



المتحدة للأوراق المالية  
UNITED SECURITIES

## GCC Telcom Sector

### Chart book

September 25, 2025



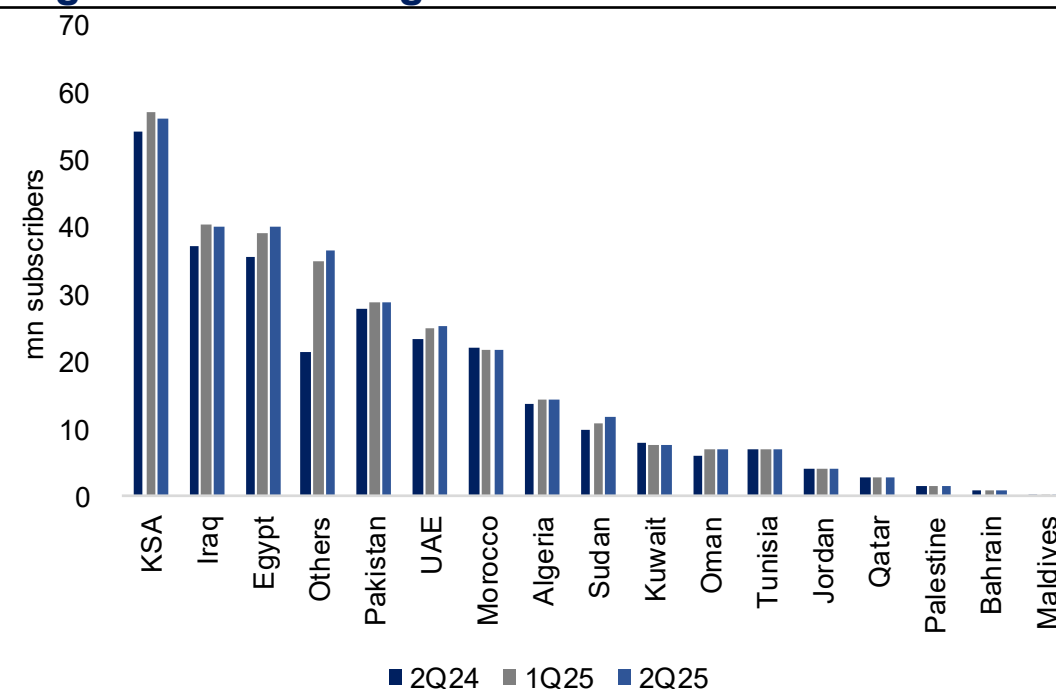
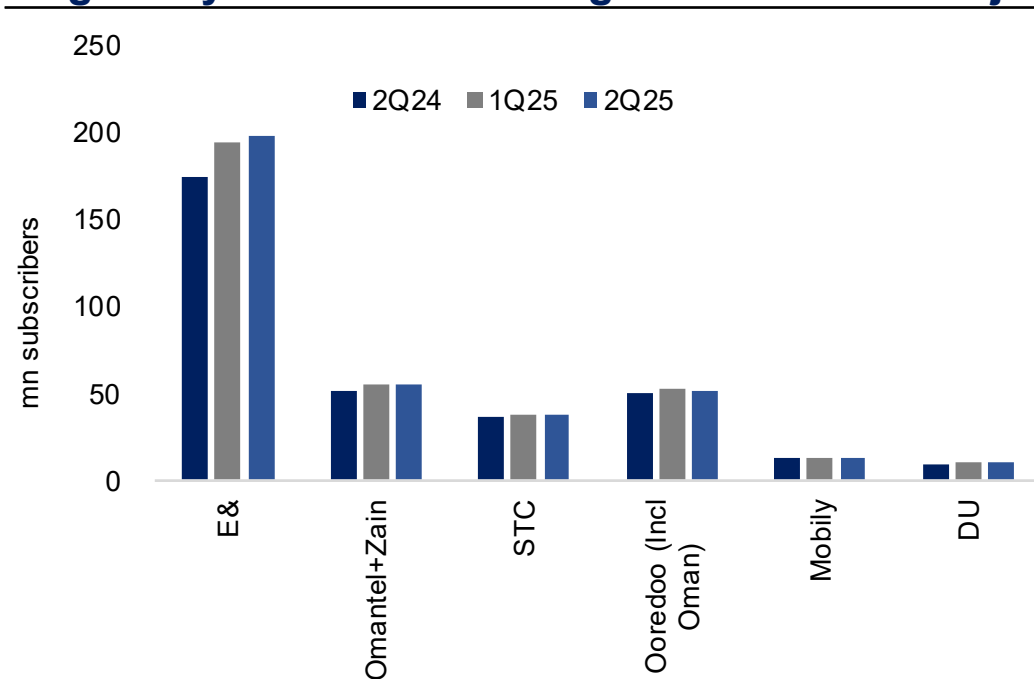
*Telecom companies in the GCC broadly reported strong results in the seasonally favorable second quarter of 2025. Subscriber bases showed steady growth, while ARPUs also improved for most companies under our coverage. We observed rising investments in non-telecom operations—such as fintech, cloud services, data centers, and other technology-driven business verticals—during the first half of 2025. Consequently, these segments have increased their contribution to overall revenues and are supporting topline growth. Although margins in these areas remain lower than in traditional telecom operations, they provide important avenues for growth and diversification, particularly as legacy businesses approach saturation.*

- Saudi telecom companies reported strong results in 1H25 across the board, despite moderate topline growth. STC posted low single-digit revenue growth, while its bottom line was supported by a one-off gain. Mobily and Zain KSA, on the other hand, improved their margins, which translated into solid bottom-line performance.
- In the UAE, both e& and DU reported strong results for 1H25, despite pressure on ARPUs in the region. Steady subscriber growth and expanding non-telecom operations powered their financial performance.
- Omani telecom companies continued to face intense competition in the domestic market, though the rationalization of mobile royalty provided some relief. Zain's contribution supported overall financial performance of Omantel, while an unfavorable sales mix weighed on Ooredoo Oman.
- Zain and Ooredoo benefited from diversified exposure and steady investments in non-telecom verticals. Zain's performance was supported by Zain Tech, ZOI, and its fintech operations, while Ooredoo delivered stable results.

