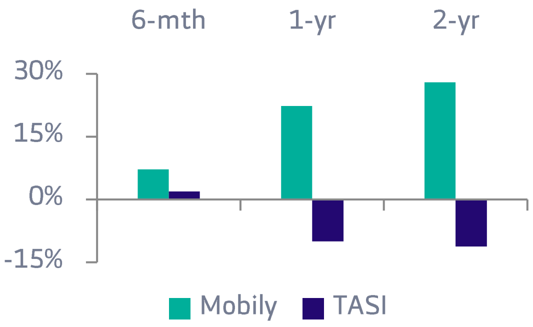
Record Topline Offset Higher OPEX

February 18, 2026

Upside to Target Price	(1.9%)	Rating	Neutral
Expected Dividend Yield	4.2%	Last Price	SAR 69.35
Expected Total Return	2.2%	12-mth target	SAR 68.00

Market Data	
52-week high/low	SAR 71.60/52.90
Market Cap	SAR 53,400 mln
Shares Outstanding	770 mln
Free-float	71.97%
12-month ADTV	989,799
Bloomberg Code	EEC AB



Mobily	4Q2025	4Q2024	Y/Y	3Q2025	Q/Q	RC Estimate
Sales	5,187	4,697	10%	4,849	7%	4,986
Gross Profit	2,874	2,505	15%	2,691	7%	2,673
Gross Margins	55%	53%		55%		54%
Operating Profit	1,068	1,058	1%	1,038	3%	992
Net Profit	953	979	(3%)	916	4%	892

(All figures are in SAR mln)

- Mobily maintained strong revenue momentum in 4Q2025, with topline rising +10% Y/Y and +7% Q/Q to a record SAR 5.19 bln, slightly above our SAR 4.99 bln estimate. Growth was broad-based, led by the Consumer segment (+11.9% Y/Y), which also drove sequential acceleration (+12.6% Q/Q). For FY2025, revenues reached a 12-year high of SAR 19.6 bln (+7.9%), in line with management guidance. We also note that management's 2026 revenue growth guidance is similar to 2025. The mobile subscriber base expanded sharply to 14.4 mln (+17.1% Y/Y, +7.5% Q/Q), supported by competitive offerings and driven primarily by prepaid subscribers (12.3 mln; +19.4% Y/Y, +7.9% Q/Q). Postpaid subscribers stood at 2.1 mln. FTTH subscribers increased to 0.305 mln (+7.0% Y/Y, +2.7% Q/Q).
- Profitability improved alongside topline growth. Gross profit reached SAR 2.9 bln (+15% Y/Y, +7% Q/Q), with a gross margin of 55.4%, above our 53.6% estimate. This compares to a normalized 50.3% in 4Q2024 (excluding the SAR 144 mln withholding tax reversal) and 55.5% in 3Q2025. The margin strength likely reflects a more favorable mix toward higher-margin services, supported by revenue growth. OPEX came in at SAR 1.8 bln (+25% Y/Y, +9% Q/Q), above our expectations, which capped operating margin at 20.6% (vs. 19.5% normalized in 4Q2024 and 21.4% in 3Q2025). EBITDA margin stood at 39.7%, slightly below last year's normalized 40.5% and 40.6% last quarter, but ahead of our 38.8% estimate. On an annual basis, EBITDA margin exceeded guidance.
- Mobily materially stepped up investment in 4Q, as CAPEX reached SAR 2.2 bln (42% of revenues), lifting FY2025 CAPEX to SAR 5.8 bln (more than double SAR 2.6 bln in 2024), primarily allocated to network modernization, 5G and submarine network expansion, cloud, data centers, and spectrum licenses. Accordingly, CAPEX/revenue increased to 30% in 2025 versus 14% in 2024, exceeding management guidance of 16-18%.
- Net profit came in at SAR 953 mln (-3% Y/Y, +4% Q/Q), beating consensus (SAR 887 mln) and our SAR 892 mln estimate, driven mainly by stronger-than-expected revenues and margins. Excluding prior-quarter one-offs, normalized profit growth stood at +2% Y/Y and +10% Q/Q. FY2025 net profit increased to SAR 3.47 bln (+11%; +16.9% on a normalized basis). The company announced a SAR 1.60 DPS for 2H2025, taking FY2025 DPS to SAR 2.80 (above our SAR 2.70 estimate). We raise our target price to SAR 68.00 (from SAR 66.00) and maintain a Neutral rating.

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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

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