

Strong topline growth and gross margin expansion led a healthy normalized earnings growth

Etihad Etisalat Co.'s (Mobily) net profit fell 2.7% Y/Y to SAR 953mn in Q4-25, beating AJBC's estimate of SAR 865mn. The Y/Y decline in net income was due SAR 144mn one-off reversal of withholding tax in Q4-24. On adjusted basis, net income rose 14.1% Y/Y. The deviation from our estimate was mainly due to slightly higher-than-expected revenue and better gross margin, even though depreciation and amortization (D&A) came above expectations. The revenue grew 10.4% Y/Y to SAR 5.2bn, in line with our estimate of SAR 5.1bn, led by double digit growth in Consumer and Wholesale segments. Gross margin widened ~210bps Y/Y to 55.4% (AJBC estimate: 53.6%). We maintain our "Overweight" recommendation on the stock and a TP of SAR 74.8/share.

- **Mobily's net profit** decreased 2.7% Y/Y to SAR 953mn in Q4-25, as the previous year quarter included non-recurring reversal of withholding tax worth SAR 144mn. On adjusted basis, net income rose 14.1% Y/Y. The bottom line came ahead of AJBC's estimate of SAR 865mn. The earnings beat was primarily attributable to higher-than-expected gross margin and slightly higher revenue, while D&A was above expectations.
- **Revenue** jumped 10.4% Y/Y to SAR 5,187mn, in line with our estimate of SAR 5,061mn. Wholesale (+14% Y/Y) and Consumer (+12% Y/Y) led the topline growth. Consumer segment growth was driven by expansion mobile subscriber base by 17.4% Y/Y to 14.4mn and increase FTTH subscribers to 0.305mn (+6.8% Y/Y).
- **Gross profit** surged 14.7% Y/Y to SAR 2,874mn, above our estimate of SAR 2,714mn. The GP margin improved significantly by ~210bps Y/Y to 55.4% (AJBC: 53.6%). The increased contribution from Consumer segment amid strong growth during the quarter likely to have supported gross margin.
- **EBITDA** inched up 0.6% Y/Y to SAR 2,060mn with primarily impacted by one-off withholding tax reversals in Q4-24. Operating profit increased 0.9% Y/Y to SAR 1,068mn, above our estimate of SAR 971mn. The depreciation and amortization at SAR 992mn was higher than anticipated, on account of a sharp increase in CAPEX with FY25 CAPEX reaching SAR 5.8bn from SAR 2.6bn in FY24.

AJBC view and valuation: Mobily delivered a strong set of results in Q4-25 with normalized earnings growth of 14.1% Y/Y. The company successfully achieved FY25 revenue growth in line with the guidance, while exceeded its EBITDA margin guidance. However, CAPEX was significantly higher (29.7% of revenue) as it also included spectrum acquisition charges. The company continues to guide high CAPEX intensity for FY26 at 18-20%. We believe this investment would help company strengthen its position in B2B and wholesale segment as it is expected to be directed towards submarine network expansion, cloud, data centers and 5G network expansion, though D&A would increase adding pressure on operating margin. Furthermore, the expanding mobile and FTTH subscriber base is supporting strong growth in the consumer segment. However, we expect Consumer segment's Q4 revenue growth to normalize in coming quarter to mid-single digit. The stock currently trades at EV/EBITDA of 7.5x, P/E of 14.6x and a dividend yield of 4.4% 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	Q4-24	Q3-25	Q4-25	Change Y/Y	Change Q/Q	Deviation from AJBC Estimates
Revenue	4,697	4,849	5,187	10.4%	7.0%	2.5%
Gross Profit	2,505	2,691	2,874	14.7%	6.8%	5.9%
Gross Margin	53.3%	55.5%	55.4%	-	-	-
EBITDA	2,047	1,970	2,060	0.6%	4.6%	8.2%
EBIT	1,058	1,038	1,068	0.9%	2.9%	9.9%
Net Profit	979	916	953	-2.7%	4.0%	10.2%
EPS	1.27	1.19	1.24	-	-	-

Source: Company Reports, Aljazira Capital

Recommendation	Overweight
Target Price (SAR)	74.8
Upside / (Downside)*	10.2%

Source: Tadawul *prices as of 16th of February 2026

Key Financials

SARmn (unless specified)	FY23	FY24	FY25	FY26E
Revenues	16,763	18,206	19,642	20,817
Growth %	6.7%	8.6%	7.9%	6.0%
Gross Profit	9,253	9,894	10,741	11,359
EBITDA	6,625	7,195	7,627	7,905
Net Income	2,232	3,107	3,466	3,583
Growth %	34.7%	39.2%	11.6%	3.4%
EPS	2.90	4.03	4.50	4.65
DPS	1.45	2.20	2.8	3.00

Source: Company reports, Aljazira Capital Research

Key Ratios

	FY23	FY24	FY25	FY26E
Gross Margin	55.2%	54.3%	54.7%	54.6%
EBITDA Margin	39.5%	39.5%	38.8%	38.0%
Operating Margin	17.8%	19.4%	19.6%	18.7%
Net Margin	13.3%	17.1%	17.6%	17.2%
ROE	12.7%	16.5%	16.8%	16.2%
ROA	5.7%	8.1%	8.4%	8.4%
P/E (x)	16.9	13.2	14.7	14.6
P/B (x)	2.1	2.2	2.5	2.4
EV/EBITDA (x)	7.2	6.8	7.7	7.5
Dividend Yield	3.0%	4.1%	4.2%	4.4%

Source: Company reports, Aljazira Capital Research

Key Market Data

Market Cap(bn)	52.2
YTD%	2.8%
52 week (High)/(Low)	71.60/52.90
Share Outstanding (mn)	770.0

Source: Company reports, Aljazira Capital Research

Price Performance (indexed)



Head of Sell-Side Research

Jassim Al-Jubran

+966 11 2256248

j.aljubran@aljaziracapital.com.sa

RESEARCH DIVISION

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

RESEARCH DIVISION

Aljazira Capital, the investment arm of Bank Aljazira, is a Shariaa Compliant Saudi Closed Joint Stock company and operating under the regulatory supervision of the Capital Market Authority. Aljazira Capital is licensed to conduct securities business in all securities business as authorized by CMA, including dealing, managing, arranging, advisory, and custody. Aljazira 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, Aljazira 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-Jazira Capital from sources believed to be reliable, but Al-Jazira 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-Jazira 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. Aljazira 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-Jazira 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-Jazira Capital. No part of this report may be reproduced whether inside or outside the Kingdom of Saudi Arabia without the written permission of Al-Jazira 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.