

Overall strong operating performance led by robust gross margin expansion

Etihad Etisalat Co.'s (Mobily) net profit increased 14.7% Y/Y to SAR 880mn in Q1-26, in line with AJBC's estimate of SAR 868mn. The earnings growth was led by revenue growth and gross margin expansion, partially constrained by higher OPEX and depreciation and amortization (D&A). The revenue grew 5.5% Y/Y to SAR 5.0bn, in line with our estimate of SAR 5.1bn, led by Wholesale and Business segments. Gross margin widened ~260bps Y/Y to 56.0% (AJBC estimate: 54.8%), the highest level since Q3-23. Operating margin expanded to 19.6% from 17.8% in Q1-25.

- **Mobily's net profit** rose 14.7% Y/Y to SAR 880mn in Q1-26. The net profit was in line with AJBC's estimate of SAR 868mn. The earnings growth was driven by 5.5% revenue growth and ~260 bps gross margin expansion, while higher OPEX and D&A along with lower finance income and share in profit from JVs limited the bottom-line growth.
- **Revenue** grew 5.5% Y/Y to SAR 5,040mn, in line with our estimate of SAR 5,074mn. Wholesale (+17.7% Y/Y) and Business (+10.7% Y/Y) led the top-line growth. Consumer segment growth was modest at 2.4% Y/Y though there was robust expansion of mobile subscriber base by 16.2% Y/Y to 15.1mn and FTTH subscribers to 0.311mn (+7.1% Y/Y). The revenue from the Others segment declined 18.1% Y/Y to SAR 95mn.
- **Gross profit** rose 10.6% Y/Y to SAR 2,824mn, in line with our estimate of SAR 2,780mn. The GP margin improved significantly by ~260bps Y/Y to 56.0% (AJBC: 54.8%). The favorable shift in revenue mix supported the gross margin expansion.
- **EBITDA** increased 11.1% Y/Y to SAR 1,971mn primarily driven by gross margin expansion, while EBITDA growth was partly limited by 9.4% increase in OPEX. Operating profit increased 16.2% Y/Y to SAR 988mn (AJBC: SAR 949mn). The depreciation and amortization charges at SAR 983mn were higher (+6.3% Y/Y), on account of a sharp increase in CAPEX towards the end of last year.

AJBC view and valuation: Mobily's Q1-26 performance was an extension of its strong run in recent quarters. The company maintains broad-based revenue growth and operating strength. Additionally, the company's capital investments (FY26 CAPEX guided at 18-20% of revenue) form a basis for continued business expansion. We believe this investment will significantly strengthen the company's position in the B2B and wholesale segments by fueling the expansion of our submarine networks, cloud services, data centers, and 5G infrastructure. Moreover, consistent growth in mobile subscriber base indicates market share gain in consumer segment for the company, in our view. The stock currently trades at EV/EBITDA of 6.9x, P/E of 13.8x and a dividend yield of 4.6% based on our FY26E estimates. We maintain our "Overweight" recommendation on the stock and the TP of SAR 74.8/share.

Results Summary

SAR mn	Q1-25	Q4-25	Q1-26	Change Y/Y	Change Q/Q	Deviation from AJBC Estimates
Revenue	4,777	5,186	5,040	5.5%	-2.8%	-0.7%
Gross Profit	2,554	2,874	2,824	10.6%	-1.7%	1.6%
Gross Margin	53.5%	55.4%	56.0%	-	-	-
EBITDA	1,775	2,060	1,971	11.1%	-4.3%	1.2%
EBIT	850	1,068	988	16.2%	-7.5%	4.1%
Net Profit	767	953	880	14.7%	-7.7%	1.3%
EPS	1.00	1.24	1.14	-	-	-

Source: Company Reports, Aljazeera Capital Research

Recommendation	Overweight
Target Price (SAR)	74.8
Upside / (Downside)*	14.2%

Source: Tadawul *prices as of 22nd of April 2026

Key Financials

SARmn (unless specified)	FY23	FY24	FY25
Revenues	16,763	18,206	19,642
Growth %	6.7%	8.6%	7.9%
Gross Profit	9,253	9,894	10,742
EBITDA	6,625	7,195	7,627
Net Income	2,232	3,107	3,466
Growth %	34.7%	39.2%	11.6%
EPS	2.90	4.03	4.50
DPS	1.45	2.20	2.80

