

Etihad Etisalat Co. 2Q26 Earnings Summary

Mobily delivered a solid operational performance in 2Q26, broadly in line with both our estimates and consensus, supported by continued expansion in its mobile and FTTH subscriber base, indicating healthy demand across its core segments. Growth was broad-based across segments, led by Business (+9.7% Y/Y) and Wholesale (+10.9% Y/Y), while the Consumer segment also delivered steady growth. Continued expansion in the prepaid, postpaid and FTTH subscriber base reflected healthy underlying demand and supported revenue growth across the company's core connectivity offerings. Margin expansion was driven by a favorable revenue mix and improved operating leverage, with both gross and EBITDA margins expanding year-on-year. EBITDA growth outpaced revenue growth, indicating that earnings expansion was supported by underlying operational improvements rather than one-off factors.

However, gains were partially offset by a lower contribution from joint ventures, which kept net other expenses elevated Y/Y. From a balance sheet perspective, leverage improved further, with net debt declining Y/Y and net debt-to-EBITDA falling to 0.89x from 1.00x a year earlier. Meanwhile, capex rebounded sharply during the quarter, reflecting the normalization of investment activity following an unusually low base last year. With 1H26 capex still tracking below management's full-year guidance, investment activity is likely to accelerate in H26, which, together with softer operating cash flow, could weigh on near-term free cash flow and moderate the pace of further deleveraging.

Rating and Target Price:

We are Buy rated on EEC with a target price of SAR 76.9 (25.5% upside).

Results vs. Consensus:

- Revenue came in line with estimates.
- Net income came in line with estimates.

FY26 guidance

- Revenue growth – Mid to high single digit
- EBITDA margin – 37 to 38%
- Net debt to EBITDA – 0.9x-1.0x
- Capex/Revenue – 18 to 20%

Key highlights

- Revenue increased 5.2% Y/Y, driven by growth across all segments and a healthy expansion in the subscriber base. On a Q/Q basis, revenue rose 0.8% due to growth in the Consumer and Wholesale segments.
- Total mobile subscribers reached 14.9mn (+16.9% Y/Y), comprising 12.8mn prepaid and 2.1mn postpaid users, while FTTH subscribers increased to 315K (+7.9% Y/Y), supported by continued expansion of the company's FTTH and 5G FWA offerings.
- Cost of goods sold increased 1.4% Y/Y and 0.9% Q/Q, while gross profit rose 8.5% Y/Y and 0.7% Q/Q, supported by an increasing revenue. Gross margin expanded 168bps Y/Y but eased 3bps Q/Q to 56.0%.
- EBITDA grew 7.7% Y/Y to SAR 1.96bn, supported by higher revenues, but declined 0.4% Q/Q. EBITDA margin improved to 39.1% from 37.8% in 2Q25 and remained stable sequentially.



- Operating profit increased 9.8% Y/Y, supported by higher EBITDA and gross profit despite a 7.8% Y/Y increase in operating expenses. On a Q/Q basis, operating profit declined 1.0%, mainly due to a 1.7% increase in operating expenses.
- Operating margin improved to 19.3% (+80bps Y/Y) but declined 35bps Q/Q, while the opex-to-sales ratio increased to 36.8% (+88bps Y/Y; +32bps Q/Q).
- Net profit increased by 8.6% Y/Y and 2.4% Q/Q to SAR 901mn, with net margin improving to 17.7% (+54bps Y/Y; +28bps Q/Q), supported in part by a SAR 2mn Q/Q decline in zakat and income tax to SAR 23mn.
- Net debt-to-EBITDA improved to 0.89x from 1.00x a year earlier, supported by a 4.8% Y/Y decline in net debt to SAR 7.1bn. Gross debt also decreased 4.5% Y/Y to SAR 10.3bn.
- Capex increased 56.0% Y/Y to SAR 883mn, raising the capex-to-revenue ratio to 17.4% from 11.7% in 2Q25.

