July 2026

Etihad Etisalat Co. (Mobily)

Results Flash Note Q2-26

Strong operating performance in Q2-2026 was underpinned by robust gross margin expansion and healthy top-line momentum.

Etihad Etisalat Co.'s (Mobily) net profit increased 8.6% Y/Y to SAR 901mn in Q2-26, in line with AJBC's estimate of SAR 894mn. 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 5.2% Y/Y to SAR 5.08bn, in line with our estimate of SAR 5.07bn, with all revenue stream posting growth and mobile subscriber base expanding by 16.9% Y/Y. Gross margin widened ~168bps Y/Y to 56.0% (AJBC estimate: 55.3%), unchanged from the previous quarter, remaining at its highest level since Q3-23. Operating margin expanded to 19.3% from 18.5% in Q2-25.

- **Mobily's net profit** rose 8.6% Y/Y to SAR 901mn in Q2-26. The net profit was in line with AJBC's estimate of SAR 894mn. The earnings growth was driven by 5.2% revenue growth and ~168 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 5.2% Y/Y to SAR 5,080mn, in line with our estimate of SAR 5,071mn. Wholesale (+10.9% Y/Y) and Business (+9.7% Y/Y) led the top-line growth. Consumer segment growth was modest at 3.2% Y/Y though there was robust expansion of mobile subscriber base by 16.9% Y/Y to 14.9mn and FTTH subscribers to 0.315mn (+7.9% Y/Y). The revenue from the others segment declined 13.2% Y/Y to SAR 104mn.
- **Gross profit** rose 8.5% Y/Y to SAR 2,845mn, in line with our estimate of SAR 2,805mn. The GP margin improved significantly by ~168bps Y/Y to 56.0% (AJBC: 55.3%). The favorable shift in revenue mix supported the gross margin expansion.
- **EBITDA** increased 7.7% Y/Y to SAR 1,963mn primarily driven by gross margin expansion, while EBITDA growth was partly limited by 7.8% increase in OPEX. Operating profit increased 9.8% Y/Y to SAR 978mn (AJBC: SAR 965mn). The depreciation and amortization charges at SAR 985mn were higher (+5.7% Y/Y), on account of a sharp increase in CAPEX (up 56%), reflecting the company's ongoing investment in fiber network development, data centers and 5G network expansion.

AJBC view and valuation: Mobily's Q2-26 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 6.4x, P/E of 12.4x and a dividend yield of 4.9% 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	Q2-25	Q1-26	Q2-26	Change Y/Y	Change Q/Q	Deviation from AJBC Estimates
Revenue	4,828	5,040	5,080	5.2%	0.8%	0.2%
Gross Profit	2,623	2,824	2,845	8.5%	0.7%	1.4%
Gross Margin	54.3%	56.0%	56.0%	-	-	-
EBITDA	1,823	1,971	1,963	7.7%	-0.4%	0.4%
EBIT	891	988	978	9.8%	-1.0%	1.3%
Net Profit	**830**	**880**	**901**	8.6%	2.4%	0.8%
EPS	1.08	1.14	1.17	-	-	-

Source: Company Reports, AlJazira Capital Research

Recommendation	Overweight
Target Price (SAR)	74.8
Upside / (Downside)*	21.9%

Source: Tadawul *prices as of 16th of July 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, Aljazira 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%

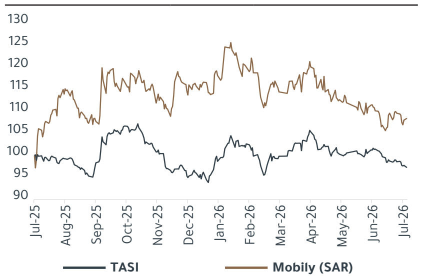
Source: Company reports, Aljazira Capital Research

Key Market Data

Market Cap(bn)	47.2
YTD%	-7.1%
52 week (High)/(Low)	71.60/54.60
Share Outstanding (mn)	770.0

Source: Company reports, Aljazira Capital Research

Price Performance (indexed)



Source: Tadawul, Aljazira Capital Research

Head of Sell-Side Research

Jassim Al-Jubran

+966 11 2256248

j.aljabran@aljaziracapital.com.sa

RESEARCH DIVISION

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