - e&: change in estimates

	New			Old			Change		
AED m	**2025E**	**2026E**	**2027E**	**2025E**	**2026E**	**2027E**	**2025E**	**2026E**	**2027E**
Revenue	**72,887**	**81,735**	**87,511**	**72,500**	**78,732**	**83,802**	**0.5%**	**3.8%**	**4.4%**
UAE	34,702	36,225	37,653	34,404	35,774	37,022	0.9%	1.3%	1.7%
International	32,519	39,054	42,351	32,622	36,391	39,021	-0.3%	7.3%	8.5%
Maroc Telecom	13,781	14,457	14,839	13,693	14,390	14,678	0.6%	0.5%	1.1%
Egypt	4,720	6,469	8,178	4,771	6,223	7,745	-1.1%	3.9%	5.6%
Pakistan	3,324	5,873	6,684	3,318	3,710	4,144	0.2%	58.3%	61.3%
Afghanistan	743	879	902	721	737	789	3.1%	19.3%	14.3%
PPF	9,951	11,375	11,748	10,119	11,331	11,665	-1.7%	0.4%	0.7%
Other	5,666	6,456	7,506	5,474	6,567	7,760	3.5%	-1.7%	-3.3%
EBITDA	**32,192**	**35,464**	**37,737**	**31,779**	**34,200**	**36,392**	**1.3%**	**3.7%**	**3.7%**
EBITDA margin	44.2%	43.4%	43.1%	43.8%	43.4%	43.4%	0.3pp	0.0pp	-0.3pp
Adjusted EBITDA	**32,192**	**35,464**	**37,737**	**31,779**	**34,200**	**36,392**	**1.3%**	**3.7%**	**3.7%**
Adjusted EBITDA margin	44.2%	43.4%	43.1%	43.8%	43.4%	43.4%	0.3pp	0.0pp	-0.3pp
Net profit after tax	**16,381**	**14,775**	**16,514**	**16,768**	**15,004**	**16,512**	**-2.3%**	**-1.5%**	**0.0%**
Net profit attributable to shareholders	**14,739**	**12,439**	**13,676**	**14,752**	**12,829**	**14,014**	**-0.1%**	**-3.0%**	**-2.4%**
EPS diluted, AED	**1.69**	**1.43**	**1.57**	**1.70**	**1.48**	**1.61**	**-0.1%**	**-3.0%**	**-2.4%**
Adjusted EPS diluted, AED	**1.36**	**1.43**	**1.57**	**1.36**	**1.48**	**1.61**	**-0.1%**	**-3.0%**	**-2.4%**
DPS declared, AED	**0.86**	**0.89**	**1.00**	**0.86**	**0.89**	**0.92**	**0.0%**	**0.0%**	**8.7%**
CASH FLOW STATEMENT									
Adjusted EBITDA	32,192	35,464	37,737	31,779	34,200	36,392	1.3%	3.7%	3.7%
Federal royalty	(7,374)	(6,198)	(6,592)	(7,376)	(6,174)	(6,450)	0.0%	0.4%	2.2%
Cash taxes	(2,126)	(3,300)	(3,298)	(2,409)	(3,540)	(3,408)	-11.7%	-6.8%	-3.2%
Change in WC	(1,281)	(1,353)	(1,694)	(1,375)	(1,596)	(1,446)	-6.9%	-15.2%	17.1%
Other CFO	471	900	900	(105)	900	900	-547.4%	0.0%	0.0%
Capex	(12,550)	(12,583)	(12,875)	(11,863)	(11,828)	(12,349)	5.8%	6.4%	4.3%
Free Cash Flow to Firm	**9,332**	**12,930**	**14,178**	**8,651**	**11,962**	**13,638**	**7.9%**	**8.1%**	**4.0%**
Finance income received	3,046	1,778	1,741	3,275	2,344	2,151	-7.0%	-24.1%	-19.1%
Dividends from associates	1,270	1,404	1,523	2,075	2,027	2,271	-38.8%	-30.7%	-32.9%
Dividends paid to NCI	(533)	(586)	(644)	(1,216)	(1,338)	(1,472)	-56.2%	-56.2%	-56.2%
Finance cost paid	(3,373)	(3,610)	(3,610)	(3,594)	(3,922)	(3,922)	-6.1%	-7.9%	-7.9%
Lease liabilities payments	(772)	(849)	(934)	(995)	(1,094)	(1,204)	-22.4%	-22.4%	-22.4%
Free Cash Flow to Equity	**8,971**	**11,067**	**12,255**	**8,195**	**9,979**	**11,463**	**9.5%**	**10.9%**	**6.9%**
BALANCE SHEET									
Net debt / (cash) incl. leases	**39,302**	**35,844**	**31,808**	**36,877**	**34,508**	**30,916**	**6.6%**	**3.9%**	**2.9%**
Net debt / (cash) / adjusted EBITDA	1.2x	1.0x	0.8x	1.2x	1.0x	0.8x	5.2%	0.2%	-0.8%

Source: Jefferies

Exhibit 132 - e&: Jefferies vs Consensus estimates

	Jefferies				Consensus				JEF vs Cons.			
AED m, %	2025E	2026E	2027E	2028E	2025E	2026E	2027E	2028E	2025E	2026E	2027E	2028E
Total revenue	72,887	81,735	87,511	94,011	72,773	78,403	82,966	88,481	0.2%	4.2%	5.5%	6.3%
Opex ex-D&A	(40,695)	(46,271)	(49,774)	(53,952)	(40,541)	(44,063)	(46,939)	(50,715)	0.4%	5.0%	6.0%	6.4%
EBITDA	32,192	35,464	37,737	40,059	32,233	34,341	36,028	37,765	(0.1%)	3.3%	4.7%	6.1%
EBITDA margin	44.2%	43.4%	43.1%	42.6%	44.3%	43.8%	43.4%	42.7%	(0.1pp)	(0.4pp)	(0.3pp)	(0.1pp)
D&A	(10,776)	(11,396)	(11,492)	(11,502)	(10,551)	(10,847)	(11,252)	(11,808)	2.1%	5.1%	2.1%	(2.6%)
Federal royalty & Other	(5,561)	(3,786)	(3,634)	(3,600)	5,618	2,144	2,245	2,999	(199%)	(277%)	(262%)	(220%)
Operating Profit (EBIT)	15,855	20,282	22,611	24,958	27,300	25,638	27,021	28,956	(41.9%)	(20.9%)	(16.3%)	(13.8%)
Finance and other income (net)	3,826	(2,209)	(2,246)	(2,044)	(435)	(1,934)	(1,661)	(1,517)	(979%)	14%	35%	34.7%
Net profit before tax	19,681	18,073	20,365	22,913	26,865	23,704	25,360	27,439	(26.7%)	(23.8%)	(19.7%)	(16.5%)
Tax Expense	(3,300)	(3,298)	(3,851)	(4,470)	(10,491)	(8,948)	(9,422)	(10,069)	(68.5%)	(63.1%)	(59.1%)	(55.6%)
Net profit after tax	16,381	14,775	16,514	18,443	16,373	14,756	15,937	17,370	0.0%	0.1%	3.6%	6.2%
Minority interest	(1,642)	(2,335)	(2,838)	(3,264)	(1,742)	(1,635)	(1,749)	(1,735)	(6%)	43%	62%	88%
Net profit attributable to shareholders	14,739	12,439	13,676	15,179	14,632	13,121	14,189	15,635	0.7%	(5.2%)	(3.6%)	(2.9%)
EPS diluted (AED)	1.69	1.43	1.57	1.75	1.68	1.51	1.63	1.80	0.9%	(5.3%)	(3.5%)	(3.0%)
DPS (AED)	0.86	0.89	1.00	1.05	0.86	0.90	0.95	1.02	0.0%	(1.1%)	5.3%	2.9%
Cash Capex	12,550	12,583	12,875	13,700	11,939	11,037	11,279	11,586	5.1%	14.0%	14.1%	18.2%

Source: Jefferies, Visible Alpha (last 180 days)

Exhibit 133 - e&: Financials snapshot

e&, AED m	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
INCOME STATEMENT								
Revenue	**53,752**	**59,203**	**72,887**	**81,735**	**87,511**	**94,011**	**101,351**	**109,857**
Y/Y	*2.5%*	*10.1%*	*23.1%*	*12.1%*	*7.1%*	*7.4%*	*7.8%*	*8.4%*
UAE (telecom operations)	31,465	33,097	34,702	36,225	37,653	39,067	40,502	41,994
Maroc Telecom	12,675	12,891	13,781	14,457	14,839	15,182	15,531	15,887
Egypt	3,663	3,772	4,720	6,469	8,178	10,154	12,511	15,465
Pakistan	2,496	2,901	3,324	5,873	6,684	7,645	8,777	10,113
PPF		1,458	9,951	11,375	11,748	12,070	12,400	12,739
Others (net)	3,453	5,082	6,409	7,335	8,408	9,894	11,629	13,658
EBITDA	**26,117**	**26,454**	**32,192**	**35,464**	**37,737**	**40,059**	**42,580**	**45,501**
EBITDA margin	48.6%	44.7%	44.2%	43.4%	43.1%	42.6%	42.0%	41.4%
Adjusted EBITDA	**26,105**	**26,567**	**32,192**	**35,464**	**37,737**	**40,059**	**42,580**	**45,501**
EBITDA margin	48.6%	44.9%	44.2%	43.4%	43.1%	42.6%	42.0%	41.4%
Net profit attributable to shareholders	**10,305**	**10,752**	**14,739**	**12,439**	**13,676**	**15,179**	**16,782**	**18,391**
Y/Y	*3.0%*	*4.3%*	*37.1%*	*-15.6%*	*9.9%*	*11.0%*	*10.6%*	*9.6%*
Adjusted Net profit attributable to shareholders	**10,360**	**11,125**	**11,837**	**12,439**	**13,676**	**15,179**	**16,782**	**18,391**
Y/Y	*-0.2%*	*7.4%*	*6.4%*	*5.1%*	*9.9%*	*11.0%*	*10.6%*	*9.6%*
EPS diluted, AED	1.18	1.24	1.69	1.43	1.57	1.75	1.93	2.11
Adjusted EPS diluted, AED	1.19	1.28	1.36	1.43	1.57	1.75	1.93	2.11
DPS declared, AED	0.80	0.83	0.86	0.89	1.00	1.05	1.10	1.15
CASH FLOW STATEMENT								
Adjusted EBITDA	26,105	26,567	32,192	35,464	37,737	40,059	42,580	45,501
Federal royalty	(6,329)	(5,282)	(7,374)	(6,198)	(6,592)	(7,015)	(7,456)	(7,921)
Cash taxes	(1,916)	(1,486)	(2,126)	(3,300)	(3,298)	(3,851)	(4,470)	(5,096)
Change in WC	(2,274)	2,456	(1,281)	(1,353)	(1,694)	(1,689)	(1,842)	(1,518)
Other CFO	(380)	(521)	471	900	900	900	900	900
Capex	(7,287)	(9,507)	(12,550)	(12,583)	(12,875)	(13,700)	(14,889)	(16,342)
Free Cash Flow to Firm	**7,918**	**12,226**	**9,332**	**12,930**	**14,178**	**14,705**	**14,822**	**15,523**
Finance income received	2,262	2,416	3,046	1,778	1,741	1,943	2,145	2,338
Dividends from associates	1,465	1,957	1,270	1,404	1,523	1,642	1,763	1,887
Dividends paid to NCI	(723)	(1,018)	(533)	(586)	(644)	(709)	(780)	(858)
Finance cost paid	(3,128)	(5,840)	(3,373)	(3,610)	(3,610)	(3,610)	(3,610)	(3,610)
Lease liabilities payments	(1,044)	(717)	(772)	(849)	(934)	(1,028)	(1,130)	(1,243)
Free Cash Flow to Equity	**6,752**	**9,024**	**8,971**	**11,067**	**12,255**	**12,943**	**13,209**	**14,037**
BALANCE SHEET								
Total Assets	147,613	183,327	199,740	210,491	219,540	230,742	243,592	258,723
Total Liabilities	95,903	129,406	135,093	139,264	140,662	143,044	145,616	148,988
Total Equity	51,710	53,920	64,647	71,227	78,878	87,698	97,976	109,735
Gross debt	49,041	69,195	65,635	65,635	65,635	65,635	65,635	65,635
Leases	3,463	4,397	5,036	5,036	5,036	5,036	5,036	5,036
Gross debt incl. leases	52,503	73,592	70,670	70,670	70,670	70,670	70,670	70,670
Cash and deposits	28,989	33,628	31,369	34,826	38,862	42,892	46,752	51,005
Net debt / (cash) incl. leases	**23,514**	**39,964**	**39,302**	**35,844**	**31,808**	**27,779**	**23,918**	**19,665**
Net debt / (cash) / adjusted EBITDA	0.9x	1.5x	1.2x	1.0x	0.8x	0.7x	0.6x	0.4x
Debt / (Debt + Equity)	50%	58%	52%	50%	47%	45%	42%	39%

Source: Company reports, Jefferies

Mobily (Buy): >10% EPS Growth and DPS Upgrades Set to Continue

Mobily is up 20% LTM outperforming TASI (by 30pp) and stc (by 18pp). We reiterate Buy for four reasons:

1. Despite more cautious view on B2G (c.10% of revenue) and the loss of RedBull deal, we see scope to maintain >5% revenue growth in 2026-28E, supported by solid growth in consumer, B2B (fuelled by data center-related services) and additional wholesale income from the new submarine cable.
2. Operational efficiency program is tracking ahead of our expectations. We lift our mid-term EBITDA margin by 90bp driving 1-6% EPS upgrades.
3. Even after marginally lifting 2026-27E capex, our FCFE forecasts imply solid c.85% conversion from Net income. We keep seeing scope to lift dividend pay-out to 64% in 2026E and 69% in 2027E. Still, that implies deleveraging to 0.9x by the end of 2026E and 0.8x/0.7x by the end of 2027/28E, posing further upside risks to DPS. We see a catalyst in a 2H25 dividend recommendation (JEFe: SAR1.60) and our 2026-27E DPS is 8% above Visible Alpha consensus.
4. On 13.5x 2026 P/E Mobily remains cheaper than stc (15.x) while its 2026E DY of 4.7% is almost on a par (stc is 5.0%).

