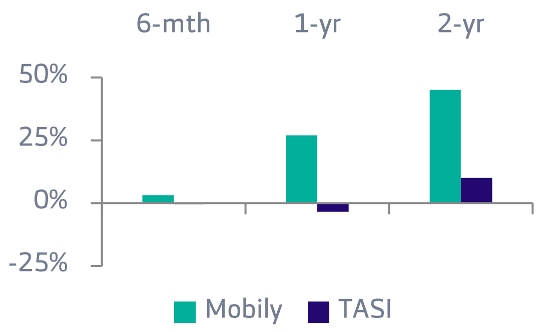
Margin Expansion Drive Bottomline Beat

October 22, 2025

Upside to Target Price	1.5%	Rating	Neutral
Expected Dividend Yield	4.0%	Last Price	SAR 65.00
Expected Total Return	5.5%	12-mth target	SAR 66.00

Market Data	
52-week high/low	SAR 69.00/50.80
Market Cap	SAR 50,050 mln
Shares Outstanding	770 mln
Free-float	71.97%
12-month ADTV	1,072,316
Bloomberg Code	EEC AB



Mobily	3Q2025	3Q2024	Y/Y	2Q2025	Q/Q	RC Estimate
Sales	4,849	4,499	8%	4,828	0%	4,861
Gross Profit	2,691	2,566	5%	2,623	3%	2,596
Gross Margins	55%	57%		54%		53%
Operating Profit	1,038	960	8%	891	16%	931
Net Profit	916	829	10%	830	10%	842

(All figures are in SAR mln)

- Mobily's 3Q2025 revenues continue to grow, up +8% Y/Y and +0.4% Q/Q, reaching SAR 4.85 bln, in line with our SAR 4.86 bln estimates. Annual growth was driven by expansion across all segments, while sequential growth was led by Business and Wholesale segments. The mobile subscriber base surged +14.5% Y/Y and +4.7% Q/Q to 13.4 mln (11.4 mln in prepaid and 2.0 mln in postpaid subscribers), driven by growth in prepaid subscribers (+16.3% Y/Y, +5.3% Q/Q). FTTH subscribers increased +4.9% Y/Y and +2.8% Q/Q to 0.297 mln.
- Driven by revenue growth, gross profit grew +5% Y/Y and +3% Q/Q to SAR 2.7 bln, with a gross margin of 55.5% compared to normalized margin of 53.9% last year (excluding SAR 140 mln in withholding tax reversal last year) and 54.3% last quarter, exceeding our 53.4% estimate. OPEX for the quarter came in line with estimates at SAR 1.7 bln (+3% Y/Y, -5% Q/Q). Operating margin expanded further to 21.4%, compared to 18.2% normalized margin last year (excluding the reversal) and 18.5% last quarter, driven by operational efficiency.
- EBITDA margin of 40.6% was also better than last year's normalized margin, and 37.8% last quarter, above our 38.2% estimates. Net debt/EBITDA ratio was stable Y/Y at 1.01x, compared to 0.98x last year. CAPEX for the quarter came in at SAR 932 mln, compared to SAR 471 mln last year and SAR 566 mln last quarter, and was allocated to investments in network modernization, frequency spectrums, and 5G network expansion. Consequently, CAPEX/Revenue ratio rose to 19.2% versus 10.5% last year and 11.7% last quarter.
- Net profit increased to SAR 916 mln (+33% Y/Y normalized, +10% Q/Q), beating market consensus of SAR 814 mln and our SAR 842 mln estimate, despite being dragged by lower income from JVs. The deviation from estimates was driven by better-than-expected gross margin. We tweak our target price to SAR 66.00 and downgrade our rating to Neutral, following the stock's strong performance over past 3 months.

Abdulrahman M Barghouth
abdulrahman.barghouth@riyadcapital.com
+966-11-203-6815

الرياض المالية
Riyad Capital

Disclaimer

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

Riyad Capital is a Saudi Closed Joint Stock Company with Paid up capital of SR 500 million, licensed by the Saudi Arabian Capital Market Authority NO.07070-37. Commercial Registration No: 1010239234. Head Office: Granada Business Park 2414 Al-Shohda Dist. – Unit No 69, Riyadh 13241 - 7279 Saudi Arabia. Ph: 920012299.
The information in this report was compiled in good faith from various public sources believed to be reliable. Whilst all reasonable care has been taken to ensure that the facts stated in this report are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable. Riyad Capital makes no representations or warranties whatsoever as to the accuracy of the data and information provided and, in particular, Riyad Capital does not represent that the information in this report is complete or free from any error. This report is not, and is not to be construed as, an offer to sell or solicitation of an offer to buy any financial securities. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this report. Riyad Capital accepts no liability whatsoever for any loss arising from any use of this report or its contents, and neither Riyad Capital nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof. Riyad Capital or its employees or any of its affiliates or clients may have a financial interest in securities or other assets referred to in this report. Opinions, forecasts or projections contained in this report represent Riyad Capital's current opinions or judgment as at the date of this report only and are therefore subject to change without notice. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections which represent only one possible outcome. Further, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified and future actual results or events could differ materially. The value of, or income from, any investments referred to in this report may fluctuate and/or be affected by changes. Past performance is not necessarily an indicative of future performance. Accordingly, investors may receive back less than originally invested amount. This report provides information of a general nature and does not address the circumstances, objectives, and risk tolerance of any particular investor. Therefore, it is not intended to provide personal investment advice and does not take into account the reader's financial situation or any specific investment objectives or particular needs which the reader may have. Before making an investment decision the reader should seek advice from an independent financial, legal, tax and/or other required advisers due to the investment in such kind of securities may not be suitable for all recipients. This research report might not be reproduced, nor distributed in whole or in part, and all information, opinions, forecasts and projections contained in it are protected by the copyright rules and regulations.