

## Record 2025 Sales, Adjusted Profits Up +12.5% Y/Y

February 26, 2026

Upside to Target Price 17.8%  
 Expected Dividend Yield 5.2%  
 Expected Total Return 22.9%

Rating Buy  
 Last Price SAR 42.46  
 12-mth target SAR 50.00

Market Data	
52-week high/low	SAR 48.30/40.70
Market Cap	SAR 212,300 mln
Shares Outstanding	5,000 mln
Free-float	37.98%
12-month ADTV	3,378,528
Bloomberg Code	STC AB

STC	4Q2025	4Q2024	Y/Y	3Q2025	Q/Q	RC Estimate
Sales	19,895	19,429	2%	19,264	3%	19,533
Gross Profit	9,792	9,428	4%	9,251	6%	9,669
Gross Margins	49%	49%		48%		50%
Operating Profit	3,604	2,970	21%	3,627	(1%)	3,828
Net Profit	3,249	13,456	(76%)	4,107	(21%)	3,470

(All figures are in SAR mln)



- STC Group reported record FY2025 revenues of SAR 77.8 bln, driven by the Commercial unit (+3.4%) and Carriers & Wholesale (+10.8%). 4Q2025 revenue reached SAR 19.9 bln (+2% Y/Y, +3% Q/Q), in line with estimates. Entity-wise performance was mixed: STC KSA grew (+2.8% Y/Y, -2.2% Q/Q), while other subsidiaries declined -5.7% Y/Y but improved sequentially (+7.0% Q/Q). STC KSA mobile subscribers rose to 30.0 mln (+5.9% Y/Y, +2.6% Q/Q) and fixed subscribers to 6.0 mln (+4.9% Y/Y, -0.8% Q/Q). Total regional subscribers in Kuwait and Bahrain edged down to 3.2 mln from 3.3 mln (-0.9% Y/Y).
- 4Q gross margin stood at 49.2% (vs. 48.5% last year and 48.0% last quarter), close to our 49.5% estimate, translating into a gross profit of SAR 9.8 bln (+4% Y/Y, +6% Q/Q), in line with estimates. OPEX came in at SAR 6.2 bln (-4% Y/Y, +10% Q/Q), above estimates, resulting in an operating margin of 18.1% (vs. 15.3% last year and 18.8% last quarter).
- Net profit reached SAR 3.25 bln (-76% Y/Y, -21% Q/Q), below consensus (SAR 3.36 bln) and our estimate (SAR 3.47 bln). FY2025 earnings were SAR 14.8 bln (-40% Y/Y), but +12.5% on a normalized basis after adjusting for (i) a SAR 1.5 bln withholding tax reversal recorded in cost of sales and (ii) SAR 14.0 bln of non-recurring gains from asset sales/discontinued operations. STC declared a SAR 0.55 DPS for 4Q2025. We reiterate our Buy rating and maintain our target price at SAR 50.00, supported by recent strategic developments, including a partnership to develop up to 1 GW of data center capacity, a SAR 33 bln government contract, and a project award with the Syrian Sovereign Fund.

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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

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