# Telecom subscriber growth remains positive



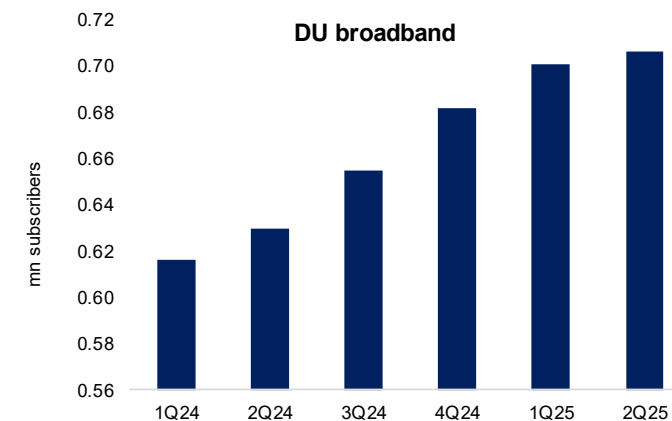
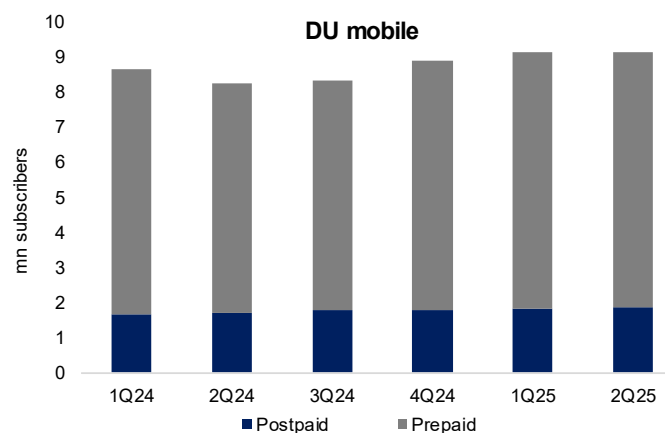
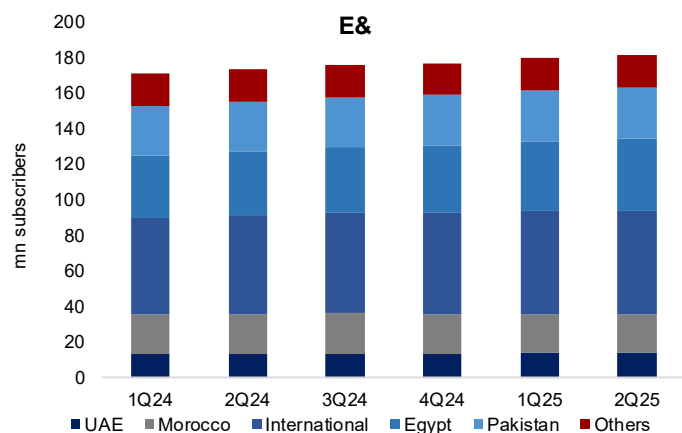
## Regionally Saudi was the largest market and majority of the regions witnessed growth in subscribers



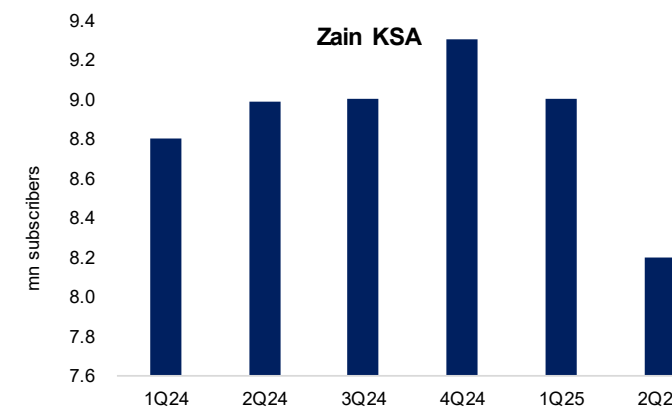
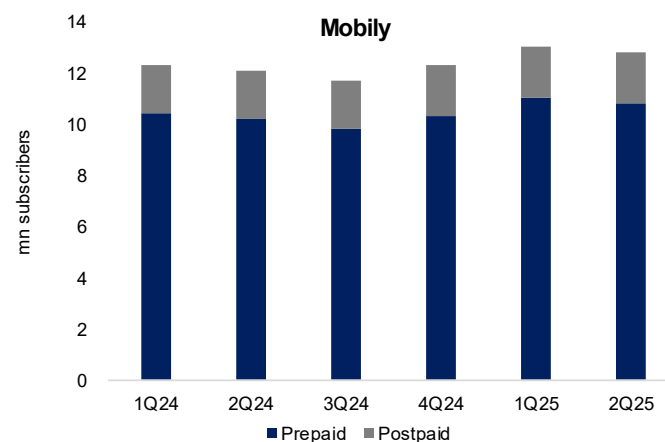
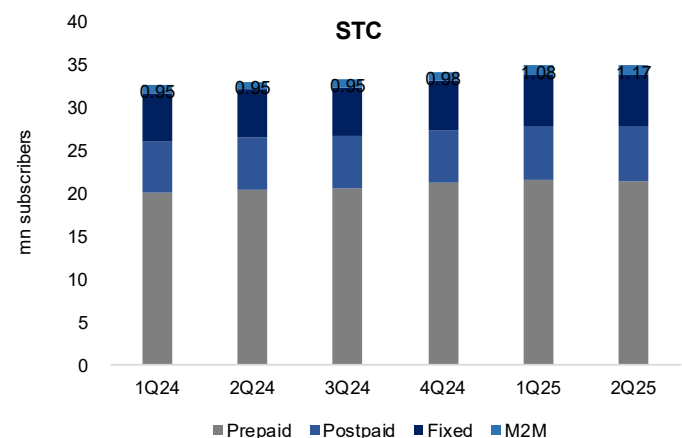
# UAE report robust growth, while KSA performance is more modest



**E& reports strong growth in subscriber base across most regions it operates, while both mobile and broadband customers increase for DU**