Our PT moves to SAR80.0 *from SAR75.0. Key drivers: (1) forecast changes including 1-6% EPS hikes for 2026-27E, yet driven by higher capex we cut 2026-27E FCFF estimates by 3-4%; (2) We cut WACC to 8.9% from 9.1% as we now use 5.1% risk-free rate; we raise terminal growth to 2.0% from 1.5% on long-term growth convergence with stc for which we have been applying 2.0%; (3) We cut terminal capex to sales to 15.0% from 15.5%; (4) Our valuation methodology remains a 50-50 mix of a 4.5% target dividend yield (we now apply it to 2026 DPS vs 2025 earlier) and DCF; (5) We extend our explicit forecasts to 2030 and our DCFs to 2035. We move our valuation date to December 31, 2026.*

Exhibit 134 - Mobily: key DCF assumptions

Key DCF assumptions	Group
PGR	2.0%
Terminal EBITDA margin	37.5%
Terminal capex / revenue	15.0%
Terminal change in NWC / revenue	1.5%
Risk-free rate	5.1%
Cost of equity	10.5%
Post-tax Cost of debt	5.2%
Target D/(D+E)	30.0%
WACC	8.9%

Source: Jefferies

Exhibit 135 - Mobily: valuation multiples

	Current			Target		
Valuation multiples	2026E	2027E	2028E	2026E	2027E	2028E
Market cap, SAR m	53,669	53,669	53,669	61,600	61,600	61,600
Net debt, 2025E, SAR m	6,659	6,659	6,659	6,659	6,659	6,659
Minorities, SAR m	0	0	0	0	0	0
Associates and JVs, SAR m	117	117	117	117	117	117
EV, SAR m	60,210	60,210	60,210	68,141	68,141	68,141
EV / Adj. EBITDA	7.5x	7.1x	6.8x	8.5x	8.1x	7.7x
P / Adj. EPS	13.5x	12.6x	11.7x	15.5x	14.5x	13.4x
FCFE yield	6.2%	6.7%	7.3%	5.4%	5.9%	6.4%
Div yield	4.7%	5.5%	6.2%	4.1%	4.8%	5.4%

Source: Jefferies

Exhibit 136 - Mobily 50/50 valuation

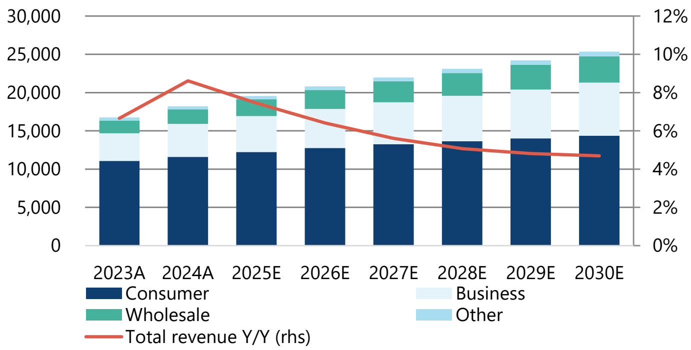
Methodology	Weight	Fair value, SAR	Upside / downside	TSR potential
DCF (8.9% WACC, 2.0% PGR)	50.0%	86.7	24.4%	28.8%
2026E DY (SAR3.30 DPS, 4.5% target DY)	50.0%	73.3	5.2%	9.6%
Weighted Average		**80.0**	**14.8%**	**19.2%**

Source: Jefferies

New strategy revealed. On the December 8, 2026, Mobily hosted an event in Riyadh celebrating the 20-year anniversary where it has unveiled its 2030 strategy. While it seemed to lack any publicly announced financial targets, we think the main messages have been constructive. Interestingly, the company has implemented its first major brand overhaul in two decades, based on two pillars "*From Telco to Tech Pioneer" and* "A strategy of everyday Delight"

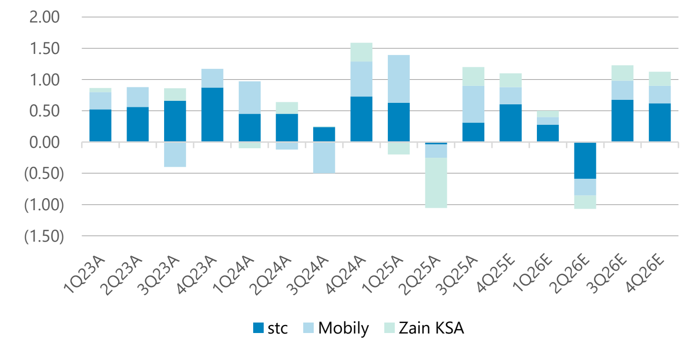
>5% top-line growth to be maintained. Despite more cautious view on B2G (c.10% of revenue) and the loss of RedBull deal we see scope to maintain >5% revenue growth in 2026-28E, supported by solid growth in consumer, B2B (fuelled by data center-related services) and additional wholesale income from the new submarine cable.

Exhibit 137 - Mobily revenue outlook, SAR m
B2B to remain the key driver



Source: Company reports, Jefferies

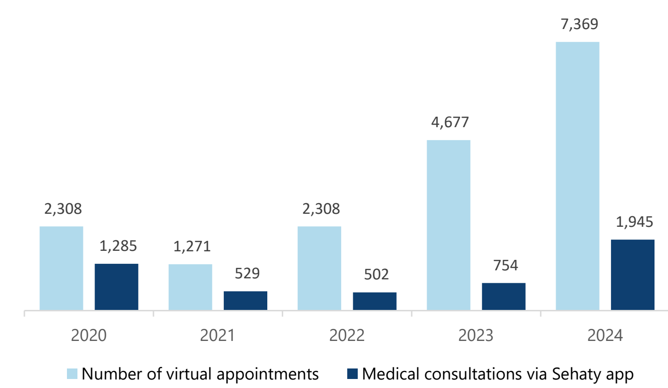
Exhibit 138 - Saudi mobile net adds, m
From 4Q25E we expect restoration of Mobily's share in net adds to c.25% vs stc c.55% and Zain KSA c.20%



Source: Company reports, Jefferies

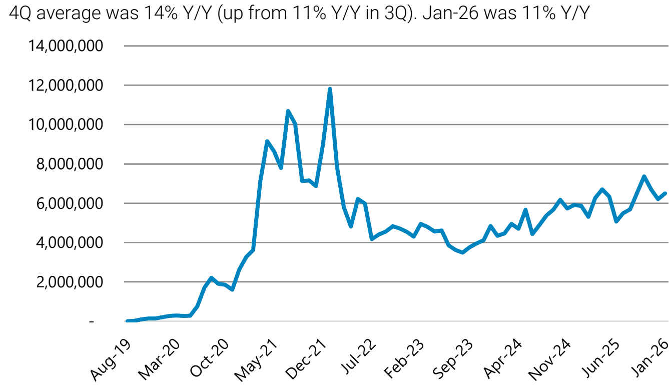
Sehatty: still growing in double-digits. In 9M25, Mobily reported 3.5x Y/Y growth in results of JVs and associates, largely fuelled by Sehatty, an IT player operating a healthcare-focused public platform, in which Mobily holds a 25.0% stake. The platform generates revenue based on number of transactions. We show that according to Sensor Tower, in 4Q25 average MAU (monthly active users) growth has accelerated to 14% Y/Y from 11% Y/Y in 3Q. In January 2026, it was still in double-digits, at 11% Y/Y. That raises our conviction in focrecasting c.10% CAGR for the results of JVS and associates in 2025-30E.

Exhibit 139 - Sehhaty: Number of virtual appointments
+34% 2020-24 CAGR



Source: Ministry of Health

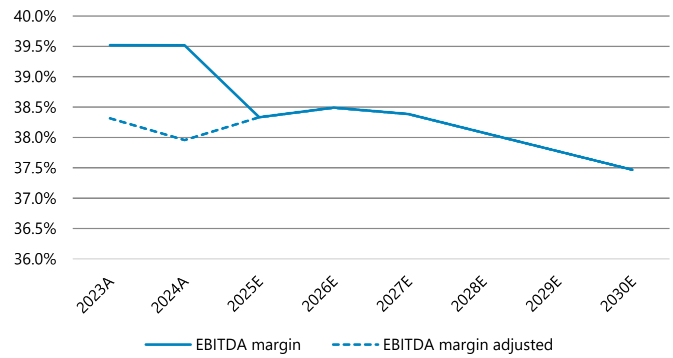
Exhibit 140 - Sehhaty: MAU
4Q average was 14% Y/Y (up from 11% Y/Y in 3Q). Jan-26 was 11% Y/Y



Source: Sensor Tower

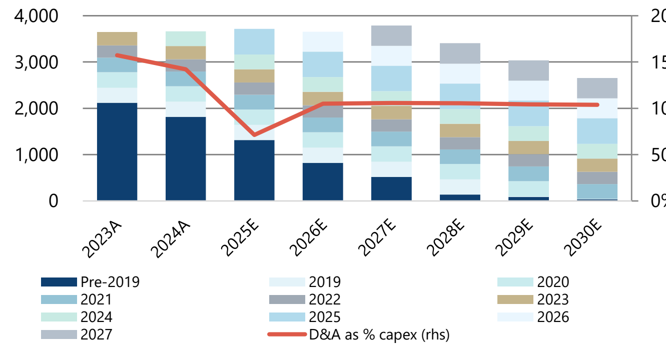
10% adjusted EPS CAGR. We expect 16.2% adjusted EPS growth in 2026E and 10.4% CAGR for 2025-28E. Firstly, we believe gross margin pressure from the rising share of Business will be mitigated by opex savings. Secondly, tailwind from D&A will be subsiding yet will remain substantial given that the item represents c.20% of revenue, well above capex. Our detailed D&A modelling points to -2% decrease in 2026E and only 4% increase in 2027E. Thirdly, we expect deleveraging to further lower interest expenses (we forecast -5% Y/Y decline for net finance expenses in 2026E).

Exhibit 141 - Mobily EBITDA margin
Growing share of B2B to drive slight margin normalization



Source: Company reports, Jefferies. Note: adjustments include SAR202m provision reversal in 2023

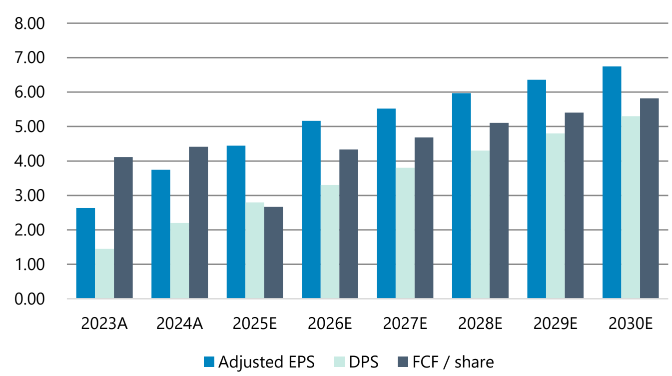
Exhibit 142 - Mobily D&A, SAR m
We see D&A bottoming in 2025



Source: Company reports, Jefferies

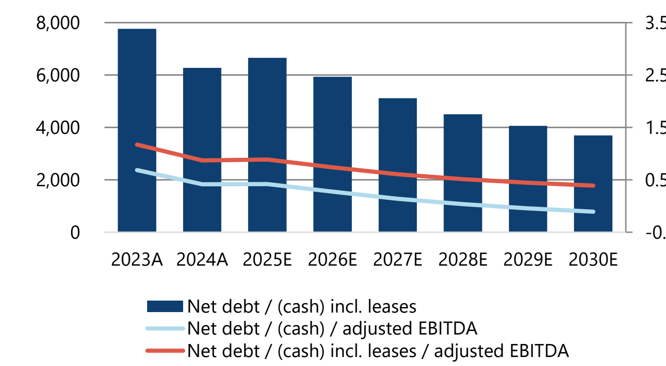
>15% DPS CAGR. Even after marginally lifting 2026-27E capex, our FCFE forecasts imply solid c.85% conversion from Net income. We keep seeing scope to lift dividend pay-out to 64% in 2026E and 69% in 2027E. Still that implies, deleveraging to 0.9x by the end of 2026E and 0.8x/0.7x by the end of 2027/28E posing further upside risks to DPS. We see a catalyst in a 2H25 dividend recommendation (JEFe: SAR1.60) and our 2026-27E DPS is 8% above Visible Alpha consensus.

Exhibit 143 - Mobily key metrics: SAR / share
9%/17%/14% CAGR in 2025-30E for EPS/FCF/DPS



Source: Company reports, Jefferies

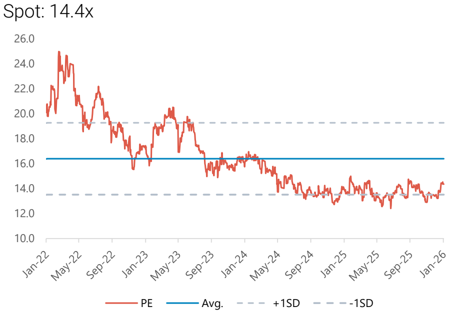
Exhibit 144 - Mobily net debt (SAR m) and leverage
We see stable at 0.9x in 2025E, deleveraging to 0.7x by the end of 2026E



Source: Company reports, Jefferies

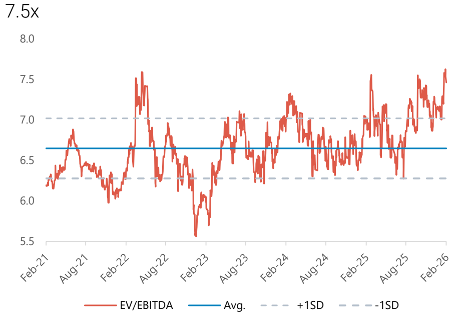
Valuation: we still see >15% total return potential. On 13.5x 2026 P/E Mobily remains cheaper than stc (15.4x) while its 2026E DY of 4.7% is almost on a par (stc is 5.0%).

Exhibit 145 - Mobily 12 month forward P/E
Last 4 years average: 16.4x, Last year average: 13.7x, Spot: 14.4x



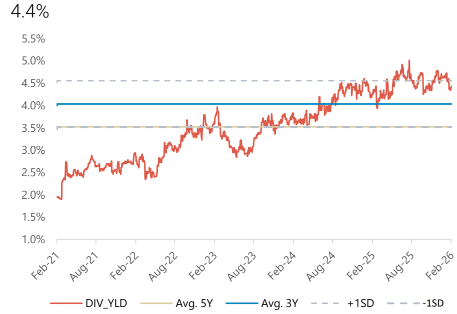
Source: FactSet, Jefferies

Exhibit 146 - Mobily 12 month forward EV/EBITDA
Last 5 years average: 6.6x, Last year average: 7.0x, Spot: 7.5x



Source: FactSet, Jefferies

Exhibit 147 - Mobily 12 month forward Div Yield
Last 5 years average: 3.5%, Last year average: 4.5%, Spot: 4.4%