2Q26 Snapshot:

SAR mln	2Q26	1Q26	2Q25	2Q23	Q/Q bps	Y/Y bps	3-yr CAGR	1H26	1H25	Y/Y bps
Sales	5,080	5,040	4,828	4,248	0.8%	5.2%	6.1%	10,120	9,606	5.4%
Gross Income	2,845	2,824	2,623	2,435	0.7%	8.5%	5.3%	5,669	5,177	9.5%
Operating expenses	-1,867	-1,836	-1,732	-1,766	1.7%	7.8%	1.9%	-3,703	-3,436	7.8%
Operating Income	978	988	891	669	-1.0%	9.8%	13.5%	1,966	1,741	12.9%
Net Income	901	880	830	497	2.4%	8.6%	21.9%	1,781	1,597	11.5%
EPS (SAR)	1.17	1.14	1.08	0.65	2.4%	8.6%	21.9%	2.31	2.07	11.5%

Margins	2Q26	1Q26	2Q25	2Q23	Q/Q bps	Y/Y bps	3-yr bps	1H26	1H25	Y/Y bps
GM%	56.0%	56.0%	54.3%	57.3%	-03	168	-133	56.0%	53.9%	212
OM%	19.3%	19.6%	18.5%	15.8%	-35	80	349	19.4%	18.1%	130
NM%	17.7%	17.5%	17.2%	11.7%	28	54	603	17.6%	16.6%	97
OPEX to sales (%)	36.8%	36.4%	35.9%	41.6%	32	88	-482	36.6%	35.8%	82

Source: Company Announcement



Rating Framework

Buy

Shares of the companies under coverage in this report are expected to outperform relative to the sector or the broader market.

Hold

Shares of the companies under coverage in this report are expected to perform in line with the sector or the broader market.

Sell

Shares of the companies under coverage in this report are expected to underperform relative to the sector or the broader market.

Important Disclaimer

This report is prepared by Saudi Fransi Capital ("SFC"), a fully-fledged investment firm providing investment banking, asset management, securities brokerage, research, and custody services. SFC, and its affiliate, might conduct business relationships with the company that is subject of this report and/ or own its security.

This report is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. Accordingly, no representation or warranty, express or implied, is made as to, and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information and opinions contained in this report.

This report is intended for general information purposes only, and may not be reproduced or redistributed to any other person. This report is not intended as an offer or solicitation with respect to the purchase or sale of any security. This report is not intended to take into account any investment suitability needs of the recipient. In particular, this report is not customized to the specific investment objectives, financial situation, risk appetite or other needs of any person who may receive this report. SFC strongly advises every potential investor to seek professional legal, accounting and financial guidance when determining whether an investment in a security is appropriate to his or her needs.

To the maximum extent permitted by applicable law and regulation, SFC shall not be liable for any loss that may arise from the use of this report or its contents or otherwise arising in connection therewith. Any financial projections, fair value estimates and statements regarding future prospects contained in this report may not be realized. All opinions and estimates included in this report constitute SFC's judgment as of the date of production of this report, and are subject to change without notice. Past performance of any investment is not indicative of future results. The value of securities, the income from them, the prices and currencies of securities, can go down as well as up. An investor may get back less than what he or she originally invested. Additionally, fees may apply on investments in securities. Changes in currency rates may have an adverse effect on the value, price or income of a security. No part of this report may be reproduced without the written permission of SFC. Neither this report nor any copy hereof may be distributed in any jurisdiction outside the Kingdom of Saudi Arabia where its distribution may be restricted by law. Persons who receive this report should make themselves aware of, and adhere to, any such restrictions. By accepting this report, the recipient agrees to be bound by the foregoing limitations.

Saudi Fransi Capital

(Closed Joint Stock Company Owned by Banque Saudi Fransi)

Authorized and regulated under Capital Market Authority license 11153-37. The company is operating under commercial registration 1010231217 with a paid-up capital of SAR 500,000,000.

Head Office

8092 King Fahd Road | Riyadh 12313-3735 | Kingdom of Saudi Arabia

Mailing Address

P.O. Box 23454 Riyadh 11426 | Kingdom of Saudi Arabia

Tel: +966 11 282 6666 | 800 125 9999

www.bsfcapital.sa

Public

