

Company

Saudi Telecom Company

1Q26 Result Review

Rating

Buy

Bloomberg Ticker

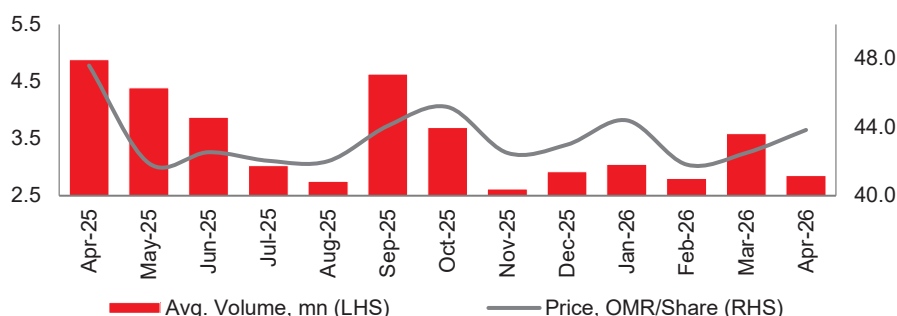
STC AB

Date

30 April 2026

Results

Target Price (SAR)	46.6
Total Return	11.3%



Current Market Price (SAR)	43.8
52wk High / Low (SAR)	45.7/40.2
12m Average Vol. (mn)	3,201.0
Mkt. Cap. (USD/SAR bn)	58.4/219.2
Shares Outstanding (mn)	5,000.0
Free Float (%)	38.0%
3M ADTV (SAR mn)	122.8
6M ADTV (SAR mn)	121.2
P/E'26e (x)	12.9
P/B'26e (x)	2.6
Dividend Yield '26e (%)	5.0%
Price Perf. (1m/3m) (%)	3.2/-1.3

Revenue surge driven by commercial and carrier units

STC's revenue increased by 4% YoY to SAR 19.9bn in 1Q26, staying in-line with our estimates. Growth was mainly attributable to a 5% YoY increase in commercial unit revenues and a 6% YoY growth in carriers and wholesale unit revenues. STC's subsidiaries revenue also increased by 5.8%. Mobile subscribers for STC KSA grew by 5.3% YoY to 30.6mn and fixed subscribers increased by 3.1% YoY to 6.1mn.

Profit improved due to operational strength and one-off gains

Net Income attributable to shareholders grew by 1% YoY, outperforming our estimates. This was driven by a 7% YoY improvement in gross profit and an 11% YoY increase in operating profit, with the company booking a gain of SAR 166mn, compared with a loss of SAR 219mn last year.

U-Capital View

STC's solid core operations and the rapid adoption of digital services in Saudi Arabia continue to support its growth trajectory. With a strengthening ICT presence and strong momentum in the enterprise space, we reiterate our Buy recommendation and revise our target price at SAR 49.1/share.

Financial Summary

SAR mn	1Q25	2Q25	3Q25	4Q25	1Q26	1Q26e	YoY	QoQ	Var.
P&L									
Revenue	19,210	19,451	19,264	19,894	19,939	19,940	4%	0%	0%
Gross Profit	9,098	9,560	9,251	9,791	9,772	9,771	7%	0%	0%
Operating Profit	3,584	3,624	3,627	3,605	3,978	3,543	11%	10%	12%
Net Profit/ (Loss) (Owners)	3,649	3,823	4,107	3,303	3,696	3,175	1%	12%	16%
BS									
Sh. Equity	91,069	82,699	83,948	83,414	84,743		-7%	2%	
Ratios									
Gross Margin	47.4%	49.1%	48.0%	49.2%	49.0%	49.0%			
Operating Margin	18.7%	18.6%	18.8%	18.1%	20.0%	17.8%			
Net Profit Margin	19.0%	19.7%	21.3%	16.6%	18.5%	15.9%			
RoE (TTM)					17.8%				
P/E (TTM)					14.6				
P/Bv					2.6				

Source: Financials, Tadawul, Bloomberg, U Capital Research.

For our last report





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Disclaimer

Recommendation

BUY

Greater than 10%

HOLD

Between
0% and +10%

SELL

Lower than 0%

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