Source: FactSet, Jefferies

Exhibit 148 - Mobily: change in estimates

	New			Old			Change		
SARm	**2025E**	**2026E**	**2027E**	**2025E**	**2026E**	**2027E**	**2025E**	**2026E**	**2027E**
Revenue	**19,562**	**20,816**	**21,982**	**19,709**	**21,181**	**22,191**	**-0.7%**	**-1.7%**	**-0.9%**
Consumer	12,221	12,772	13,250	12,269	12,740	12,999	-0.4%	0.3%	1.9%
Business	4,705	5,082	5,488	4,735	5,256	5,782	-0.6%	-3.3%	-5.1%
Wholesale	2,184	2,479	2,727	2,237	2,684	2,885	-2.3%	-7.6%	-5.5%
Other	451	483	517	468	501	526	-3.5%	-3.5%	-1.7%
Gross profit	**10,600**	**11,240**	**11,803**	**10,606**	**11,353**	**11,828**	**-0.1%**	**-1.0%**	**-0.2%**
Gross margin	54.2%	54.0%	53.7%	53.8%	53.6%	53.3%	0.4pp	0.4pp	0.4pp
EBITDA	**7,499**	**8,012**	**8,438**	**7,393**	**7,959**	**8,309**	**1.4%**	**0.7%**	**1.5%**
EBITDA margin	38.3%	38.5%	38.4%	37.5%	37.6%	37.4%	0.8pp	0.9pp	0.9pp
Adjusted EBITDA	**7,499**	**8,012**	**8,438**	**7,393**	**7,959**	**8,309**	**1.4%**	**0.7%**	**1.5%**
Adjusted EBITDA margin	38.3%	38.5%	38.4%	37.5%	37.6%	37.4%	0.8pp	0.9pp	0.9pp
Net profit after zakat	**3,421**	**3,976**	**4,253**	**3,312**	**3,762**	**4,194**	**3.3%**	**5.7%**	**1.4%**
Net profit attributable to shareholders	**3,421**	**3,976**	**4,253**	**3,312**	**3,762**	**4,194**	**3.3%**	**5.7%**	**1.4%**
EPS diluted, SAR	**4.44**	**5.16**	**5.52**	**4.30**	**4.89**	**5.45**	**3.3%**	**5.7%**	**1.4%**
Adjusted EPS diluted, SAR	**4.44**	**5.16**	**5.52**	**4.30**	**4.89**	**5.45**	**3.3%**	**5.7%**	**1.4%**
DPS declared, SAR	**2.80**	**3.30**	**3.80**	**2.80**	**3.30**	**3.80**	**0.0%**	**0.0%**	**0.0%**
CASH FLOW STATEMENT									
Adjusted EBITDA	7,499	8,012	8,438	7,393	7,959	8,309	1.4%	0.7%	1.5%
Cash taxes	(84)	(103)	(166)	(80)	(115)	(157)	4.7%	-10.6%	5.7%
Change in WC	(283)	(286)	(339)	(335)	(337)	(321)	-15.7%	-15.1%	5.6%
Other CFO	156	259	285	314	411	452	-50.4%	-36.9%	-36.9%
Capex	(3,729)	(3,484)	(3,583)	(4,054)	(3,347)	(3,506)	-8.0%	4.1%	2.2%
Free Cash Flow to Firm	**3,558**	**4,398**	**4,635**	**3,237**	**4,571**	**4,777**	**9.9%**	**-3.8%**	**-3.0%**
Finance income received	425	161	164	218	168	212	94.9%	-4.4%	-22.7%
Dividends from associates	0	0	0	0	0	0			
Dividends paid to NCI (net)	(759)	0	0	26	0	0	-3071%		
Finance cost paid	(419)	(467)	(438)	(467)	(477)	(447)	-10.3%	-2.0%	-2.0%
Lease liabilities payments	(754)	(754)	(754)	(675)	(675)	(675)	11.7%	11.7%	11.7%
Free Cash Flow to Equity	**2,052**	**3,339**	**3,607**	**2,339**	**3,588**	**3,867**	**-12.3%**	**-6.9%**	**-6.7%**
BALANCE SHEET									
Net debt / (cash) incl. leases	**6,659**	**5,931**	**5,114**	**6,065**	**4,923**	**3,956**	**9.8%**	**20.5%**	**29.3%**
Net debt / (cash) / adjusted EBITDA	0.9x	0.7x	0.6x	0.8x	0.6x	0.5x	8.2%	19.7%	27.3%

Source: Jefferies

Exhibit 149 - Mobily: Jefferies vs Consensus estimates

	Jefferies				Consensus				JEF vs Cons.			
SAR m, %	2025E	2026E	2027E	2028E	2025E	2026E	2027E	2028E	2025E	2026E	2027E	2028E
Total revenue	19,562	20,816	21,982	23,096	19,532	20,802	21,902	22,938	0.2%	0.1%	0.4%	0.7%
Revenue - Consumer	12,221	12,772	13,250	13,644	12,117	12,571	12,892	13,191	0.9%	1.6%	2.8%	3.4%
Revenue - Business	4,705	5,082	5,488	5,928	4,785	5,396	5,999	6,624	(1.7%)	(5.8%)	(8.5%)	(10.5%)
Revenue - Wholesale	2,184	2,479	2,727	2,972	2,191	2,413	2,586	2,680	(0.3%)	2.7%	5.5%	10.9%
Revenue - Outsourcing	451	483	517	553	439	423	426	443	2.7%	14.3%	21.3%	24.7%
Cost of sales	(8,963)	(9,576)	(10,179)	(10,764)	(8,991)	(9,561)	(10,036)	(10,418)	(0.3%)	0.2%	1.4%	3.3%
Gross profit	10,600	11,240	11,803	12,332	10,541	11,240	11,866	12,521	0.6%	(0.0%)	(0.5%)	(1.5%)
Gross profit margin	54.2%	54.0%	53.7%	53.4%	54.0%	54.0%	54.2%	54.6%	0.2pp	(0.0pp)	(0.5pp)	(1.2pp)
Opex ex-D&A	(3,101)	(3,228)	(3,365)	(3,537)	(3,086)	(3,301)	(3,465)	(3,627)	0.5%	(2.2%)	(2.9%)	(2.5%)
EBITDA	7,499	8,012	8,438	8,795	7,455	7,939	8,401	8,894	0.6%	0.9%	0.4%	(1.1%)
EBITDA margin	38.3%	38.5%	38.4%	38.1%	38.2%	38.2%	38.4%	38.8%	0.2pp	0.3pp	0.0pp	(0.7pp)
D&A and impairment	(3,715)	(3,655)	(3,790)	(3,852)	(3,744)	(3,868)	(3,972)	(4,100)	(0.8%)	(5.5%)	(4.6%)	(6.1%)
Operating Profit (EBIT)	3,783	4,357	4,647	4,943	3,711	4,072	4,429	4,794	2.0%	7.0%	4.9%	3.1%
Net interest expence and others	(259)	(215)	(170)	(107)	(267)	(195)	(94)	(15)	(3.0%)	10.5%	81.6%	614.0%
Net profit before zakat	3,524	4,142	4,477	4,837	3,444	3,877	4,336	4,779	2.3%	6.8%	3.3%	1.2%
Zakat Expense	(103)	(166)	(224)	(242)	(95)	(111)	(137)	(146)	7.7%	49.6%	63.9%	66.1%
Net profit after zakat	3,421	3,976	4,253	4,595	3,348	3,766	4,199	4,633	2.2%	5.6%	1.3%	(0.8%)
Minority interest	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Net profit attributable to shareholders	3,421	3,976	4,253	4,595	3,348	3,766	4,199	4,633	2.2%	5.6%	1.3%	(0.8%)
EPS diluted (SAR)	4.44	5.16	5.52	5.97	4.34	4.93	5.53	6.17	2.4%	4.7%	(0.1%)	(3.3%)
DPS (SAR)	2.80	3.30	3.80	4.30	2.62	3.05	3.53	3.22	6.9%	8.2%	7.6%	33.5%
Capital expenditures	5,211	3,484	3,583	3,649	3,369	3,157	3,219	3,222	54.7%	10.3%	11.3%	13.2%

Source: Jefferies, Visible Alpha (last 180 days)

Exhibit 150 - Mobily: Financials snapshot

Mobily, SAR m	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
INCOME STATEMENT								
Revenue	**16,763**	**18,206**	**19,562**	**20,816**	**21,982**	**23,096**	**24,208**	**25,344**
Y/Y	*6.7%*	*8.6%*	*7.4%*	*6.4%*	*5.6%*	*5.1%*	*4.8%*	*4.7%*
Consumer	11,080	11,591	12,221	12,772	13,250	13,644	14,005	14,374
Business	3,613	4,328	4,705	5,082	5,488	5,928	6,402	6,914
Wholesale	1,660	1,875	2,184	2,479	2,727	2,972	3,210	3,435
Other	410	414	451	483	517	553	592	621
Gross profit	**9,253**	**9,894**	**10,600**	**11,240**	**11,803**	**12,332**	**12,853**	**13,380**
Gross margin	55.2%	54.3%	54.2%	54.0%	53.7%	53.4%	53.1%	52.8%
EBITDA	**6,625**	**7,195**	**7,499**	**8,012**	**8,438**	**8,795**	**9,144**	**9,496**
EBITDA margin	39.5%	39.5%	38.3%	38.5%	38.4%	38.1%	37.8%	37.5%
Adjusted EBITDA	**6,423**	**6,911**	**7,499**	**8,012**	**8,438**	**8,795**	**9,144**	**9,496**
EBITDA margin	38.3%	38.0%	38.3%	38.5%	38.4%	38.1%	37.8%	37.5%
Net profit attributable to shareholders	**2,232**	**3,107**	**3,421**	**3,976**	**4,253**	**4,595**	**4,896**	**5,196**
Y/Y	*34.7%*	*39.2%*	*10.1%*	*16.2%*	*7.0%*	*8.0%*	*6.5%*	*6.1%*
Adjusted Net profit attributable to shareholders	**2,030**	**2,885**	**3,421**	**3,976**	**4,253**	**4,595**	**4,896**	**5,196**
Y/Y	*22.5%*	*42.1%*	*18.6%*	*16.2%*	*7.0%*	*8.0%*	*6.5%*	*6.1%*
EPS diluted, SAR	2.90	4.03	4.44	5.16	5.52	5.97	6.36	6.75
Adjusted EPS diluted, SAR	2.64	3.75	4.44	5.16	5.52	5.97	6.36	6.75
DPS declared, SAR	1.45	2.20	2.80	3.30	3.80	4.30	4.80	5.30
CASH FLOW STATEMENT								
Adjusted EBITDA	6,423	6,911	7,499	8,012	8,438	8,795	9,144	9,496
Cash taxes	(121)	(160)	(84)	(103)	(166)	(224)	(242)	(258)
Change in WC	(250)	(270)	(283)	(286)	(339)	(323)	(366)	(349)
Other CFO	208	304	156	259	285	313	345	379
Capex	(2,030)	(2,670)	(3,729)	(3,484)	(3,583)	(3,649)	(3,776)	(3,878)
Free Cash Flow to Firm	**4,229**	**4,115**	**3,558**	**4,398**	**4,635**	**4,912**	**5,105**	**5,391**
Finance income received	132	372	425	161	164	211	249	281
Dividends from associates	0	0	0	0	0	0	0	0
Dividends paid to NCI (net)	33	46	(759)	0	0	0	0	0
Finance cost paid	(508)	(448)	(419)	(467)	(438)	(438)	(438)	(438)
Lease liabilities payments	(718)	(688)	(754)	(754)	(754)	(754)	(754)	(754)
Free Cash Flow to Equity	**3,169**	**3,397**	**2,052**	**3,339**	**3,607**	**3,931**	**4,163**	**4,480**
BALANCE SHEET								
Total Assets	38,891	38,655	41,102	43,338	45,038	47,013	48,882	50,717
Total Liabilities	21,268	19,780	21,832	22,479	22,483	22,942	23,381	23,871
Total Equity	17,623	18,875	19,270	20,859	22,556	24,070	25,501	26,847
Gross debt	8,310	6,185	5,839	5,839	5,839	5,839	5,839	5,839
Leases	3,224	3,275	3,504	3,728	3,962	4,206	4,460	4,725
Gross debt incl. leases	11,534	9,460	9,343	9,567	9,801	10,045	10,299	10,564
Cash and deposits	3,769	3,186	2,685	3,637	4,687	5,538	6,236	6,866
Net debt / (cash) incl. leases	**7,765**	**6,274**	**6,659**	**5,931**	**5,114**	**4,507**	**4,063**	**3,698**
Net debt / (cash) / adjusted EBITDA	1.2x	0.9x	0.9x	0.7x	0.6x	0.5x	0.4x	0.4x
Debt / (Debt + Equity)	40%	33%	33%	31%	30%	29%	29%	28%

Source: Company reports, Jefferies

stc (Hold): Plenty of Levers to Create Value, But Limited Near-Term Upside

stc is up 2% LTM outperforming TASI (by 12pp). While we admit material upside risks on a longer term horizon (scope for monetisation of subsidiaries, growing exposure to Data Centers & AI, room to uplift dividends) we reiterate Hold into 2026.

1. We expect operational trends to remain mixed and still <5% top-line growth in 2026E before it matches Mobily from 2027E. While we are constructive on Consumer, stc Bank and Digital assets, we are more cautious on EBU (for which c.60% if B2G) and Solutions (c.10% of stc's market cap).
2. We are baking in bigger cost optimisation (including backed by the early retirement program) and raise EBITDA margins by 20-40bp for 2026-27E; however, as we also factor lower interest rates, we forecast only 9% adjusted EPS growth in 2026E and 8% CAGR in 2025-28E.
3. While the leverage (IFRS 16) remains extremely low at -0.1x next cash / EBITDA as of 2025E, given step up in capex to / sales to 18% in 2026-28E we expect FCFE generation will likely remain below basic dividend. We expect no special dividend for 2025, and we believe the market still needs comfort on: (a) M&A; (b) working capital trends, including government receivables situation subject to oil price normalization.
4. Valuation. On 15.2x cons 12m fwd P/E stc is 14% above e& and 6% above Mobily. 2026 DY of 5.0% is close to Buy-rated Mobily (4.7%) and given the P/E premium, re-rating would need more conviction on asset monetisation and dividend uplift.

Our PT moves to SAR45.0 *from SAR46.0. Key drivers: (1) forecast changes including 1-4% EPS cuts for 2026-27E driven by 3% lower revenue but 20-40bp higher EBITDA margin; our 2025-27E FCFF estimates go down by 6-8% on higher cash Zakat for 2026E and higher capex for 2027E; (2) We raise terminal EBITDA margin to 35.0% from 33.5% on better revenue mix; but also terminal capex to sales to 15.5% from 15.0% on bigger capital commitments in data centers; (3) We update valuation of Telefonica in line with the current market price; Solutions in line with our new fair value; (4) Our valuation methodology remains a 50-50 mix of a 4.5% target dividend yield (we now apply it to 2026 DPS vs 2025 earlier) and SOTP (where we maintain a 5.0% discount related to M&A execution risks); (6) We extend our explicit forecasts to 2030 and our DCFs to 2035. We move our valuation date to December 31, 2026.*

Exhibit 151 - stc: key DCF assumptions

Key DCF assumptions	Group
PGR	2.0%
Terminal EBITDA margin	35.0%
Terminal capex / revenue	15.5%
Terminal change in NWC / revenue	2.0%
Risk-free rate	5.1%
Cost of equity	10.5%
Post-tax Cost of debt	5.0%
Target D/(D+E)	30.0%
WACC	8.9%

Source: Jefferies

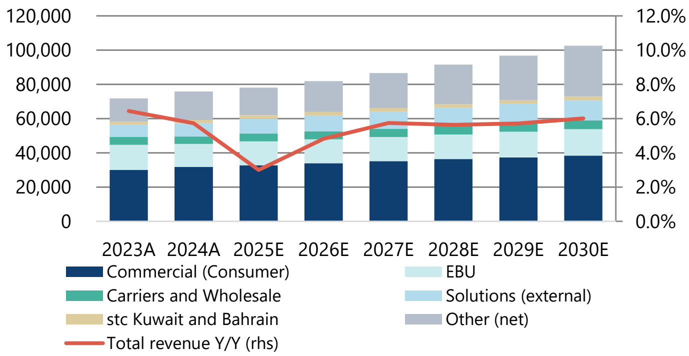
Exhibit 152 - stc: valuation multiples

	Current			Target		
Valuation multiples	2026E	2027E	2028E	2026E	2027E	2028E
Market cap, SAR m	221,300	221,300	221,300	225,000	225,000	225,000
Net debt, 2025E, SAR m	(2,179)	(2,179)	(2,179)	(2,179)	(2,179)	(2,179)
Minorities, SAR m	11,622	11,622	11,622	11,622	11,622	11,622
Associates and JVs, SAR m	17,810	17,810	17,810	17,810	17,810	17,810
EV, SAR m	212,933	212,933	212,933	216,633	216,633	216,633
EV / Adj. EBITDA	7.9x	7.3x	6.8x	8.1x	7.4x	6.9x
P / Adj. EPS	15.4x	14.1x	13.3x	15.7x	14.4x	13.5x
FCFE yield	4.1%	4.4%	4.8%	4.0%	4.3%	4.7%
Div yield	5.0%	5.0%	5.0%	4.9%	4.9%	4.9%

Source: Jefferies

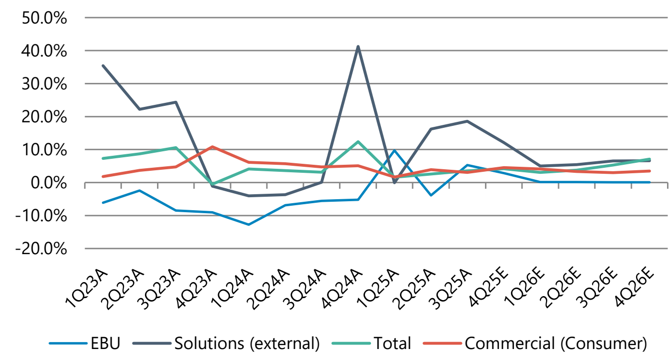
Growth dynamics to remain diverse. We expect operational trends to remain mixed and still <5% top-line growth in 2026E before it matches Mobily from 2027E. While we are constructive on Consumer, stc Bank and Digital assets, we are more cautious on EBU (for which c.60% if B2G) and less bullish on Solutions (c.10% of stc's market cap).