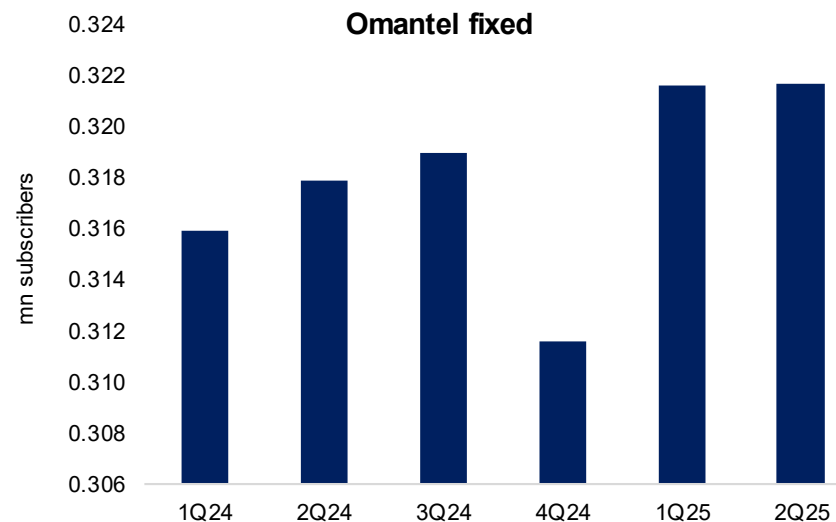
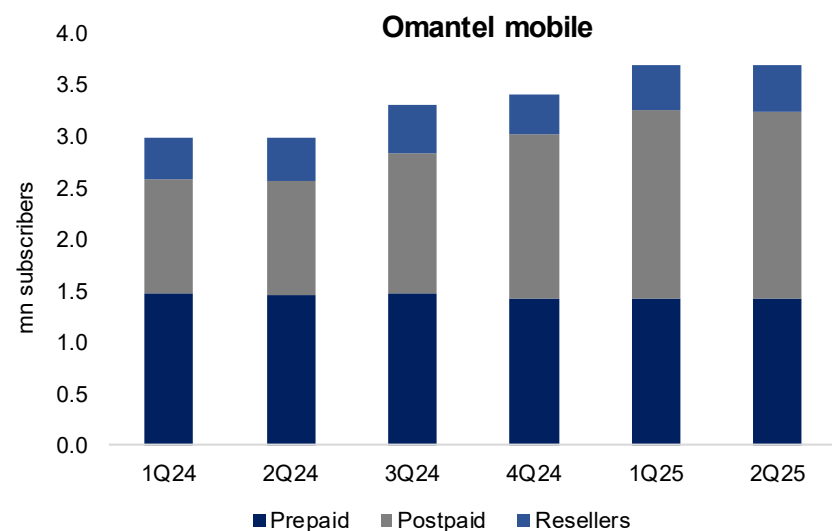
**STC and Mobily report positive growth, though Zain KSA numbers come under pressure**



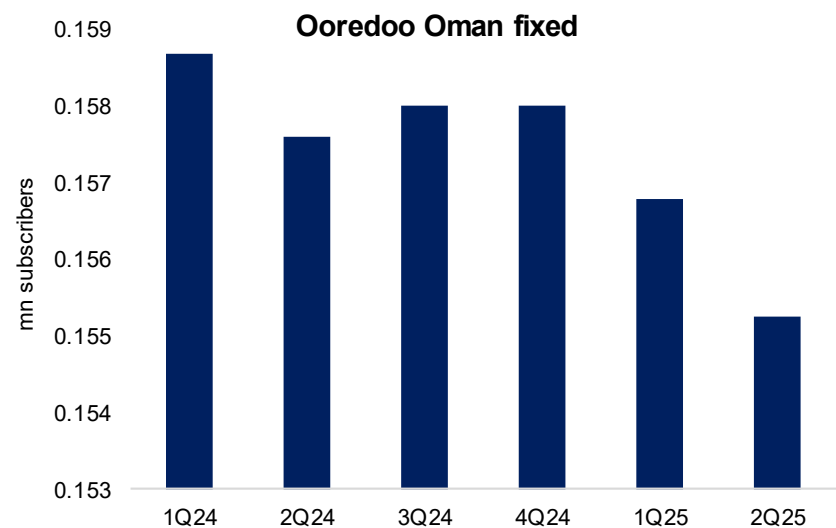
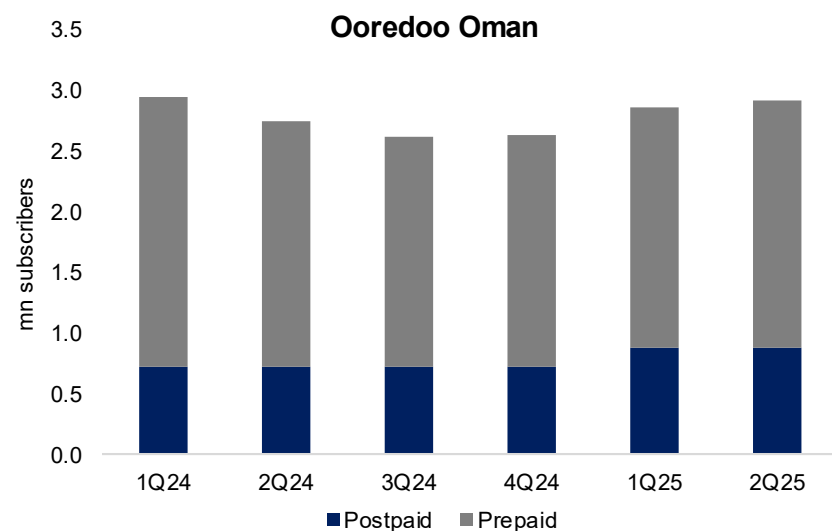
# Oman market remains competitive, though customer base grows



## Omantel reports improvement in both mobile and fixed



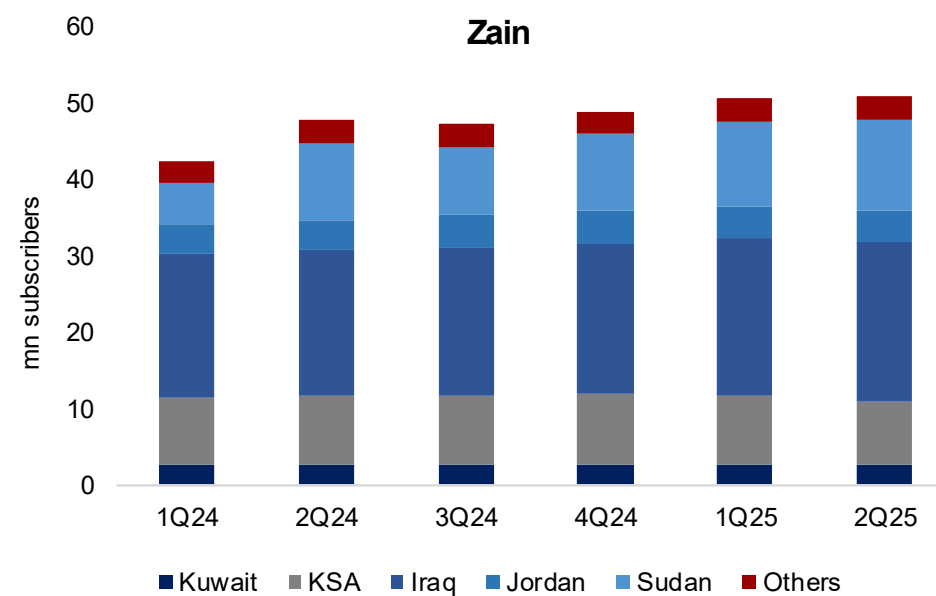
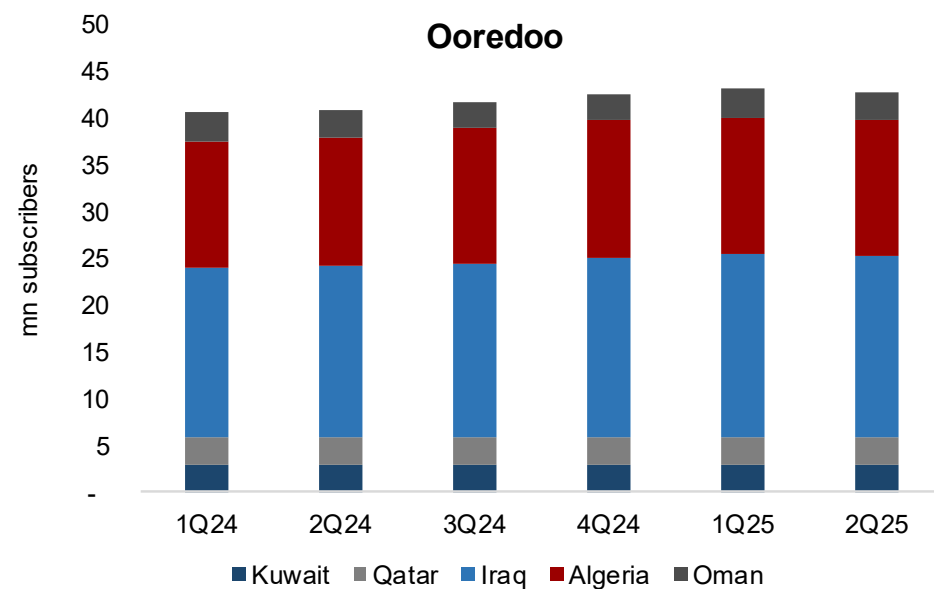
## Ooredoo Oman fixed subscribers under pressure, though mobile grows