Source: Company reports, Aljazeera Capital Research

Key Ratios

	FY23	FY24	FY25
Gross Margin	55.2%	54.3%	54.7%
EBITDA Margin	39.5%	39.5%	38.8%
Operating Margin	17.8%	19.4%	19.6%
Net Margin	13.3%	17.1%	17.6%
ROE	12.7%	16.5%	16.8%
ROA	5.7%	8.1%	8.4%
P/E (x)	16.9	13.2	14.7
P/B (x)	2.1	2.2	2.5
EV/EBITDA (x)	7.2	6.8	7.7
Dividend Yield	3.0%	4.1%	4.2%

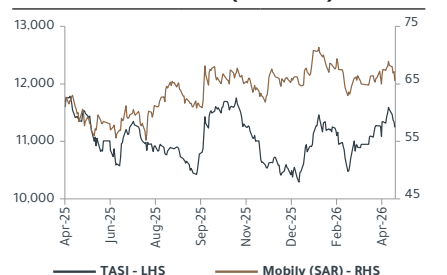
Source: Company reports, Aljazeera Capital Research

Key Market Data

Market Cap(bn)	50.4
YTD%	-0.8%
52 week (High)/(Low)	71.60/54.60
Share Outstanding (mn)	770.0

Source: Company reports, Aljazeera Capital Research

Price Performance (indexed)



Source: Tadawul, Aljazeera Capital Research

Head of Sell-Side Research

Jassim Al-Jubran

+966 11 2256248

j.aljubran@aljazaracapital.com.sa

RESEARCH DIVISION

Director - Head of Sell-Side
Research
Jassim Al-Jubran
+966 11 2256248
j.aljabran@aljaziracapital.com.sa

RESEARCH
DIVISION

Aljazeera Capital, the investment arm of Bank Aljazeera, is a Shariaa Compliant Saudi Closed Joint Stock company and operating under the regulatory supervision of the Capital Market Authority. Aljazeera Capital is licensed to conduct securities business in all securities business as authorized by CMA, including dealing, managing, arranging, advisory, and custody. Aljazeera Capital is the continuation of a long success story in the Saudi Tadawul market, having occupied the market leadership position for several years. With an objective to maintain its market leadership position, Aljazeera Capital is expanding its brokerage capabilities to offer further value-added services, brokerage across MENA and International markets, as well as offering a full suite of securities business.

RATING
TERMINOLOGY

1. Overweight: This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. Underweight: This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. Neutral: The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. Suspension of rating or rating on hold (SR/RH): This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

Disclaimer

The purpose of producing this report is to present a general view on the company/economic sector/economic subject under research, and not to recommend a buy/sell/hold for any security or any other assets. Based on that, this report does not take into consideration the specific financial position of every investor and/or his/her risk appetite in relation to investing in the security or any other assets, and hence, may not be suitable for all clients depending on their financial position and their ability and willingness to undertake risks. It is advised that every potential investor seek professional advice from several sources concerning investment decision and should study the impact of such decisions on his/her financial/legal/tax position and other concerns before getting into such investments or liquidate them partially or fully. The market of securities, macroeconomic or microeconomic variables are of a volatile nature and could witness sudden changes without any prior warning, therefore, the investor in securities or other assets might face some unexpected risks and fluctuations. All the information, views and expectations and fair values or target prices contained in this report have been compiled or arrived at by Al-Jazeera Capital from sources believed to be reliable, but Al-Jazeera Capital has not independently verified the contents obtained from these sources and such information may be condensed or incomplete. 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. Al-Jazeera Capital shall not be liable for any loss as that may arise from the use of this report or its contents or otherwise arising in connection therewith. The past performance of any investment is not an indicator of future performance. Any financial projections, fair value estimates or price targets and statements regarding future prospects contained in this document may not be realized. The value of the security or any other assets or the return from them might increase or decrease. Any change in currency rates may have a positive or negative impact on the value/return on the stock or securities mentioned in the report. Some securities maybe, by nature, of low volume/trades, or may become so, unexpectedly in special circumstances, and this might increase the risk on the investor. Some fees might be levied on some investments in securities. Aljazeera Capital, its employees, one or more of its board members, its affiliates, or its clients may have investments in the securities or assets referred to in this report. This report has been produced independently and separately by the Research Division at Al-Jazeera Capital and no party (in-house or outside) who might have interest whether direct or indirect have seen the contents of this report before its publishing, except for those whom corporate positions allow them to do so, and/or third-party persons/institutions who signed a non-disclosure agreement with Al-Jazeera Capital. No part of this report may be reproduced whether inside or outside the Kingdom of Saudi Arabia without the written permission of Al-Jazeera Capital. 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.