Exhibit 153 - stc revenue outlook, SAR m
Still <5% growth in 2026E, before it matches Mobily from 2027E



Source: Company reports, Jefferies

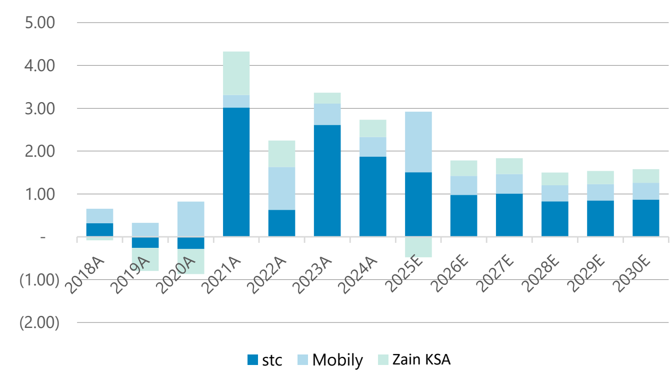
Exhibit 154 - stc revenue growth quarterly Y/Y
We are increaseingly constructive on Solutions, EBU remains volatile



Source: Company reports, Jefferies

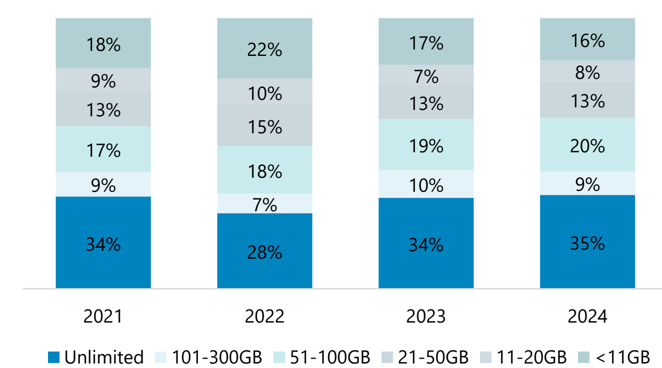
Consumer is robust. We continue to see scope for >3% growth for the consumer unit, fuelled by the healthy population growth and selective post-paid-ization. Given that c.77% of the mobile market has already adopted >20GB plans, we believe ARPU upside from higher usage is limited while price increases are still unlikely in the medium term. Yet, stc's pricing data shows that post-paid discounts have abated in 4Q that should underlie ARPU stabilisation in 2026E (we assume -0.2% Y/Y after -3.4% Y/Y in 2025E).

Exhibit 155 - Saudi Arabia mobile net adds, m
1.34m in 9M25



Source: Company reports, Jefferies

Exhibit 156 - Saudi mobile market breakdown by data allowance
c.77% is on >20GB plans as of 2024



Source: CST

Exhibit 157 - Prepaid packages discounts against first available prices

	1Q25	2Q25	3Q25	4Q25
sawa basic	0%	0%	0%	0%
sawa flex basic	n/a	0%	0%	0%
sawa flex 65	n/a	0%	0%	0%
sawa like	n/a	0%	0%	-8%
sawa like plus	0%	0%	0%	0%
sawa Captain	0%	0%	0%	0%
sawa basic (3 months)	n/a	0%	0%	0%
sawa flex 100	n/a	0%	0%	0%
sawa share plus	0%	0%	0%	0%
sawa 150	n/a	n/a	n/a	0%
sawa flex 150	n/a	0%	0%	0%
sawa post	n/a	0%	0%	0%
sawa post plus	0%	0%	0%	0%
sawa 175	n/a	n/a	n/a	0%
sawa star	n/a	0%	0%	0%
sawa like plus (3 months)	n/a	0%	0%	0%
sawa star plus	0%	0%	0%	0%
sawa flex 240	n/a	0%	0%	0%
sawa flex 340	n/a	0%	0%	0%
sawa hero	0%	0%	0%	0%

Source: Company reports, Jefferies

Exhibit 158 - Postpaid packages discounts against first available prices

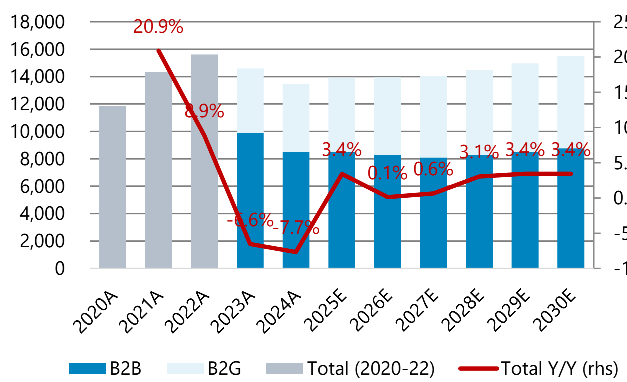
	1Q25	2Q25	3Q25	4Q25
Mofawtar basic+	0%	0%	0%	0%
Mofawtar 2	0%	0%	0%	0%
Mofawtar 2+	0%	0%	0%	0%
Mofawtar 3+	0%	-9%	-8%	-11%
Mofawtar Prime 1	0%	0%	0%	0%
Mofawtar Flex	0%	-5%	-11%	-9%
Mofawtar 4	0%	-4%	-4%	-18%
Mofawtar Prime 2	0%	0%	-29%	0%
Mofawtar Prime 3	0%	0%	-30%	0%
Mofawtar Prime 4	0%	0%	-18%	0%
Mofawtar Max	0%	0%	0%	0%
Mofawtar Prime 5	0%	0%	-21%	0%

Source: Company reports, Jefferies

More cautious on EBU, less bullish Solutions. As discussed above, backed by our ICT tender tracker, we forecast B2G ICT spend to decline by -5.0% in 2026 before resuming growth in 2027 (+5.0%). This includes Communication Services drop of -5% in 2026E and 0% growth in 2027E, Professional Services drop of -15.0% in 2026E and 0.0% growth in 2027E. As a result, we trim our EBU projections (expecting effectively flat revenue in 2025-27E) and moderating Solutions growth, although the latter has a bigger impact on stc given that we sell-to-stc segment (which is eliminated at stc level) to outgrow Solutions's external clients.

Exhibit 159 - stc's EBU revenue, SAR m

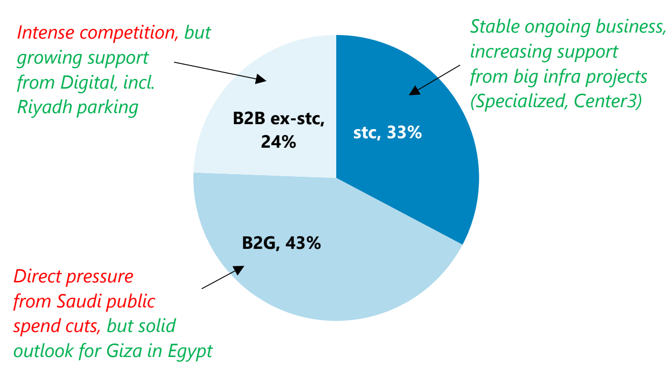
Flattish in 2026-27E before accelerating to >3% from 2028E



Source: Company reports, Jefferies

Exhibit 160 - Solutions' 9M25 revenue split

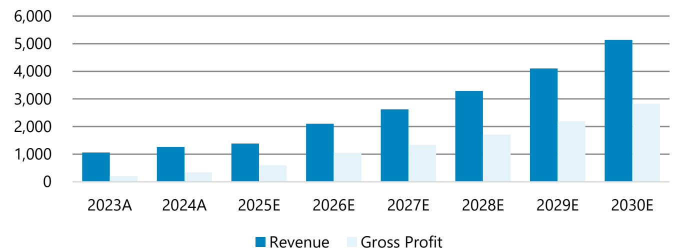
We take a cautious stance on c.40% of the business



Source: Company reports, Jefferies

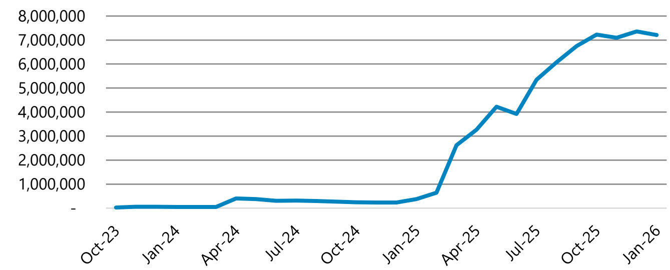
stc Bank: growth set to accelerate, profitability to improve. Following the upbeat session with stc Bank's management (highlighting scope for crosselling, leveraging stc's customer data (on commercial terms, though), faster time-to-market) we raise our 2026-27E revenue forecasts by 4% and gross profit by 49%/33% respectively. Overall, our new model is now close to the company's targets implying 30% revenue CAGR for 2025-30E and material profitability enhancement, potentially paving the way to asset monetisation (including via an IPO) in the medium term.

Exhibit 161 - stc Bank financials, SAR m
Our revenue forecasts are closed to the company's targets: 52% growth in 2026E and 30% CAGR in 2025-30E



Source: Company reports, Jefferies

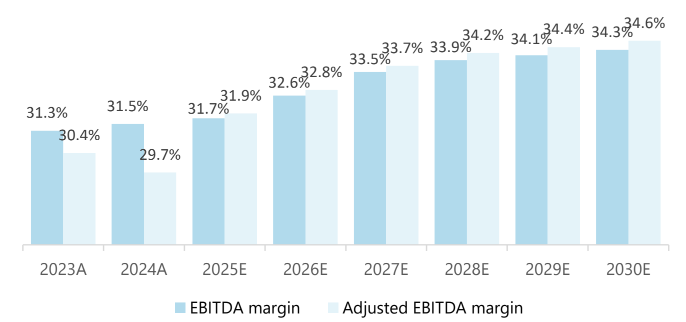
Exhibit 162 - stc Bank: MAU
7.2m as of Jan-26



Source: Sensor Tower

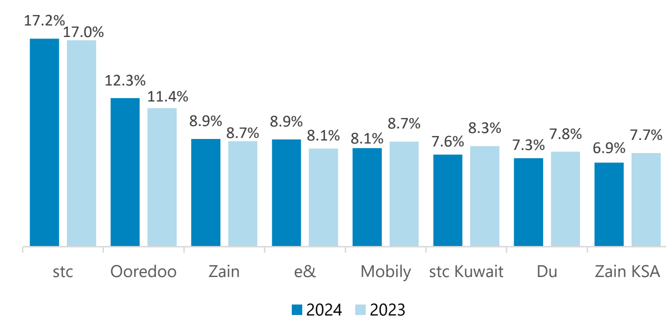
We expect gradual margin improvement. We are baking in bigger cost optimisation (including backed by the early retirement program) and raise EBITDA margins by 20-40bp for 2026-27E; however, as we also factor lower interest rates, we forecast only 9% adjusted EPS growth in 2026E and 8% CAGR in 2025-28E.

Exhibit 163 - stc EBITDA margin
We assume 400bp expansion in 2024-27E



Source: Company reports, Jefferies

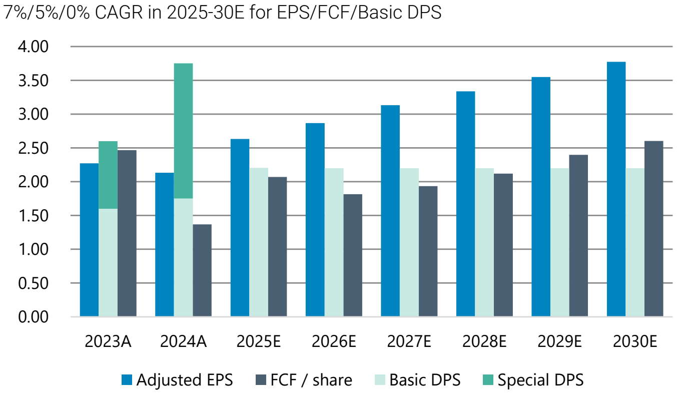
Exhibit 164 - Staff costs as % of revenue
We see room to optimize staff costs at stc



Source: Company reports, Jefferies

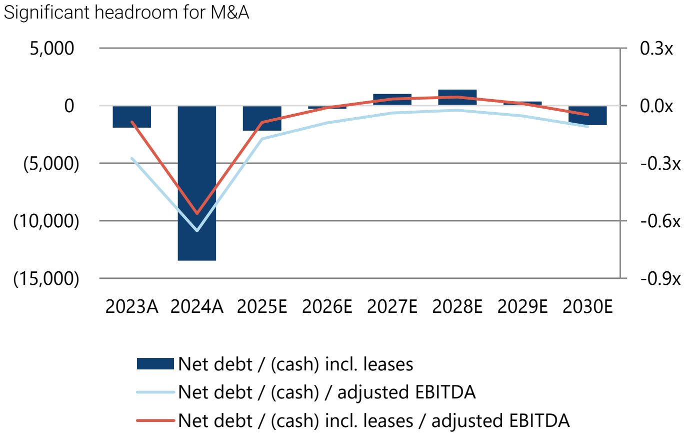
Capital allocation remains the key debate. While the leverage (IFRS 16) remains extremely low at -0.1x next cash / EBITDA as of 2025E, given step up in capex to / sales to 18% in 2026-28E we expect FCFE generation will likely remain below basic dividend. We expect no special dividend for 2025, and we believe the market still needs comfort on: (a) M&A; (b) working capital trends, including government receivables situation subject to oil price normalization.