# Ooredoo and Zain aided by diversified exposure



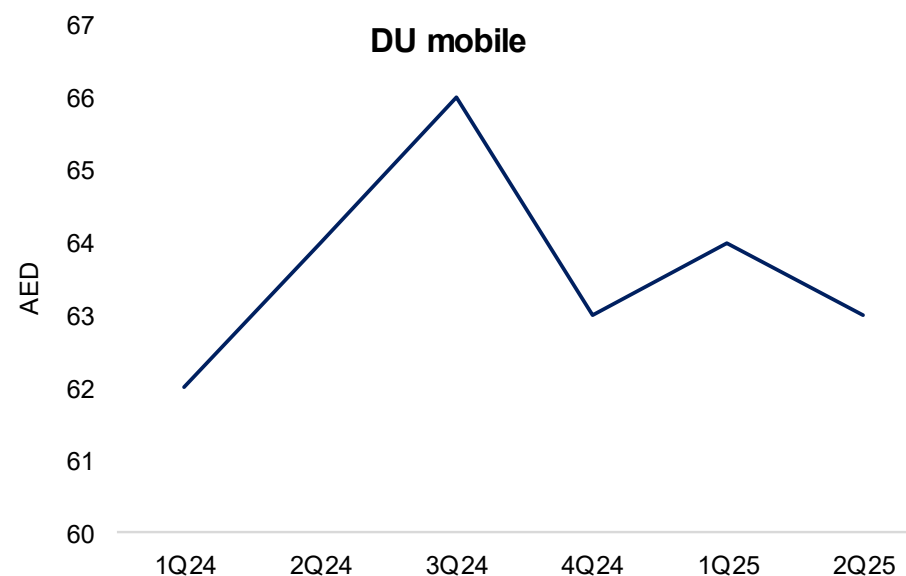
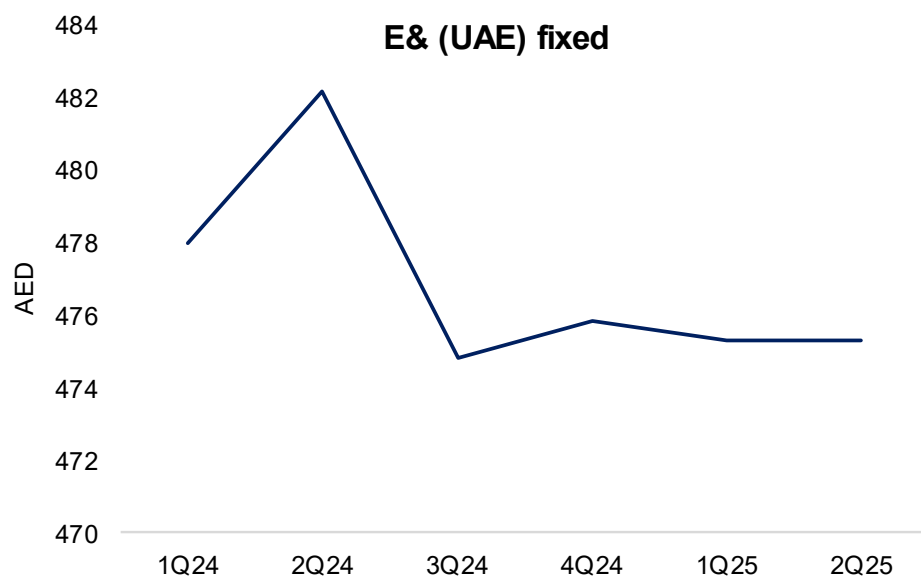
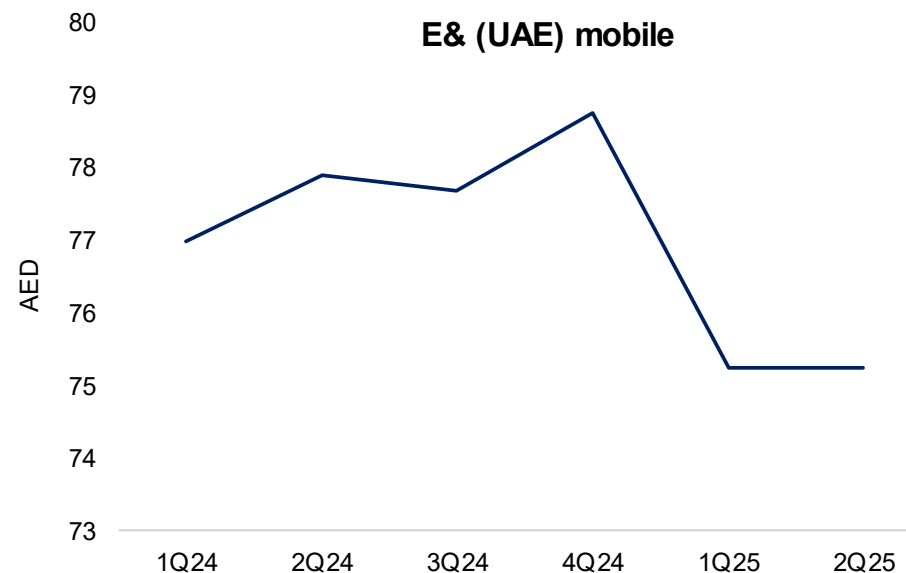
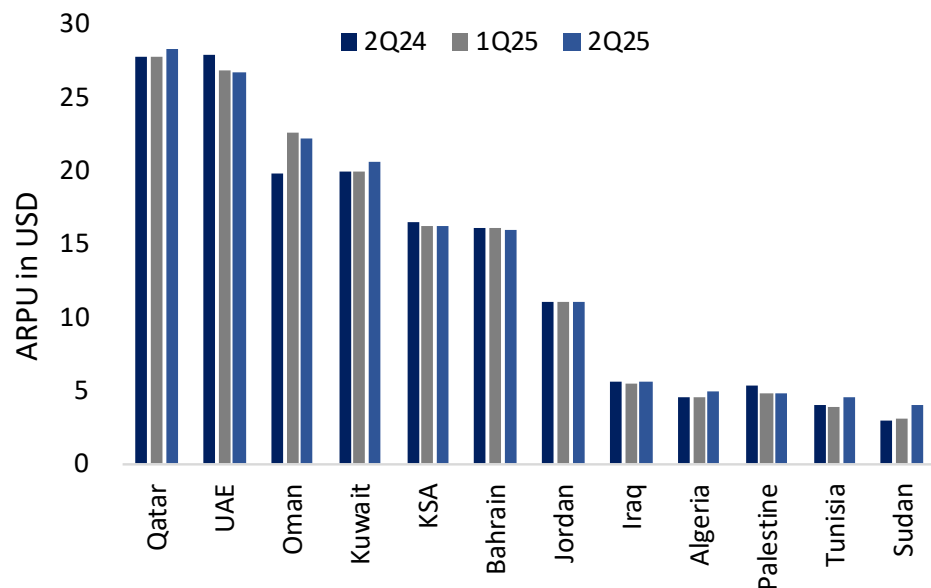
## Ooredoo reported broad-based growth, while Sudan, Iraq, and Jordan drives Zain growth



