Company

Saudi Telecom Co.

2Q26 Result Review

Rating

Buy

Bloomberg Ticker

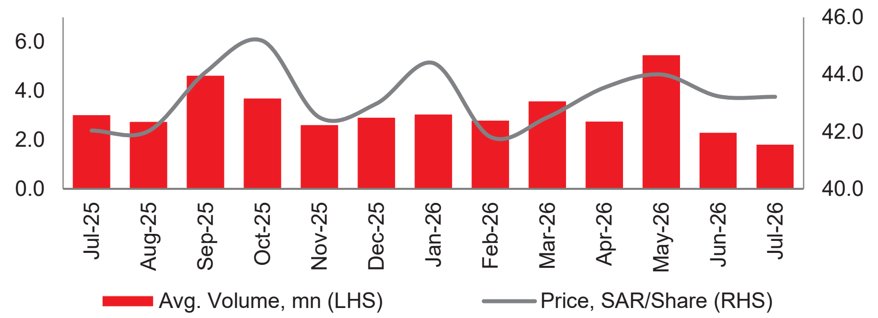
STC AB

Date

30 July 2026

Results

Target Price SAR	48.1
Total Return	16.7%



Current Market Price (SAR)	43.2
52-week High | Low	45.4 | 40.2
Price Perf. (1m | 3m)	0.0% | -0.7%
Mkt. Cap. (USD/SAR bn)	58.3 | 216.1
Free Float	38.0%
3m ADTO (000 shares)	2,302.1
6m ADTO (000 shares)	2,551.9
3m ADTV (SAR 000)	103,491.3
6m ADTV (SAR 000)	111,485.9
P/E 27e	15.1x
P/B 27e	2.4x
DY 27e	5.4%

U Capital Research
Email: ubhar-research@u-capital.net
Tel: +968 2494 9036

Revenue increased by 4% YoY, in line with our estimates

STC reported 2Q26 revenue of SAR 20.2bn (4% YoY and 1% QoQ), in line with our estimates. For 1H26, revenue increased 4% YoY to SAR 40.1bn, driven by growth across the portfolio, with positive contributions from both STC KSA and subsidiaries.

Profitability declined 5% YoY, ahead of our estimates

STC reported 2Q26 net profit of SAR 3.6bn (-5% YoY and -2% QoQ). For 1H26, net profit declined 2% YoY to SAR 7.3bn, driven by higher net finance costs attributable to increased funding to support growth. Net profit excluding the non-recurring items increased by 6.3% YoY in 1H26.

U-Capital view

STC delivered a solid performance in 1H26, driven by operational efficiencies and EBITDA margin expansion to 32.3%. We expect this positive momentum to continue into 2H26e, underpinned by subscriber growth across mobile and fixed connections, alongside steady expansion in digital infrastructure and 5G network coverage. We reiterate our Buy rating on the stock with a target price of SAR 48.1/ share.

Financial Statements

SAR mn	2Q25	3Q25	4Q25	1Q26	2Q26	2Q26e	YoY	QoQ	Var.	1H25	1H26	YoY
P&L												
Revenue	19,451	19,264	19,894	19,939	20,171	20,000	4%	1%	1%	38,660	40,110	4%
Gross Profit	9,560	9,251	9,791	9,772	9,865	9,771	3%	1%	1%	18,658	19,637	5%
Operating Profit	3,624	3,627	3,605	3,978	3,793	3,543	5%	-5%	7%	7,207	7,771	8%
Net Profit (Owners)	3,823	4,107	3,303	3,696	3,623	3,175	-5%	-2%	14%	7,472	7,319	-2%
BS												
Sh. Equity	82,699	83,948	83,414	84,743	84,986		3%	0%		82,699	84,986	3%
Ratios												
Gross Margin	49.1%	48.0%	49.2%	49.0%	48.9%	48.9%				48.3%	49.0%	
Operating Margin	18.6%	18.8%	18.1%	20.0%	18.8%	17.7%				18.6%	19.4%	
Net Profit Margin	19.7%	21.3%	16.6%	18.5%	18.0%	15.9%				19.3%	18.2%	
TTM RoE (%)					17.4%							
TTm P/E (x)					14.4							
Current P/Bv					2.5							

Source: Financials, Tadawul, Bloomberg, U Capital Research

Investment Research

Ubhar-Research@u-capital.net

Head of Research

Tahir Abbas
+968 2494 9036 | tahir@u-capital.net

Research Team

Rao Aamir Ali
+968 2494 9066 | rao@u-capital.net

Sandesh Shetty
+968 2494 9059 | sandesh@u-capital.net

Amira Al Alawi
+968 2494 9012 | amira.alalawi@u-capital.net

Head of Brokerage

Talal Al Balushi
+968 2494 9051 | talal@u-capital.net

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BUY	HOLD	SELL
Greater than 10%	Between 0% and +10%	Lower than 0%

Ubhar Capital SAOC (U Capital)
Website: www.u-capital.net
PO Box 1137, PC 111, Sultanate of Oman
Tel: +968 2494 9036 | **Fax:** +968 2494 9099 | **Email:** research@u-capital.net