Exhibit 165 - stc key metrics: SAR / share
7%/5%/0% CAGR in 2025-30E for EPS/FCF/Basic DPS



Source: Company reports, Jefferies

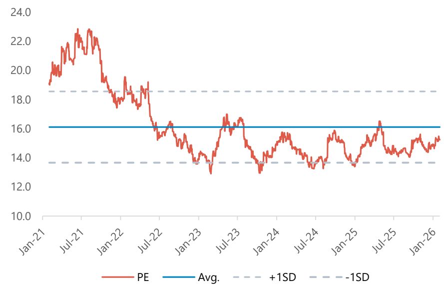
Exhibit 166 - stc net debt (SAR m) and leverage
Significant headroom for M&A



Source: Company reports, Jefferies

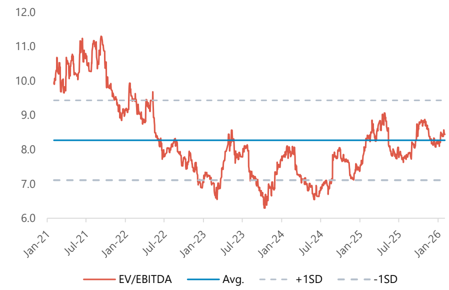
Risk/reward remains balanced to us. On 15.2x 12m fwd P/E stc is 14% above e& and 6% above Mobily. 2026 DY of 5.0% is close to Buy-rated Mobily (4.7%) and given the P/E premium, re-rating would need more conviction on asset monetisation and dividend uplift.

Exhibit 167 - stc 12 month forward P/E
Last 5 years average: 16.1x, Last year average: 14.9x, Spot: 15.2x



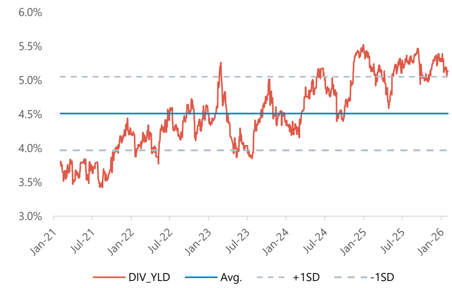
Source: FactSet, Jefferies

Exhibit 168 - stc 12 month forward EV/EBITDA
Last 5 years average: 8.3x, Last year average: 8.3x, Spot: 8.4x



Source: FactSet, Jefferies

Exhibit 169 - stc 12 month forward Div Yield
Last 5 years average: 4.5%, Last year average: 5.2%, Spot: 5.1%



Source: FactSet, Jefferies

Exhibit 170 - stc's reverse SOTP
We maintain 5% M&A related discount

Asset	Ownership	Equity value (100%), SAR m	Equity value (stc stake), SAR m	Equity value / share, SAR	% of TP
stc Core	100.0%	174,305	174,305	34.9	77.5%
Solutions	79.0%	30,028	23,722	4.7	10.5%
stc Kuwait	51.8%	7,125	3,691	0.7	1.6%
stc Bank	85.0%	5,000	4,250	0.9	1.9%
IoTsquared + Machines Talk	50.0%	1,460	730	0.1	0.3%
SCCC	55.0%	894	492	0.1	0.2%
Total Consolidated		**218,812**	**207,190**	**41.4**	**92.1%**
TowerCo	43.1%	19,458	8,379	1.7	3.7%
Telefonica	10.0%	81,671	8,143	1.6	3.6%
BGSM	25.0%	0	0	0.0	0.0%
Arabsat	36.7%	3,517	1,289	0.3	0.6%
Total Associates and JVs		**104,646**	**17,810**	**3.6**	**7.9%**
Number of shares, m	5,000.0				
stc target valuation			**225,000**	**45.0**	
Current share price, SAR				44.8	
Upside / downside to TP				0.4%	

Source: Jefferies

Exhibit 171 - stc 50/50 valuation

Methodology	Weight	Fair value, SAR	Upside / downside	TSR potential
DCF (8.9% WACC, 2.0% PGR)	50.0%	41.0	-8.5%	-3.6%
2026E DY (SAR2.20 DPS, 4.5% target DY)	50.0%	48.9	9.2%	14.1%
Weighted Average		**45.0**	**0.4%**	**5.4%**

Source: Jefferies

Exhibit 172 - stc: change in estimates

	New			Old			Change		
SARm	**2025E**	**2026E**	**2027E**	**2025E**	**2026E**	**2027E**	**2025E**	**2026E**	**2027E**
Revenue	**78,171**	**81,939**	**86,642**	**78,739**	**84,053**	**89,477**	**-0.7%**	**-2.5%**	**-3.2%**
stc	51,327	52,662	54,159	51,031	52,977	54,704	0.6%	-0.6%	-1.0%
Commercial (Consumer)	32,796	33,934	35,222	32,973	34,312	35,410	-0.5%	-1.1%	-0.5%
Enterprise Business	13,929	13,944	14,035	13,709	14,229	14,769	1.6%	-2.0%	-5.0%
Carriers and Wholesale	4,603	4,784	4,902	4,349	4,436	4,525	5.8%	7.8%	8.3%
Subsidiaries (ex-eliminations)	26,843	29,277	32,483	27,708	31,076	34,774	-3.1%	-5.8%	-6.6%
Solutions (external)	8,678	9,200	9,854	8,529	9,311	10,164	1.8%	-1.2%	-3.1%
Other	18,165	20,078	22,629	19,180	21,765	24,609	-5.3%	-7.8%	-8.0%
Gross profit	**37,762**	**39,975**	**42,616**	**38,229**	**40,575**	**43,794**	**-1.2%**	**-1.5%**	**-2.7%**
Gross margin	48.3%	48.8%	49.2%	48.6%	48.3%	48.9%	-0.2pp	0.5pp	0.2pp
EBITDA	**24,810**	**26,706**	**28,998**	**24,983**	**27,073**	**29,846**	**-0.7%**	**-1.4%**	**-2.8%**
EBITDA margin	31.7%	32.6%	33.5%	31.7%	32.2%	33.4%	0.0pp	0.4pp	0.1pp
Adjusted EBITDA	**24,951**	**26,875**	**29,201**	**25,104**	**27,218**	**30,020**	**-0.6%**	**-1.3%**	**-2.7%**
Adjusted EBITDA margin	31.9%	32.8%	33.7%	31.9%	32.4%	33.6%	0.0pp	0.4pp	0.2pp
Net profit after zakat	**15,220**	**14,496**	**15,851**	**14,301**	**14,733**	**16,555**	**6.4%**	**-1.6%**	**-4.3%**
Net profit attributable to shareholders	**14,938**	**14,176**	**15,474**	**14,018**	**14,395**	**16,150**	**6.6%**	**-1.5%**	**-4.2%**
EPS diluted, SAR	**2.99**	**2.84**	**3.09**	**2.80**	**2.88**	**3.23**	**6.6%**	**-1.5%**	**-4.2%**
Adjusted EPS diluted, SAR	**2.63**	**2.87**	**3.13**	**2.63**	**2.91**	**3.26**	**0.0%**	**-1.4%**	**-4.0%**
DPS declared, SAR	**2.20**	**2.20**	**2.20**	**2.20**	**2.20**	**2.20**	**0.0%**	**0.0%**	**0.0%**
CASH FLOW STATEMENT									
Adjusted EBITDA	24,951	26,875	29,201	25,104	27,218	30,020	2.6%	-1.3%	-1.6%
Cash taxes	(956)	(1,000)	(1,290)	(932)	(121)	(1,311)	2.6%	725.4%	-1.6%
Change in WC	(1,640)	(1,762)	(1,746)	(2,428)	(2,377)	(2,066)	-32.4%	-25.9%	-15.5%
Other CFO	(751)	(536)	(590)	(986)	(513)	(564)	-23.8%	4.6%	4.6%
Capex incl. inv. properties	(11,401)	(14,453)	(15,764)	(12,217)	(14,475)	(15,415)	-6.7%	-0.2%	2.3%
Free Cash Flow to Firm	**10,202**	**9,124**	**9,810**	**8,542**	**9,733**	**10,664**	**19.4%**	**-6.3%**	**-8.0%**
Finance income received	1,369	964	878	1,528	981	831	-10.4%	-1.8%	5.6%
Dividends from associates	849	1,249	1,300	833	1,317	1,456	2.0%	-5.1%	-10.7%
Dividends paid to NCI	(438)	(482)	(530)	(433)	(477)	(524)	1.1%	1.1%	1.1%
Finance cost paid	(762)	(909)	(909)	(848)	(913)	(913)	-10.2%	-0.5%	-0.5%
Lease liabilities payments	(877)	(877)	(877)	(888)	(888)	(888)	-1.3%	-1.3%	-1.3%
Free Cash Flow to Equity	**10,344**	**9,070**	**9,672**	**8,733**	**9,753**	**10,625**	**18.5%**	**-7.0%**	**-9.0%**
BALANCE SHEET									
Net debt / (cash) incl. leases	**(2,179)**	**(282)**	**1,013**	**(351)**	**864**	**1,205**	**520.9%**	**-132.7%**	**-15.9%**
Net debt / (cash) / adjusted EBITDA	-0.1x	0.0x	0.0x	0.0x	0.0x	0.0x	524.7%	-133.1%	-13.6%

Source: Jefferies

Exhibit 173 - stc: Jefferies vs Consensus estimates

	Jefferies				Consensus				JEF vs Cons.			
SAR m, %	2025E	2026E	2027E	2028E	2025E	2026E	2027E	2028E	2025E	2026E	2027E	2028E
Total revenue	78,171	81,939	86,642	91,528	78,670	82,295	86,355	90,782	(0.6%)	(0.4%)	0.3%	0.8%
Saudi telecom company	51,327	52,662	54,159	55,748	51,021	52,294	53,471	54,824	0.6%	0.7%	1.3%	1.7%
Sale Co revenue	14,709	14,517	14,807	15,399	14,936	15,271	15,744	16,204	(1.5%)	(4.9%)	(6.0%)	(5.0%)
Other operating segment	24,616	28,510	32,408	36,154	25,151	27,648	30,536	33,555	(2.1%)	3.1%	6.1%	7.7%
Eliminations / adjustments	(12,482)	(13,749)	(14,732)	(15,773)	(12,437)	(12,917)	(13,396)	(13,801)	0.4%	6.4%	10.0%	14.3%
Cost of sales	(40,409)	(41,964)	(44,026)	(46,353)	(40,386)	(42,026)	(43,961)	(46,532)	0.1%	(0.1%)	0.1%	(0.4%)
Gross profit	37,762	39,975	42,616	45,175	38,285	40,269	42,394	44,250	(1.4%)	(0.7%)	0.5%	2.1%
Gross profit margin	48.3%	48.8%	49.2%	49.4%	48.7%	48.9%	49.1%	48.7%	(0.4pp)	(0.1pp)	0.1pp	0.6pp
Opex ex-D&A	(12,952)	(13,270)	(13,619)	(14,135)	(13,136)	(13,740)	(14,367)	(14,925)	(1.4%)	(3.4%)	(5.2%)	(5.3%)
EBITDA	24,810	26,706	28,998	31,040	25,149	26,530	28,027	29,326	(1.3%)	0.7%	3.5%	5.8%
EBITDA margin	31.7%	32.6%	33.5%	33.9%	32.0%	32.2%	32.5%	32.3%	(0.2pp)	0.4pp	1.0pp	1.6pp
D&A and impairment	(10,284)	(10,769)	(11,442)	(12,157)	(10,297)	(10,601)	(11,099)	(11,568)	(0.1%)	1.6%	3.1%	5.1%
Operating Profit (EBIT)	14,526	15,936	17,556	18,883	14,852	15,929	16,928	17,758	(2.2%)	0.0%	3.7%	6.3%
Net interest expence and others	349	(7)	(138)	(306)	190	202	210	215	84%	(103%)	(166%)	(243%)
Net profit before zakat	14,875	15,929	17,418	18,576	15,042	16,131	17,138	17,972	(1.1%)	(1.3%)	1.6%	3.4%
Zakat Expense	345	(1,434)	(1,568)	(1,672)	11	(1,145)	(1,241)	(1,279)	3020%	25.2%	26.3%	30.7%
Net profit after zakat	15,220	14,496	15,851	16,904	15,053	14,986	15,896	16,694	1.1%	(3.3%)	(0.3%)	1.3%
Minority interest	(283)	(319)	(377)	(433)	(283)	(281)	(306)	(287)	0.1%	13.5%	23.0%	50.7%
Net profit attributable to shareholders	14,938	14,176	15,474	16,471	14,771	14,705	15,590	16,406	1.1%	(3.6%)	(0.7%)	0.4%
EPS diluted (SAR)	2.99	2.84	3.09	3.29	2.96	2.94	3.12	3.28	0.9%	(3.6%)	(0.8%)	0.4%
DPS (SAR)	2.20	2.20	2.20	2.20	2.27	2.28	2.31	2.53	(3.0%)	(3.5%)	(4.8%)	(13.0%)
Capital expenditures	11,262	14,299	15,596	16,200	11,783	12,487	12,854	13,049	(4.4%)	14.5%	21.3%	24.2%

Source: Visible Alpha (last 180 days)