# ARPU generally improved, though UAE witnessed pressure



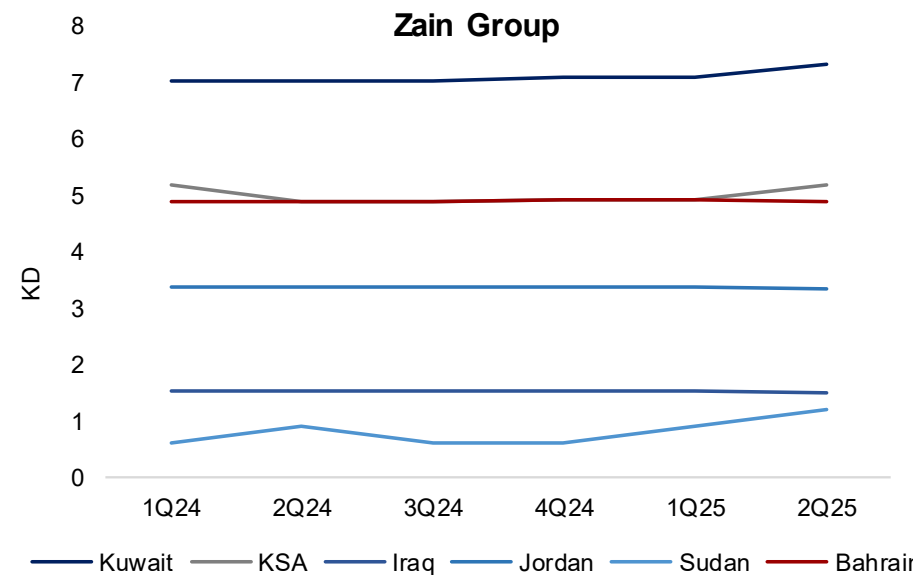
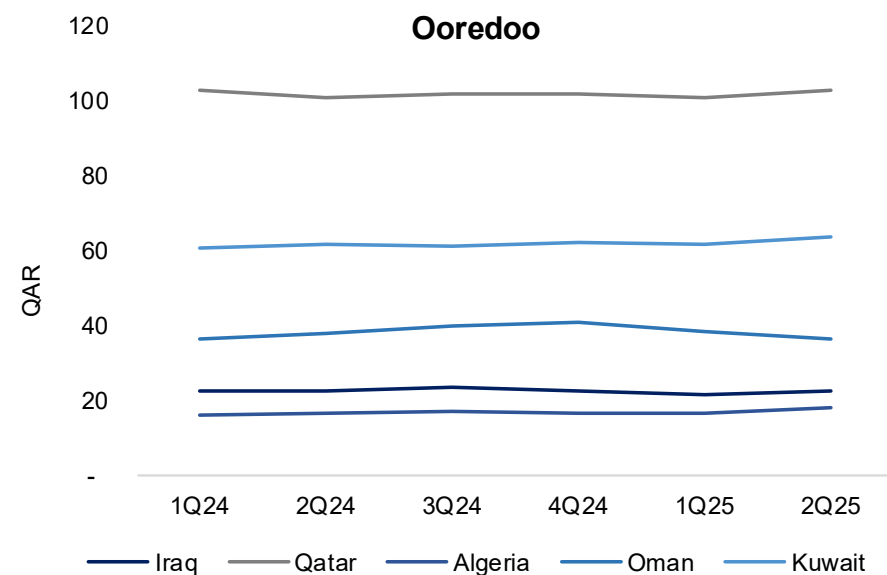
## Both E& and DU witnessed pressure on their UAE ARPUs in 2Q25



