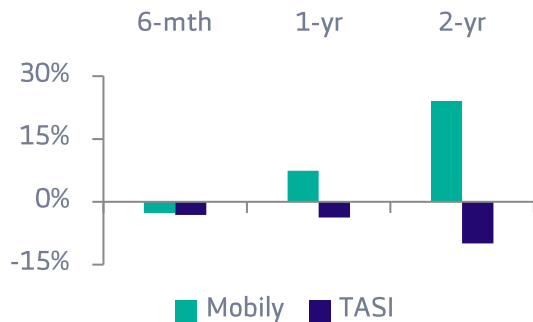


Market Data	
52-week high/low	SAR 71.60/54.60
Market Cap	SAR 51,205 mln
Shares Outstanding	770 mln
Free-float	71.97%
12-month ADTV	915,667
Bloomberg Code	EEC AB



## Gross Margin Expansion Drives Earnings

April 23, 2026

Upside to Target Price	3.8%	Rating	Neutral
Expected Dividend Yield	4.4%	Last Price	SAR 65.50
Expected Total Return	8.2%	12-mth target	SAR 68.00

Mobily	1Q2026	1Q2025	Y/Y	4Q2025	Q/Q	RC Estimate
Sales	5,040	4,777	6%	5,186	(3%)	4,983
Gross Profit	2,824	2,554	11%	2,874	(2%)	2,646
Gross Margins	56%	53%		55%		53%
Operating Profit	988	850	16%	1,068	(7%)	933
Net Profit	880	767	15%	953	(8%)	837

(All figures are in SAR mln)

- Mobily's 1Q2026 topline grew to SAR 5.0 bln (+6% Y/Y, -3% Q/Q), supported by growth across all revenue streams and a higher subscriber base, in line with our SAR 5.0 bln estimate. Growth was led by the Business segment (+11% Y/Y, +3% Q/Q) and Wholesale segment (+18% Y/Y, +14% Q/Q), while sequential decline was due to softer device sales in Consumer segment (+2% Y/Y, -7% Q/Q) on the back of seasonality. Mobile subscriber base continued to expand to 15.1 mln (+16% Y/Y, +5% Q/Q), driven primarily by prepaid subscribers (13.0 mln; +18% Y/Y, +6% Q/Q) amid strong Ramadan demand. Postpaid subscribers grew +5% Y/Y to 2.1 mln, remaining flat Q/Q. FTTH subscribers also increased to 0.311 mln (+7% Y/Y, +2% Q/Q).
- Driven by a higher gross margin of 56.0% due to a favorable revenue mix, gross profit increased to SAR 2.8 bln (+11% Y/Y, -2% Q/Q). The margin came in above both comparable periods and our estimate, driving the positive variance versus our estimate. OPEX for the quarter rose to SAR 1.8 bln (+8% Y/Y, +2% Q/Q), above our SAR 1.7 bln estimate. Consequently, operating margin came in higher-than-expected at 19.6%, compared to 17.8% last year and 20.6% last quarter, supported by operational efficiencies as per PR.
- Net debt/EBITDA improved on a Y/Y basis to 0.93x from 0.95x last year. CAPEX for the quarter declined to SAR 404 mln, reflecting investments in fiber and 5G infrastructure, while CAPEX/Revenue fell to 8% from 30% in 2025.
- Net profit rose to SAR 880 mln (+15% Y/Y, -8% Q/Q), above both market consensus of SAR 863 mln and our SAR 837 mln estimate. Y/Y earnings growth was driven by topline and gross margin expansion, while sequential decline reflected lower topline due to seasonality alongside higher OPEX. We maintain our target price at SAR 68.00 with a Neutral rating.

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## ■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors

For any feedback on our reports, please contact [research@riyadcapital.com](mailto:research@riyadcapital.com)

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