Exhibit 174 - stc: Financials snapshot

stc, SAR m	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
INCOME STATEMENT								
Revenue	**71,777**	**75,893**	**78,171**	**81,939**	**86,642**	**91,528**	**96,760**	**102,573**
Y/Y	*6.4%*	*5.7%*	*3.0%*	*4.8%*	*5.7%*	*5.6%*	*5.7%*	*6.0%*
stc	49,218	49,644	51,327	52,662	54,159	55,748	57,339	58,979
Channels	14,194	15,111	14,709	14,517	14,807	15,399	16,015	16,656
Solutions	11,040	12,064	13,044	13,959	15,095	16,292	17,513	18,682
Other	9,892	11,530	11,572	14,551	17,313	19,862	22,776	26,328
Eliminations (net)	(12,568)	(12,455)	(12,482)	(13,749)	(14,732)	(15,773)	(16,883)	(18,072)
Gross profit	**34,740**	**37,300**	**37,762**	**39,975**	**42,616**	**45,175**	**47,960**	**51,072**
Gross margin	48.4%	49.1%	48.3%	48.8%	49.2%	49.4%	49.6%	49.8%
EBITDA	**22,445**	**23,926**	**24,810**	**26,706**	**28,998**	**31,040**	**32,991**	**35,178**
EBITDA margin	31.3%	31.5%	31.7%	32.6%	33.5%	33.9%	34.1%	34.3%
Adjusted EBITDA	**21,843**	**22,546**	**24,951**	**26,875**	**29,201**	**31,283**	**33,283**	**35,529**
EBITDA margin	30.4%	29.7%	31.9%	32.8%	33.7%	34.2%	34.4%	34.6%
Net profit attributable to shareholders	**13,295**	**24,689**	**14,938**	**14,176**	**15,474**	**16,471**	**17,485**	**18,549**
Y/Y	*9.2%*	*85.7%*	*-39.5%*	*-5.1%*	*9.2%*	*6.4%*	*6.2%*	*6.1%*
Adjusted Net profit attributable to shareholders	**11,360**	**10,659**	**13,163**	**14,330**	**15,659**	**16,693**	**17,751**	**18,869**
Y/Y	*-7.4%*	*-6.2%*	*23.5%*	*8.9%*	*9.3%*	*6.6%*	*6.3%*	*6.3%*
EPS diluted, SAR	2.66	4.94	2.99	2.84	3.09	3.29	3.50	3.71
Adjusted EPS diluted, SAR	2.27	2.13	2.63	2.87	3.13	3.34	3.55	3.77
DPS declared, SAR	2.60	3.75	2.20	2.20	2.20	2.20	2.20	2.20
CASH FLOW STATEMENT								
Adjusted EBITDA	21,843	22,546	24,951	26,875	29,201	31,283	33,283	35,529
Cash taxes	(857)	(892)	(956)	(1,000)	(1,290)	(1,411)	(1,505)	(1,599)
Change in WC	(1,566)	(5,476)	(1,640)	(1,762)	(1,746)	(2,137)	(1,874)	(2,095)
Other CFO	2,998	3,707	(751)	(536)	(590)	(649)	(714)	(785)
Capex incl. inv. properties	(9,790)	(11,927)	(11,401)	(14,453)	(15,764)	(16,386)	(17,040)	(17,867)
Free Cash Flow to Firm	**12,627**	**7,959**	**10,202**	**9,124**	**9,810**	**10,701**	**12,150**	**13,182**
Finance income received	1,766	1,725	1,369	964	878	813	794	845
Dividends from associates	31	3	849	1,249	1,300	1,450	1,472	1,482
Dividends paid to NCI	(280)	(348)	(438)	(482)	(530)	(583)	(642)	(706)
Finance cost paid	(592)	(984)	(762)	(909)	(909)	(909)	(909)	(909)
Lease liabilities payments	(1,219)	(1,515)	(877)	(877)	(877)	(877)	(877)	(877)
Free Cash Flow to Equity	**12,333**	**6,840**	**10,344**	**9,070**	**9,672**	**10,595**	**11,989**	**13,018**
BALANCE SHEET								
Total Assets	159,646	160,638	156,547	162,159	169,020	176,067	184,715	194,655
Total Liabilities	78,131	68,153	68,994	71,390	73,695	75,144	77,139	79,324
Total Equity	81,515	92,485	87,553	90,769	95,325	100,923	107,575	115,331
Gross debt	21,957	15,132	15,144	15,144	15,144	15,144	15,144	15,144
Leases	4,275	2,164	2,127	2,127	2,127	2,127	2,127	2,127
Gross debt incl. leases	26,233	17,296	17,272	17,272	17,272	17,272	17,272	17,272
Cash and deposits	(6,181)	(15,624)	(4,307)	(2,409)	(1,114)	(742)	(1,764)	(3,816)
Net debt / (cash) incl. leases	**(1,906)**	**(13,460)**	**(2,179)**	**(282)**	**1,013**	**1,385**	**363**	**(1,688)**
Net debt / (cash) / adjusted EBITDA	-0.1x	-0.6x	-0.1x	0.0x	0.0x	0.0x	0.0x	0.0x
Debt / (Debt + Equity)	24%	16%	16%	16%	15%	15%	14%	13%

Source: Company reports, Jefferies

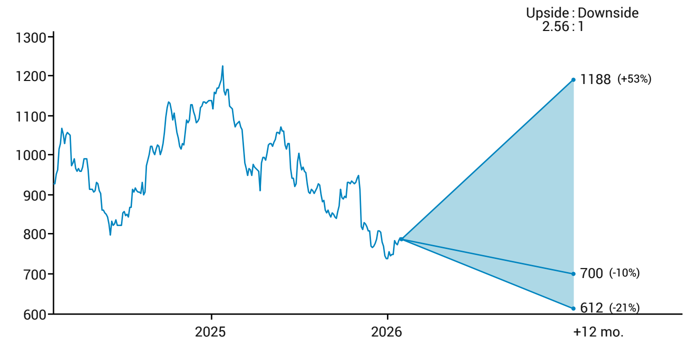
The Long View: Elm Company

Investment Thesis / Where We Differ

We are cautious for 5 reasons:

1. We believe core digital business is maturing faster than expected by the market and see growth normalisation to low teens.
2. Backed by our ICT tender tracker, we are more cautious on BPO (c.100% B2G) with single-digit growth expected in 2026-27E.
3. We are taking a more cautious view on Thiqah. We assume longer turnaround which makes for still 2% EPS dilution in 2026E and <3% accretion in 2027-28E.
4. We see 4-7% downside to consensus 2026-27E rev and 9-11% to EPS. Reiterated FY25 guide looks challenging, we also expect underwhelming FY26.
5. >30% off-peak, stock is on 24x 12m fwd P/E, 33% below all-time avg, but with 2026/27E PEG of 1.4x and 10% downs to our PT we find risk-reward unattractive.

Risk/Reward - 12 Month View



Base Case,
SAR700, -10%

The stock de-rates to 19.5x 2027 P/E.

Assumptions: 2027 EPS of SAR35.9, based on:

1. 13.5% Y/Y standalone product revenue growth;
2. 7.0% Y/Y standalone BPO revenue growth;
3. 8.8% Thiqah LFL revenue growth;
4. 22.5% EBIT margin

Upside Scenario,
SAR1188, +53%

The stock re-rates to 30.0x 2027 P/E.

Assumptions: 2027 EPS of SAR39.6, based on:

1. 17.0% Y/Y standalone product revenue growth;
2. 15.0% Y/Y standalone BPO revenue growth;
3. 15.0% Thiqah LFL revenue growth driven by fast-tracked implementation of value-added services and cross-selling;
4. 24.0% EBIT margin reflecting high operating leverage and bigger than expected cost optimisation at Thiqah.

Downside Scenario,
SAR612, -21%

The stock de-rates to 18.0x 2027 P/E.

Assumptions: 2027 EPS of SAR34.0, based on:

1. 10.0% Y/Y standalone product revenue growth;
2. 0.0% Y/Y standalone BPO revenue growth;
3. 2.0% Thiqah LFL revenue growth driven by slower implementation of value-added services and cross-selling;
4. 22.0% EBIT margin reflecting lower than expected cost optimisation at Thiqah.

Sustainability Matters

Elm uses a sustainability framework that is aligned with Vision 2030 and the UN SDGs. The 4 pillars include: effective governance, enabling a digital culture, fostering people and the community and advancing environmental responsibility. Through its technology-led operating model and strategic partnerships, Elm continues to leverage digital and data-driven solutions to support emissions reduction, energy efficiency and resource optimisation. In 2024, Elm also introduced a comprehensive recycling initiative spanning paper, food waste and general waste management. Elm's support of inclusivity, diversity and women's empowerment continues, with female employees representing 22% of the total as of FY24 and young talent aged 18-30 years representing 40%. The 2024 local content score was 67.1%, reflecting strong domestic supplier engagement. Governance and risk management frameworks were further strengthened in 2024, including the appointment of a new 4yr Board term and enhanced oversight of ESG-related risks, with the overarching focus remaining on leveraging digital transformation to support sustainability practices.

Catalysts

February 18th - 4Q25 results (tbc)

Financials: Elm Company

Estimate changes

SAR	2024A	2025E	2026E	2027E
Adj EPS	24.02	28.17 ↓ -1%	30.40 ↓ -13%	35.77 ↓ -18%
Previous		28.57	35.06	43.52
Rev. (MM)	7,406.8	9,754.9 ↓ -3%	11,419.6 ↓ -7%	12,690.1 ↓ -11%
Previous		10,056.2	12,322.5	14,313.5
Cons. Rev.	7,298.5	9,861.8 <1%	11,866.6 ↓ -1%	13,711.1 <1%
Previous		9,906.2	12,008.7	13,829.4
EBITDA (MM)	1,993.9	2,549.4 ↓ -2%	2,860.0 ↓ -12%	3,257.0 ↓ -16%
Previous		2,592.1	3,246.6	3,892.0
EBITDA (MM)	1,899.3	2,471.3 ↓ -1%	2,776.0 ↓ -12%	3,164.6 ↓ -17%
Previous		2,507.9	3,155.6	3,791.9
EPS	22.84	28.26 ↓ -1%	29.42 ↓ -13%	34.69 ↓ -18%
Previous		28.60	34.00	42.36
Cons. EPS	21.70	28.64 ↑ +6%	32.34 <1%	39.18 <1%
Previous		27.10	32.55	39.12
DPS	7.50	9.50	12.00	14.00

Valuation metrics

SAR	2024A	2025E	2026E	2027E
FY P/Adj EPS	32.2x	27.5x	25.5x	21.6x
FY P/E	33.9x	27.4x	26.3x	22.3x
EV/EBITDA	32.0x	24.6x	21.9x	19.2x

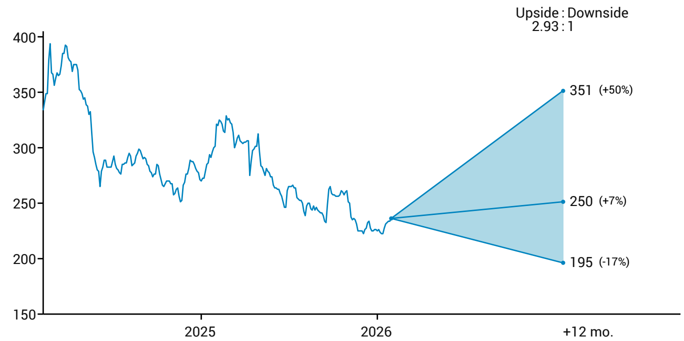
The Long View: Solutions by stc

Investment Thesis / Where We Differ

We give 4 reasons for a balanced view:

1. Our ICT tender tracker makes us turn more cautious on the B2G revenue (c.40-45% of total); however, stronger expectations for sell-to-stc limit our revenue cuts - we are only 1% below VA consensus.
2. Digital business had uninspiring 2025E, yet we expect more progress in 2026E, supported by more material contribution from the Riyadh Parking project.
3. Higher competitive pressure - we trim EBITDA margins and raise working capital requirement that makes us cut FCFE to 16-18% for 2026-27E.
4. 41% off the peak, the stock is on 16x, 32% below its all-time average. Yet at 1.2x PEG and with only 7% upside to our PT we find risk-reward fair.

Risk/Reward - 12 Month View



Base Case,
SAR250, +7%

The stock re-rates to 15.9x 2027 P/E.

Assumptions: 2027 EPS of SAR15.7, based on:

1. 3.5% Y/Y core ICT revenue growth;
2. 16.0% Y/Y digital revenue growth;
3. 22.7% gross profit margin.

Upside Scenario,
SAR351, +50%

The stock re-rates to 20.0x 2027 P/E.

Assumptions: 2027 EPS of SAR17.6, based on:

1. 7.0% Y/Y core ICT revenue growth;
2. 20.0% Y/Y digital revenue growth driven by accelerated ramp-up of Riyadh Smart Parking project;
3. 24.0% gross profit margin achieved via better cost savings between Solutions, Giza and ccc.

Downside Scenario,
SAR195, -17%

The stock de-rates to 14.0x 2027 P/E.

Assumptions: 2027 EPS of SAR13.9, based on:

1. 0.0% Y/Y core ICT revenue growth;
2. 5.0% Y/Y digital revenue growth driven by slower ramp-up of Riyadh Smart Parking project;
3. 21.5% gross profit margin driven by lower cost savings between Solutions, Giza and ccc.

Sustainability Matters

Solutions published its third sustainability report in 2024. The GROW strategy, introduced in 2023 and extending through 2025, continues to guide the Company's approach to transparent ESG operations, and is structured around 4 pillars - Greening by Sustainable Technologies and Processes, Revitalising Workforce Relations and Digital Social Empowerment, Optimising Governance for Ethical Excellence, and Widening Impactful Partnerships & Sustainable Procurement - aligned with Saudi Vision 2030, the UN SDGs, and, as of 2024, the UN Global Compact. Digital innovation remains central to climate and efficiency gains, supported by the Integrated Management System, contributing to a 17% reduction in total GHG emissions in 2024. Women represent 26% of the workforce, while employees aged 18-30 accounted for c.28%, supporting ongoing diversity & inclusion efforts. Solutions invests in workforce upskilling through its Learning & Development strategy, while community engagement is driven through digital empowerment initiatives. Sustainable procurement strengthened further, with 76.8% of spend allocated to local suppliers in 2024.

Catalysts

February 15th - 4Q25 results (tbc)

Financials: Solutions by stc

Estimate changes

SAR	2024A	2025E	2026E	2027E
Rev. (MM)	12,063.9	13,044.0 <1%	13,958.6 ↓ -3%	15,095.2 ↓ -4%
Previous		13,046.8	14,381.4	15,777.8
Cons. Rev.	11,912.5	13,061.3 <1%	14,139.9 <1%	15,287.5 ↓ -1%
Previous		13,092.9	14,254.1	15,447.9
EBITDA (MM)	1,957.2	2,043.5 ↑ +3%	2,164.4 ↓ -6%	2,397.2 ↓ -7%
Previous		1,975.3	2,308.5	2,571.0
EBITDA (MM)	1,947.6	2,033.5 ↑ +3%	2,152.4 ↓ -6%	2,382.8 ↓ -7%
Previous		1,965.8	2,297.1	2,557.3
Adj EPS	12.64	13.55 ↑ +3%	13.73 ↓ -8%	15.74 ↓ -8%
Previous		13.17	14.93	17.18
EPS	13.31	13.56 ↑ +3%	13.64 ↓ -8%	15.63 ↓ -8%
Previous		13.20	14.85	17.08
Cons. EPS	12.46	13.70	14.75 <1%	16.38 <1%
Previous			14.86	16.49
DPS	9.99	8.00	9.00	10.00

Valuation metrics

SAR	2024A	2025E	2026E	2027E
FY P/Adj EPS	18.6x	17.3x	17.1x	14.9x
FY P/E	17.6x	17.3x	17.2x	15.0x
EV/EBITDA	13.0x	12.5x	11.8x	10.7x

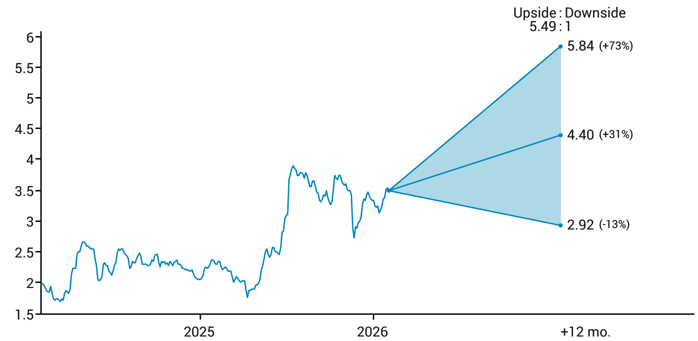
The Long View: Presight AI

Investment Thesis / Where We Differ

Into 2026, we reiterate Buy for four reasons:

1. Public demand remains strong that should drive organic growth acceleration from 21% in 2025E to 24% in 2026E. Combined with 30% growth at AIQ that translates into 26% total rev growth in 2026E, close to the higher end of current m/t guide. We also model 22% growth in 2027E, well above MENA peers.
2. New verticals ramp up helps raise conviction in competitiveness of the business model and presents upside risks.
3. We see scope for margin enhancement driving >25% EPS CAGR in 2026-28E.
4. Valuation still attractive: 26x 2026 P/E for 24% rev CAGR in 2025-27E and 26% EPS growth in 2027E implying 1.0x PEG vs 1.4x key MENA peer Elm and 1.6x Global Software. We see >25% upside to our PT.

Risk/Reward - 12 Month View



Base Case, AED4.4, +31%

The stock re-rates to 26.4x 2027 P/E.

Assumptions: 2027 EPS of AED0.166, based on:

1. 20.0% Y/Y Presight revenue growth;
2. 25.0% LFL Y/Y AIQ revenue growth;
3. 28.1% EBITDA margin.