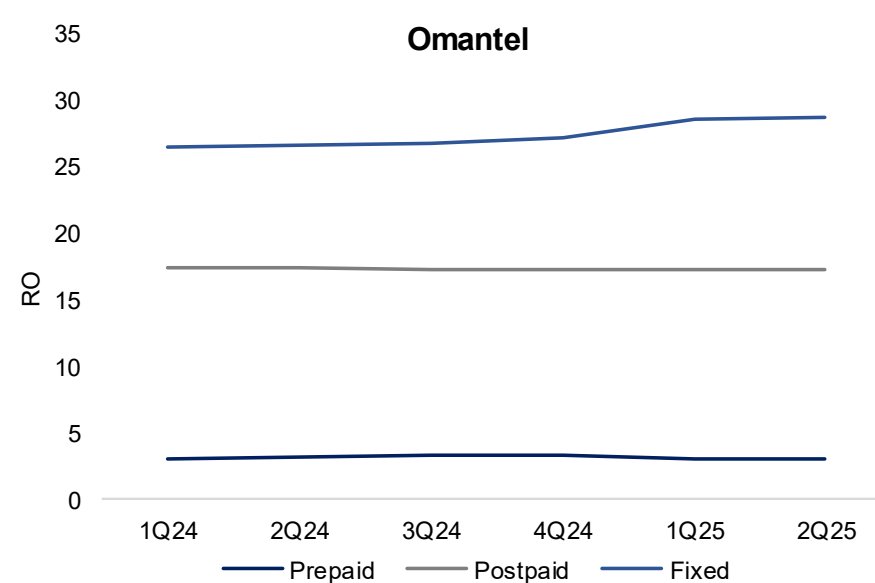
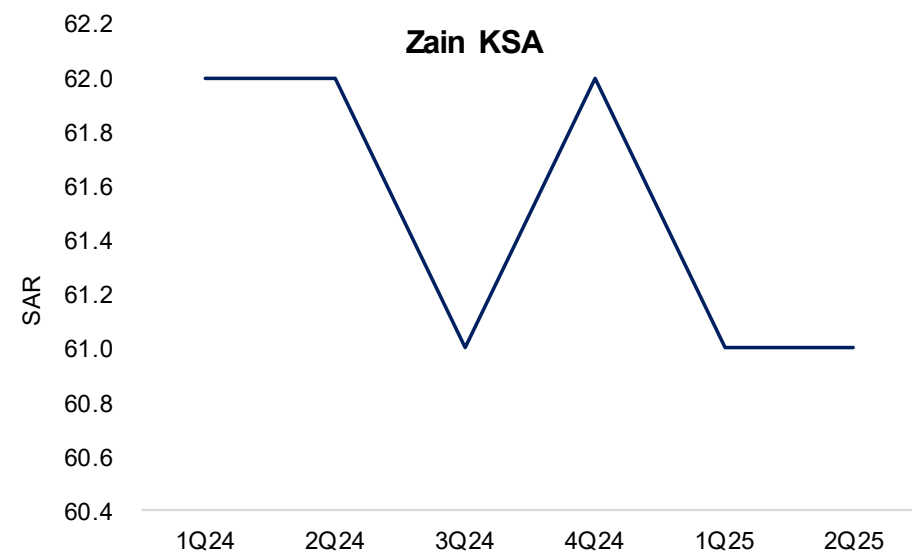
# Kuwait and Qatar ARPU improve, while KSA and Oman face pressure



## Ooredoo and Zain report mixed trends in the regions they operate



## ARPU of Zain KSA decline, while Omantel's largely stable

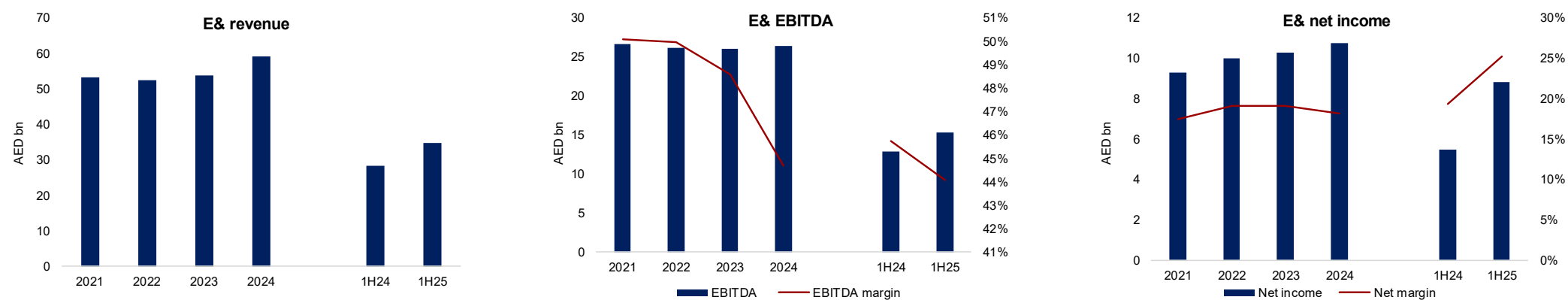




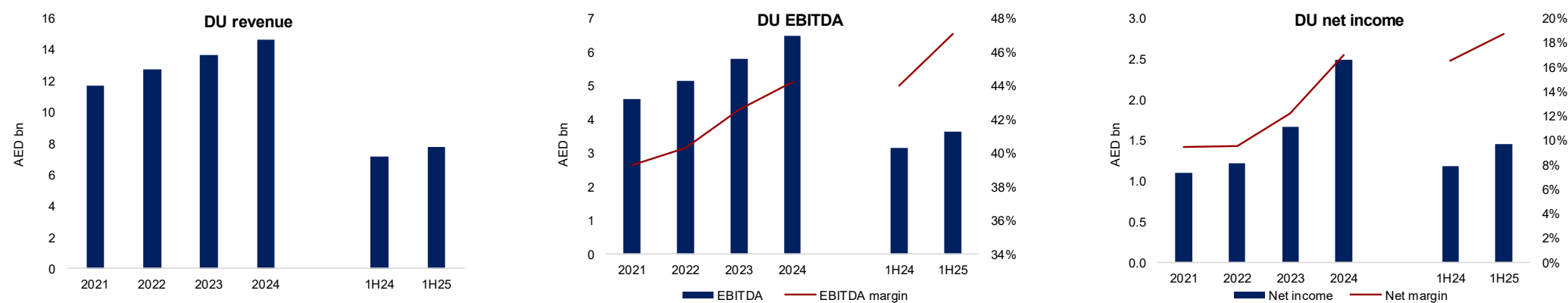
# E& and DU both report strong financial performance



## Broad based topline growth aids in strong financial performance



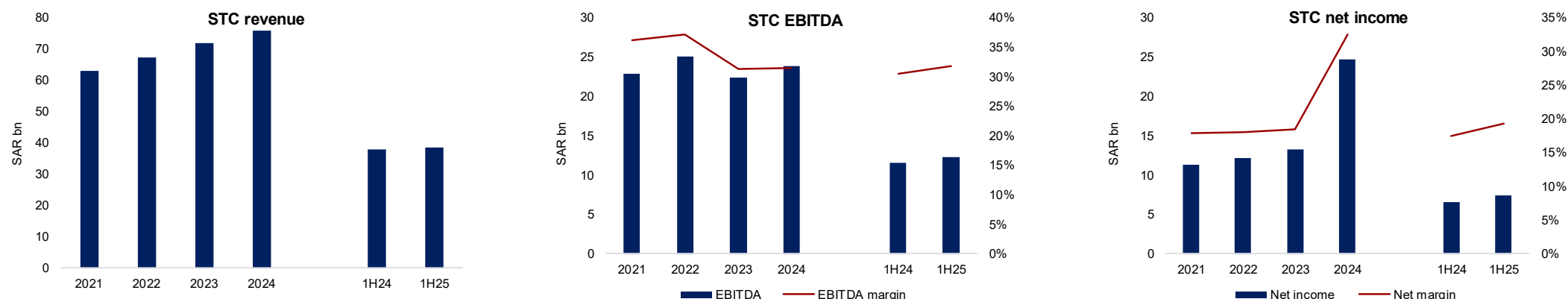
## Robust revenue and improved margins aids net income



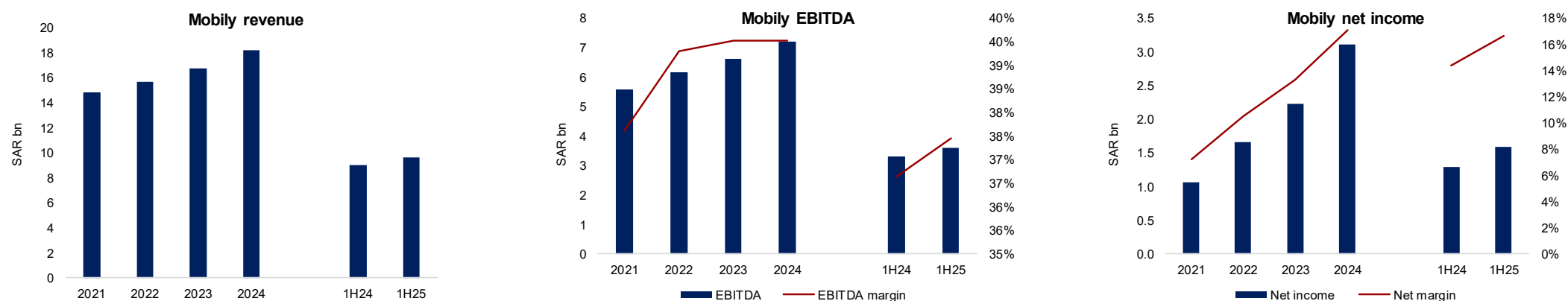
# Saudi telecom companies report favorable financial performance



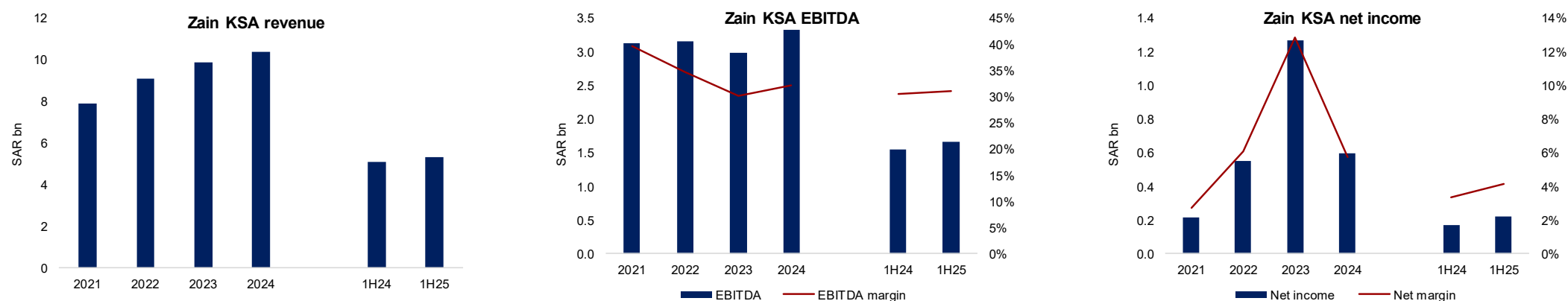
## Revenue growth remains steady, even as net income growth boosted by one-offs



## Revenue growth remains strong, as improved margins aid in bottom-line increase



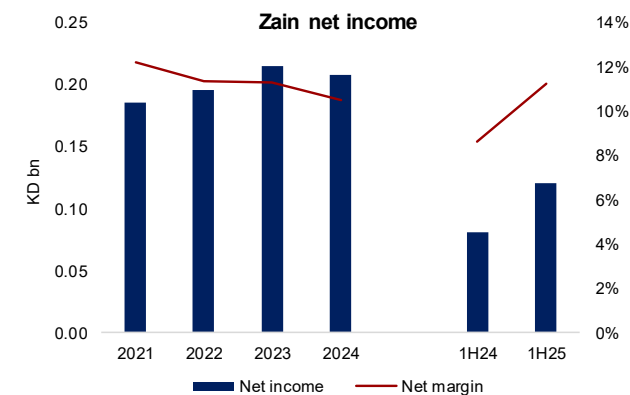
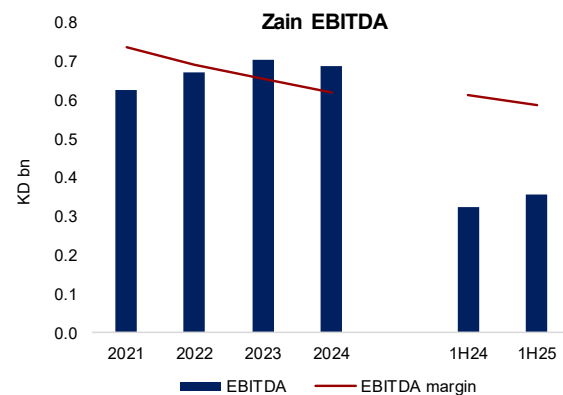
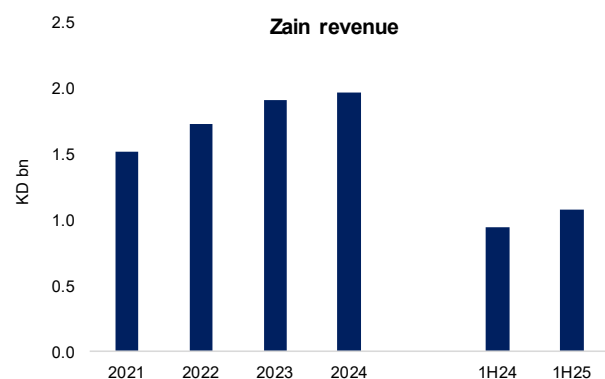
## Steady performance from telecom, robust growth from microfinance, and improved margins all aid profitability