Upside Scenario, AED5.84, +73%

The stock re-rates to 30.0x 2027 P/E.

Assumptions: 2027 EPS of AED0.195, based on:

1. 30.0% Y/Y Presight revenue growth driven by faster than expected international expansion;
2. 40.0% LFL Y/Y AIQ revenue growth;
3. 30.0% EBITDA margin.

Downside Scenario, AED2.92, -13%

The stock de-rates to 20.0x 2027 P/E.

Assumptions: 2027 EPS of AED0.146, based on:

1. 10.0% Y/Y Presight revenue growth due to slower than expected international expansion;
2. 15.0% LFL Y/Y AIQ revenue growth;
3. 27.0% EBITDA margin.

Sustainability Matters

Presight aligns itself with the UAE's energy strategy 2050. It uses big data analytics powered by AI to identify, manage and predict the environmental impact of business activities. Presight's 2024 ESG stance is now codified under a Board-approved ESG Framework aligned to the UN SDGs. The strategy anchors environmental impact in energy systems via the 51% acquisition of AIQ and the launch of ENERGYai, shifting from AI "enabler" to a direct climate-impact provider across efficiency, emissions management and CO_2 storage use cases. It continues to deploy AI-powered big data across public services, energy & climate, finance, smart cities and education, with scaled projects and multi-year contracts in the UAE and internationally. Female representation is at 24% and Emiratization at 13.29%. Collectively, Presight positions "Applied Intelligence" to deliver measurable sustainability outcomes at national and enterprise scale while tightening governance through expanded risk, compliance and ISO-backed systems.

Catalysts

February 11th - 4Q25 results

Financials: Presight AI

Estimate changes

AED	2024A	2025E	2026E	2027E
Rev. (MM)	2,213.0	2,969.8 -4%	3,740.5 -4%	4,544.0 -3%
Previous		3,109.6	3,878.9	4,686.3
EBITDA (MM)	635.4	771.8 -3%	1,021.4 -1%	1,279.1 -1%
Previous		795.1	1,034.0	1,296.2
EBITDA (MM)	635.4	771.8 -3%	1,021.4 -1%	1,279.1 -1%
Previous		795.1	1,034.0	1,296.2
Adj EPS	0.09	0.10 +9%	0.13 +12%	0.17 +9%
Previous		0.09	0.12	0.15
EPS	0.09	0.10 +9%	0.13 +12%	0.17 +9%
Previous		0.09	0.12	0.15
DPS	0.00	0.00	0.00	0.00

Valuation metrics

AED	2024A	2025E	2026E	2027E
FY P/Adj EPS	36.1x	33.2x	25.5x	20.3x
FY P/E	36.1x	33.2x	25.5x	20.3x
EV/EBITDA	32.9x	27.1x	20.5x	16.3x

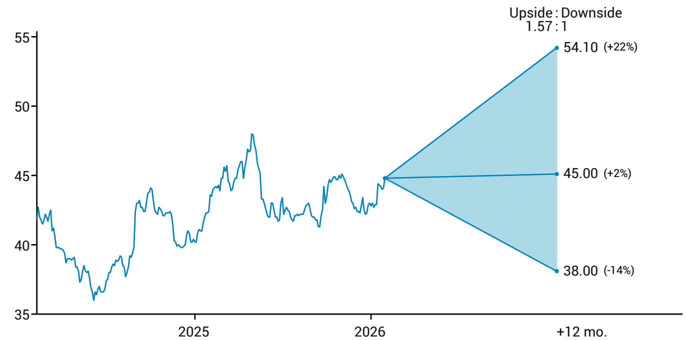
The Long View: stc

Investment Thesis / Where We Differ

We reiterate Hold into 2026.

1. We expect operational trends to remain mixed and still <5% top-line growth in 2026E before it matches Mobily from 2027E.
2. We are baking in bigger cost optimisation however as we also factor in lower interest rates, we forecast only 9% adj EPS growth in 2026E and 8% CAGR in 2025-28E.
3. Leverage is low -0.1x next cash / EBITDA as of 2025E, but as we see FCFE below basic divi, we expect no special divi for 2025, and believe the market needs comfort on: (a) M&A; (b) working capital.
4. On 15.2x 12m fwd P/E stc is 14% above e& and 6% above Mobily. 2026 DY of 5.0% is close to Buy-rated Mobily (4.7%) and given P/E premium, re-rating would need more conviction on asset monetisation and divi uplift.

Risk/Reward - 12 Month View



Base Case, SAR45, +2%

The stock re-rates to a weighted average of 4.5% 2026 DY and 13.1x 2027 P/E. Assumptions:

1. 2026 DPS of SAR2.20, in line with the new dividend policy; no special dividend.
2. 2027 EPS of SAR3.13, based on 2pp Y/Y increase in the Saudi mobile penetration; 0.6% Y/Y growth at EBU: 61.5% gross profit margin at stc KSA.

Upside Scenario, SAR54.1, +22%

The stock re-rates to a weighted average of 5.5% 2026 DY and 15.0x 2027 P/E. Assumptions:

1. 2026 DPS of SAR3.20. That assumes SAR2.20 DPS under the new dividend policy plus SAR1.00 special DPS supported by stronger cash generation including more favourable working capital.
2. 2027 EPS of SAR3.33, based on 3pp Y/Y increase in the Saudi mobile penetration; 5.0% Y/Y growth at EBU: 63.0% gross profit margin at stc KSA achieved via bigger cost savings.

Downside Scenario, SAR38, -14%

The stock de-rates to a weighted average of 5.0% 2026 DY and 11.0x 2027 P/E. Assumptions:

1. 2026 DPS of SAR2.20, in line with the new dividend policy; no special dividend.
2. 2027 EPS of SAR2.91, based on 0pp Y/Y increase in the Saudi mobile penetration; -5.0% Y/Y growth at EBU due to continued pressure from de-monopolization in the B2G segment: 60.0% gross profit margin at stc KSA.

Sustainability Matters

stc published its 6th sustainability report in 2024, reaffirming its ESG strategy around 3 core pillars: Environmental Performance and Climate, Development of Human Capital through Digital Innovation, and Strong Governance and Ethical Excellence. The Group maintained its net-zero emissions by 2050 ambition, with targets validated by the Science Based Targets initiative (SBTi), and reported a 3.6% reduction in Scope 1 emissions; 14.6% reduction in Scope 3 emissions in 2024. Environmental progress also included a 9.8% reduction in energy intensity, 370 renewable-powered tower sites, and 88% of end-of-life assets reused/recycled. Governance was further strengthened through deeper ESG integration into enterprise risk management, alignment efforts with IFRS S1 and S2, and expanded Board-level oversight, with 18% of Board seats held by women and sustainability metrics embedded into executive remuneration. The Group employed c.20k employees, with women representing c.16% of the workforce and 31% of new hires, reinforcing human-capital development alongside digital and ethical leadership.

Catalysts

February 17th - 4Q25 results (tbc)

Financials: stc

Estimate changes

SAR	2024A	2025E	2026E	2027E
EPS	**4.94**	**2.99** ↑ +7%	**2.84** ↓ -2%	**3.09** ↓ -4%
Previous		2.80	2.88	3.23
EBITDA (MM)	**23,925.6**	**24,809.9** <1%	**26,705.6** ↓ -1%	**28,997.8** ↓ -3%
Previous		24,983.3	27,073.5	29,845.9
Rev. (MM)	**75,893.4**	**78,170.8** <1%	**81,939.3** ↓ -3%	**86,642.0** ↓ -3%
Previous		78,739.2	84,052.9	89,477.4
Adj EPS	**2.13**	**2.63**	**2.87** ↓ -1%	**3.13** ↓ -4%
Previous			2.91	3.26
Cons. Rev.	**75,893.4**	**78,670.4** <1%	**82,295.0** <1%	**86,355.2** <1%
Previous		78,802.1	82,705.0	87,205.9
EBITDA (MM)	**22,546.2**	**24,950.8** <1%	**26,874.8** ↓ -1%	**29,200.7** ↓ -3%
Previous		25,104.2	27,218.5	30,019.8
Cons. EPS	**4.94**	**2.96** ↑ +5%	**2.94** ↑ +3%	**3.12** ↑ +2%
Previous		2.81	2.86	3.07
DPS	**3.75**	**2.20**	**2.20**	**2.20**

Valuation metrics

SAR	2024A	2025E	2026E	2027E
FY P/E	9.0x	14.8x	15.6x	14.3x
EV/EBITDA	8.9x	8.6x	8.0x	7.3x
EV/Rev	2.8x	2.7x	2.6x	2.5x
P/Rev	2.9x	2.8x	2.7x	2.6x
FY P/Adj EPS	20.8x	16.8x	15.4x	14.1x

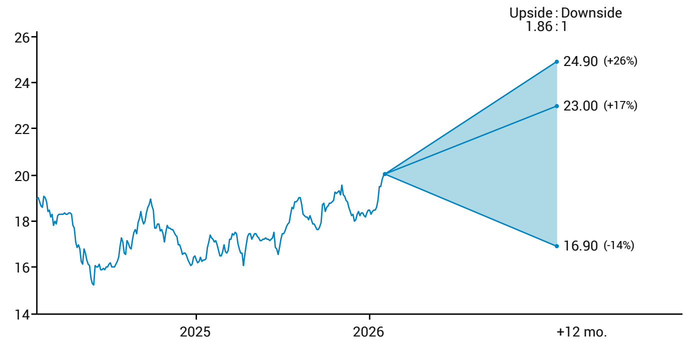
The Long View: e&

Investment Thesis / Where We Differ

We reiterate Buy for four reasons:

1. Domestic business is well positioned to keep capitalising on accelerated population growth and digitisation while maintaining best-in-class capex / sales of <10%.
2. Int'l is solid incl. Egypt, MT (we expect return to growth in Morocco in 2026E) and PPF (scope for synergies in Serbia and capex optimisation). TP deal yields AED0.3/sh accretion.
3. We expect c.90% FCFE/Net income conversion in 2026-27E = deleverage to 0.9x/0.7x. Given that mgmt has been sounding more selective regarding new deals, we believe there is scope to lift divis.
4. Valuation is attractive. e& is on 13.4x 12m fwd P/E, +1% re-rating LTM, we show that the core has gone down by 6%. e& is also at 12% discount to stc.

Risk/Reward - 12 Month View



Base Case, AED23, +17%

The stock re-rates to a weighted average of 4.5% 2026 DY and 16.1x 2027 P/E. Assumptions:

1. 2026 DPS of AED0.89 as per the dividend policy
2. 2027 EPS of AED1.57, based on 3pp Y/Y increase in the UAE mobile penetration; 1.0% Y/Y growth for UAE mobile ARPU: -30.0% EBITDA margin at e& life.

Upside Scenario, AED24.9, +26%

The stock re-rates to a weighted average of 4.5% 2026 DY and 16.5x 2027 P/E. Assumptions:

1. 2026 DPS of AED1.00 on the back of faster deleveraging.
2. 2027 EPS of AED1.61, based on 5pp Y/Y increase in the UAE mobile penetration; 3.0% Y/Y growth for UAE mobile ARPU: -20.0% EBITDA margin at e& life.

Downside Scenario, AED16.9, -14%

The stock de-rates to a weighted average of 5.5% 2026 DY and 11.5x 2027 P/E. Assumptions:

1. 2026 DPS of AED0.89 as per the dividend policy. 5.5% DY accounting for higher M&A/execution risks.
2. 2027 EPS of AED1.53, based on 1pp Y/Y increase in the UAE mobile penetration; -1.0% Y/Y growth for UAE mobile ARPU: -40.0% EBITDA margin at e& life due to more intense competition in the MENA food delivery sector.

Sustainability Matters

In 2024, e& strengthened ESG governance through an enhanced Sustainability Committee and launched its Group Climate Transition Plan (“Ambition to Action”). Building on its role as Principal Technology Partner for COP28, e& reaffirmed its net zero Scope 1 and 2 targets for the UAE by 2030 and Group-wide by 2040, with near-term targets validated by SBTi. Scope 1 and 2 emissions declined by c.9% versus the 2022 baseline, supported by network modernisation and increased energy efficiency, while the Group remains committed to a 25% Scope 3 reduction by 2030. On social priorities, e& continued to advance diversity and inclusion as a UN Women’s Empowerment Principles signatory. Women represented c.26% of the workforce, while Emiratisation reached 54.3%. The Group maintained a strong focus on talent attraction, retention and development across all markets, employee training hours +6% Y/Y. Governance standards were further reinforced through an updated Code of Conduct and strengthened controls covering ethics, cybersecurity and data privacy.

Catalysts

February 14th - FY25 preliminary results

February 24th - 4Q25 results

February 25th - CMD

Financials: e&

Estimate changes

AED	2024A	2025E	2026E	2027E
EPS	1.24	1.69 <1%	1.43 ↓ -3%	1.57 ↓ -2%
Previous		1.70	1.48	1.61
EBITDA (MM)	26,453.6	32,192.3 ↑ +1%	35,463.6 ↑ +4%	37,736.8 ↑ +4%
Previous		31,779.4	34,199.6	36,392.4
Rev. (MM)	59,203.0	72,887.4 <1%	81,734.7 ↑ +4%	87,510.9 ↑ +4%
Previous		72,499.5	78,732.2	83,802.4
Cons. Rev.	57,564.1	72,773.3 ↑ +3%	78,403.2 ↑ +4%	82,966.4 ↑ +4%
Previous		70,910.3	75,360.5	79,606.5
EBITDA (MM)	26,566.6	32,192.3 ↑ +1%	35,463.6 ↑ +4%	37,736.8 ↑ +4%
Previous		31,779.4	34,199.6	36,392.4
Adj EPS	1.28	1.36	1.43 ↓ -3%	1.57 ↓ -2%
Previous			1.48	1.61
Cons. EPS	1.24	1.68 ↓ -1%	1.51 <1%	1.63
Previous		1.70	1.50	
DPS	0.83	0.86	0.89	1.00 ↑ +9%
Previous				0.92

Valuation metrics

AED	2024A	2025E	2026E	2027E
FY P/E	15.9x	11.6x	13.8x	12.5x
EV/EBITDA	8.3x	6.8x	6.2x	5.8x
EV/Rev	3.7x	3.0x	2.7x	2.5x
P/Rev	2.9x	2.4x	2.1x	2.0x
FY P/Adj EPS	15.4x	14.5x	13.8x	12.5x

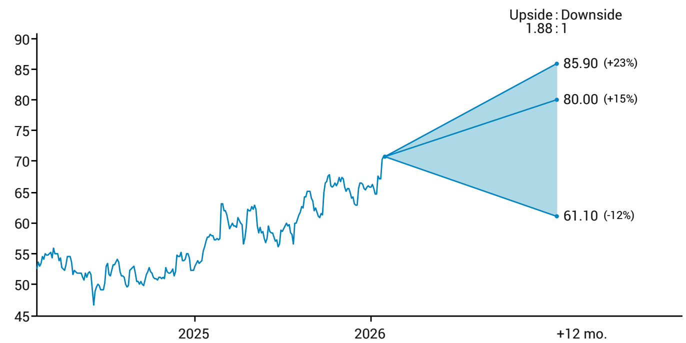
The Long View: Mobily

Investment Thesis / Where We Differ

We reiterate Buy for four reasons:

1. Despite more cautious view on B2G (c.10% of revenue) and the loss of RedBull deal we see scope to maintain >5% rev growth in 2026-28E, supported by solid consumer, B2B and additional submarine cable.
2. Operational efficiency program is tracking ahead of our expectations. We forecast 10% EPS CAGR.
3. After marginally lifting 2026-27E capex, our FCFE imply solid c.85% conversion from NI. We see pay-out at 64% in 2026E and 69% in 2027E. Still that implies develerage to 0.9x by 2026E and 0.8x by 2027E posing further upside risks to DPS. Our 2026-27E DPS is 8% above VA consensus.
4. On 13.5x 2026 P/E Mobily is cheaper than stc (15.4x) while its 2026E DY of 4.7% is almost on a par (stc is 5.0%).