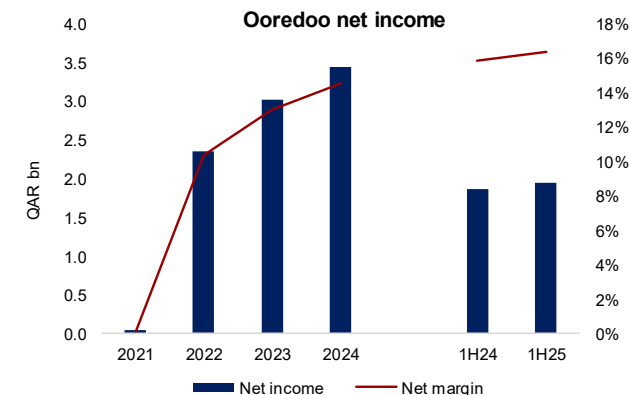
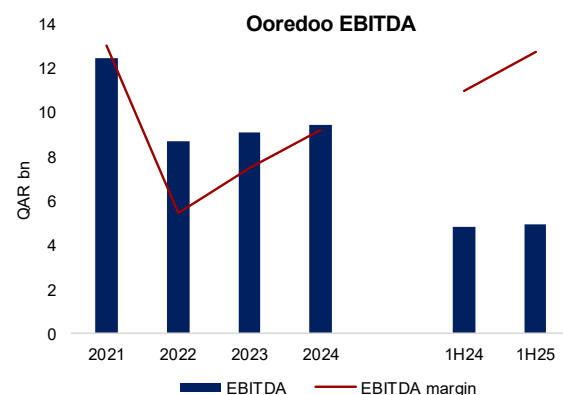
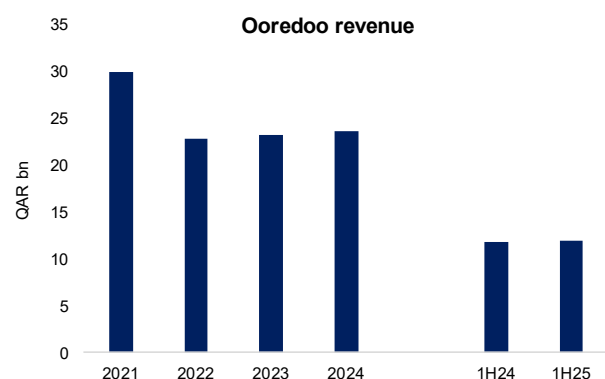
# Ooredoo performance remains steady, while diversification aids Zain



## New age vertical aids in top and bottom-line growth



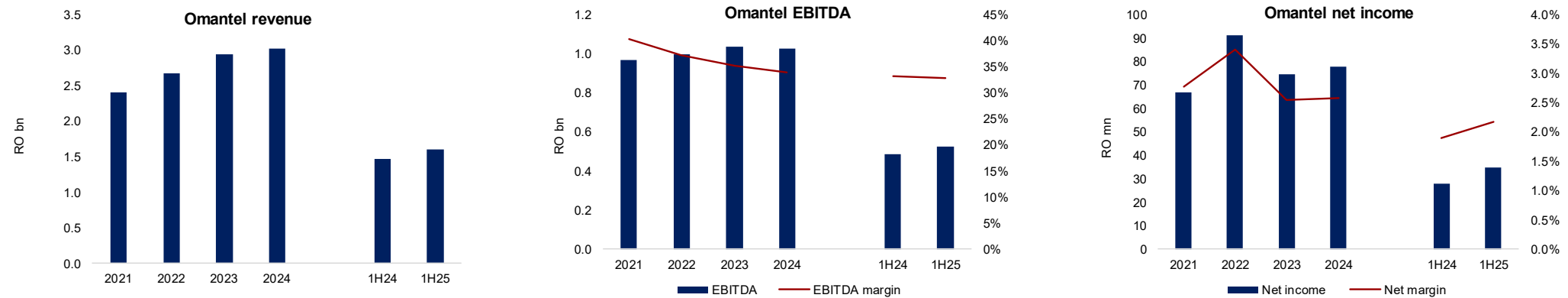
## Modest topline growth and one-offs aid financials



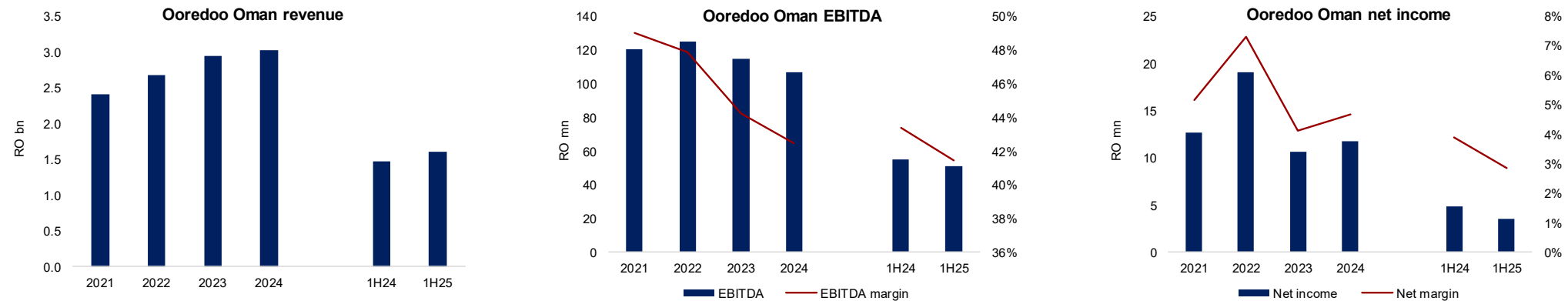
# Lower royalty in Oman offers strength in challenging operating conditions



## Zain and lower royalty powers financial performance



## Competitive pressure weighs in on performance



## Summary Of Our Coverage



Companies	M. Cap USD mn	CMP LCL	TP LCL	Upside	P/E		EV/EBITDA		Div. yield	
					2025e	2026e	2025e	2026e	2025e	2026e
STC	59,813	44.86	44.00	-1.9%	16.5	16.3	9.1	8.8	4.9%	4.9%
E&	43,487	18.52	20.00	8.0%	10.9	13.3	6.4	6.1	4.6%	4.8%
Mobily	13,983	68.10	59.00	-13.4%	16.9	15.6	8.0	7.5	3.6%	3.8%
DU	11,223	9.17	10.20	11.2%	14.5	13.7	5.6	5.3	6.8%	7.2%
Ooredoo	11,347	13.12	13.00	-0.9%	11.8	12.0	5.0	4.7	5.1%	5.1%
Zain	7,309	0.515	0.585	13.6%	9.6	10.0	6.1	5.9	7.3%	7.0%
Zain KSA	2,708	11.30	11.00	-2.7%	20.9	17.2	5.4	5.2	4.4%	4.4%
Omantel	2,106	1.080	1.140	5.6%	11.4	10.9	5.1	4.9	5.1%	5.1%
Oredoo Oman	394	0.233	0.280	20.2%	13.0	10.6	1.8	1.7	5.0%	6.1%



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## Key contacts

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### Research Team

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