Risk/Reward - 12 Month View



Base Case,

SAR80, +15%

The stock re-rates to a weighted average of 4.5% 2026 DY and 15.7x 2027 P/E. Assumptions:

1. 2026 DPS of SAR3.30.
2. 2027 EPS of SAR5.52, based on 2pp Y/Y increase in the Saudi mobile penetration; 8.0% Y/Y growth in B2B: 53.7% gross profit margin.

Upside Scenario,

SAR85.9, +23%

The stock re-rates to a weighted average of 4.5% 2026 DY and 16.0x 2027 P/E. Assumptions:

1. 2026 DPS of SAR3.50, due to faster than expected deleveraging.
2. 2027 EPS of SAR5.87, based on 3pp Y/Y increase in the Saudi mobile penetration; 13.0% Y/Y growth in B2B: 54.5% gross profit margin.

Downside Scenario,

SAR61.1, -12%

The stock de-rates to a weighted average of 5.0% 2026 DY and 12.0x 2027 P/E. Assumptions:

1. 2026 DPS of SAR3.00, due to slower than expected deleveraging.
2. 2027 EPS of SAR5.18, based on 0pp Y/Y increase in the Saudi mobile penetration; 3.0% Y/Y growth in B2B: 53.0% gross profit margin.

Sustainability Matters

Mobily delivers its ESG strategy through five pillars: (1) Accountable Enterprise - strengthened governance and ethics reflected in an AA MSCI ESG rating, ISO-certified compliance systems and zero anti-competitive cases in 2024. (2) Marketplace and Customers - expansion of advanced digital services, 5G coverage across 6,600+ sites (87% in major cities), zero data breaches since 2018, and rapid fintech scale-up, with Mobily Pay transactions up 154% and active users up 73%, supported by the RESILIENT cybersecurity strategy. (3) Responsible Employer - continued investment in people through 72,860 training hours, 86% Health Index engagement score, 30% female hiring, and zero fatalities. (4) Positive Community Impacts - SME and talent development via Biban 24, engagement of 38 SMEs, 95% local procurement spend, and 160+ students and graduates in national programs. (5) Safeguarding the Planet - reduced energy use (-13.8%), Scope 1 (-17%) and Scope 2 (-4%) emissions vs. 2022 baseline, and zero waste to landfill.

Catalysts

February 23th - 4Q25 results (tbc)

Financials: Mobily

Estimate changes

SAR	2024A	2025E	2026E	2027E
EPS	4.03	4.44 ↑ +3%	5.16 ↑ +6%	5.52 ↑ +1%
Previous		4.30	4.89	5.45
EBITDA (MM)	7,194.6	7,498.6 ↑ +1%	8,012.0 <1%	8,437.7 ↑ +2%
Previous		7,393.0	7,958.7	8,309.2
Rev. (MM)	18,206.4	19,562.3 <1%	20,816.0 ↓ -2%	21,981.8 <1%
Previous		19,708.7	21,180.9	22,191.1
Cons. Rev.	18,206.4	19,532.2 <1%	20,801.9 <1%	21,901.8 <1%
Previous		19,534.2	20,835.2	21,924.0
EBITDA (MM)	6,910.6	7,498.6 ↑ +1%	8,012.0 <1%	8,437.7 ↑ +2%
Previous		7,393.0	7,958.7	8,309.2
Adj EPS	3.75	4.44 ↑ +3%	5.16 ↑ +6%	5.52 ↑ +1%
Previous		4.30	4.89	5.45
Cons. EPS	4.03	4.34 ↑ +2%	4.93 ↑ +2%	5.53 <1%
Previous		4.24	4.85	5.49
DPS	2.20	2.80	3.30	3.80

Valuation metrics

SAR	2024A	2025E	2026E	2027E
FY P/E	17.3x	15.7x	13.5x	12.6x
EV/EBITDA	8.4x	8.0x	7.5x	7.1x
EV/Rev	3.3x	3.1x	2.9x	2.7x
P/Rev	2.9x	2.7x	2.6x	2.4x
FY P/Adj EPS	18.6x	15.7x	13.5x	12.6x

Company Description

e&

e& engages in the provision of telecommunication services, media and related equipment. e& operates in 16 countries across MENA while recently it have also gained exposure to Europe via investments in Vodafone and PPF Telecom. The company was founded on January 1, 1976 and is headquartered in Abu Dhabi, United Arab Emirates.

Mobily

Etihad Etisalat Co. (Mobily) engages in the provision of mobile telecommunications service and related products. Its products include voice plans, internet solutions, handset devices, and digital stores. The firm also provides global positioning system, calls and videos, messaging, credit, multi subscriber identity module, and roaming services. The company was founded on August 18, 2004 and is headquartered in Riyadh, Saudi Arabia

Elm Company

Elm Co. provides integrated digital solutions and e-government services. The company was founded in 1986 and is headquartered in Riyadh, Kingdom of Saudi Arabia.

Presight AI

Presight AI Holding PLC operates as a data analytics firm. Its activities include innovation and artificial intelligence research and consultancies and providing other information technology and computer services. The company was founded on December 12, 2022 and is headquartered in Abu Dhabi, United Arab Emirates.

Solutions by stc

Solutions by stc engages in the provision of information technology consulting and systems integration services. It operates through the following segments: Core ICT Services, IT Managed and Operational Services, and Digital Services. The company was founded on January 11, 2003 and is headquartered in Riyadh, Saudi Arabia.

stc

stc engages in the provision of telecommunication services, media and related equipment. stc is the market leader in Saudi Arabia while it also operates in Kuwait, Bahrain and Malaysia. Besides, recently it have also gained exposure to Europe via investments in Telefonica and United Group. The company was established on April 21, 1998 and is headquartered in Riyadh, Saudi Arabia.

Company Valuation/Risks

e&

We derive our AED23.0 PT based on a 50-50 mix of a DCF-based SOTP and target 2026E DY of 4.5%. We use a DCF model to value UAE/Maroc Telecom/Egypt/Pakistan/PPF. Our key assumptions include:

1. UAE: (a) 2.0% PGR, (b) 51.0% terminal EBITDA margin, (c) 9.0% terminal capex/revenue. (d) 7.9% WACC.
2. We use current market price to calculate value of a 16.8% stake in Vodafone.
3. We use a DCF-based fair valuation to calculate value of a 28.0% stake in Mobily.
4. We value e& enterprise based on 13.0x 2027E EV/EBITDA.
5. We value Starzplay, Careem, Wio, Newberry based on transaction values (Jefferies calculations).
6. We apply a 5% target discount related to M&A risks.

Key downside risks include:

1. Weaker-than-expected UAE macro, reliant on oil prices;
2. FX devaluation across the footprint;
3. Higher-for-longer losses at e& life;
4. M&A-related and execution risks.

Mobily

We derive our SAR80.0 PT based on a 50-50 mix of a DCF and target 2026E DY of 4.5%. Our key assumptions include:

1. 2.0% PGR,
2. 37.5% terminal EBITDA margin,
3. 15.0% terminal capex/revenue,
4. 8.9% WACC.

Key downside risks include:

1. Weaker-than-expected KSA macro, reliant on oil prices,
2. Higher competition in B2B pressuring growth and margins,
3. Slower than expected deleveraging curbing DPS growth.

Elm Company
We derive our SAR700 PT based on a DCF model. Our key assumptions include:

1. 4.0% PGR,
2. 27.0% terminal EBITDA margin,
3. 1.5% terminal capex/revenue,
4. 9.8% WACC.

Key downside risks include:

1. Weaker-than-expected Saudi macro, reliant on oil prices,
2. Slower-than-anticipated digitalisation of the Saudi public services, weighing on product revenue,
3. Intensifying competition in the BPO segment,
4. Tech talent scarcity and elevated attrition affecting margins,
5. FCF pressure from unfavourable working capital dynamics (namely delays in collection of government receivables),
6. M&A and execution risks including related to the Thiqah integration.

Presight AI
We derive our AED4.40 PT based on a DCF model. Our key assumptions include:

1. 4.5% PGR,
2. 30.0% terminal EBITDA margin,
3. 1.0% terminal capex/revenue.
4. 10.1% WACC (we use a beta of 1.10 to account for the low stock ADTV & associated liquidity risks and also elevated forecast risk).
5. We use 25x 2027E P/E to calculate value of a 49% minority stake in AIQ.

Key downside risks include:

1. Weaker than expected UAE macro, reliant on oil prices,
2. Slower than anticipated adoption of big data analytics services in the UAE and across the Global South,
3. Intensifying competition including with global players,
4. Tech talent scarcity and elevated attrition affecting margins,
5. FCF pressure from unfavourable working capital dynamics,
6. M&A related execution risks.

Solutions by stc
We derive our SAR250 PT based on a DCF model. Our key assumptions include:

1. 3.0% PGR,
2. 16.0% terminal EBITDA margin,
3. 1.5% terminal capex/revenue,
4. 9.9% WACC.
5. We use transaction valuation to calculate value of a 40% stake in Devoteam Middle East.

Key downside risks include:

1. Weaker-than-expected Saudi macro, reliant on oil prices;
2. Intensifying competition in the Saudi IT, including with global players;
3. Limited diversification from stc and legacy services curbing growth potential amidst workloads transition to the cloud;
4. Tech talent scarcity and elevated attrition affecting margins;
5. FCF pressure from unfavourable working capital dynamics;
6. M&A-related execution risks.

stc

We derive our SAR45.0 PT based on a 50-50 mix of a DCF and target 2026E DY of 4.5%. Our key assumptions include:

1. 2.0% PGR,
2. 35.0% terminal EBITDA margin,
3. 15.5% terminal capex/revenue,
4. 8.9% WACC.
5. We use a DCF-based fair valuation to calculate value of a minority interest in Solutions.
6. We use transaction values and our 2025E net debt estimate to calculate value of a minority interest in a new TowerCo.
7. We use current market price to calculate value of a minority interest in stc Kuwait and a 10.0% stake in Telefonica.
8. We apply a 5% target discount related to M&A/execution risks.

Key downside risks include:

1. Weaker than expected KSA macro, reliant on oil prices,
2. Bigger than expected pressure at stc EBU,
3. Higher for longer losses at new verticals,
4. M&A-related and execution risks.

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Analyst Certification:

I, Evgenii Annenkov, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security(ies) and subject company(ies). I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

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Investment Recommendation Record

(Article 3(1)e and Article 7 of MAR)

Recommendation Published	February 1, 2026 21:02 P.M.
Recommendation Distributed	February 1, 2026 23:00 P.M.

For Important Disclosure information on companies recommended in this report, please visit our website at https://javatar.bluematrix.com/sellside/Disclosures.action or call 212.284.2300.

Explanation of Jefferies Ratings

Buy - Describes securities that we expect to provide a total return (price appreciation plus yield) of 15% or more within a 12-month period.
Hold - Describes securities that we expect to provide a total return (price appreciation plus yield) of plus 15% or minus 10% within a 12-month period.
Underperform - Describes securities that we expect to provide a total return (price appreciation plus yield) of minus 10% or less within a 12-month period.
The expected total return (price appreciation plus yield) for Buy rated securities with an average security price consistently below $10 is 20% or more within a 12-month period as these companies are typically more volatile than the overall stock market. For Hold rated securities with an average security price consistently below $10, the expected total return (price appreciation plus yield) is plus or minus 20% within a 12-month period. For Underperform rated securities with an average security price consistently below $10, the expected total return (price appreciation plus yield) is minus 20% or less within a 12-month period.
NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Jefferies policies.
CS - Coverage Suspended. Jefferies has suspended coverage of this company.
NC - Not covered. Jefferies does not cover this company.
Restricted - Describes issuers where, in conjunction with Jefferies engagement in certain transactions, company policy or applicable securities regulations prohibit certain types of communications, including investment recommendations.
Monitor - Describes securities whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Valuation Methodology

Jefferies' methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Jefferies Franchise Picks

Jefferies Franchise Picks include stock selections from among the best stock ideas from our equity analysts over a 12 month period. Stock selection is based on fundamental analysis and may take into account other factors such as analyst conviction, differentiated analysis, a favorable risk/reward ratio and investment themes that Jefferies analysts are recommending. Jefferies Franchise Picks will include only Buy rated stocks and the number can vary depending on analyst recommendations for inclusion. Stocks will be added as new opportunities arise and removed when the reason for inclusion changes, the stock has met its desired return, if it is no longer rated Buy and/or if it triggers a stop loss. Stocks having 120 day volatility in the bottom quartile of S&P stocks will continue to have a 15% stop loss, and the remainder will have a 20% stop. Franchise Picks are not intended to represent a recommended portfolio of stocks and is not sector based, but we may note where we believe a Pick falls within an investment style such as growth or value.

Risks which may impede the achievement of our Price Target

This report was prepared for general circulation and does not provide investment recommendations specific to individual investors. As such, the financial instruments discussed in this report may not be suitable for all investors and investors must make their own investment decisions based upon their specific investment objectives and financial situation utilizing their own financial advisors as they deem necessary. Past performance of the financial instruments recommended in this report should not be taken as an indication or guarantee of future results. The price, value of, and income from, any of the financial instruments mentioned in this report can rise as well as fall and may be affected by changes in economic, financial and political factors. If a financial instrument is denominated in a currency other than the investor's home currency, a change in exchange rates may adversely affect the price of, value of, or income derived from the financial instrument described in this report. To the extent prices are shown in non-US currency, please note that our local currency price targets are based on a currency conversion using an exchange rate as of the prior trading day (unless otherwise noted). Should there be fluctuations in the exchange rate after this date, that will affect the non-US target prices and should no longer be relied upon. In addition, investors in securities such as ADRs, whose values are affected by the currency of the underlying security, effectively assume currency risk.

Other Companies Mentioned in This Report

- Arabian Internet & Communication (SOLUTION AB: SAR234.70, HOLD)
- China Mobile Limited (941 HK: HK$79.80, BUY)
- Elm Company (ELM AB: SAR774.00, UNDERPERFORM)
- Emirates Telecommunications Group (EAND UH: AED19.70, BUY)
- Presight AI Holding PLC (PRESIGHT UH: AED3.37, BUY)
- Rasan Information Technology Co. (RASAN AB: SAR140.00, BUY)
- Saudi Telecom Company (STC AB: SAR44.26, HOLD)

Distribution of Ratings

			IB Serv./Past12 Mos.		JIL Mkt Serv./Past12 Mos.	
	Count	Percent	Count	Percent	Count	Percent
BUY	2157	61.21%	367	17.01%	110	5.10%
HOLD	1203	34.14%	106	8.81%	15	1.25%
UNDERPERFORM	164	4.65%	2	1.22%	2	1.22%

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