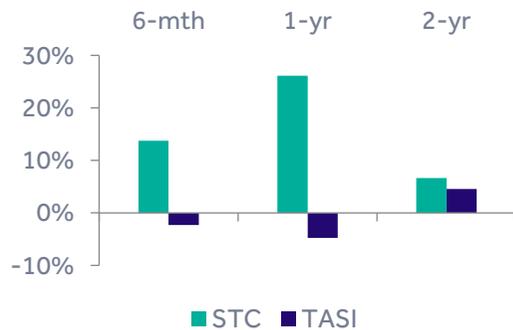


Market Data	
52-week high/low	SAR 48.25/35.85
Market Cap	SAR 240,000 mln
Shares Outstanding	5,000 mln
Free-float	37.98%
12-month ADTV	4,422,141
Bloomberg Code	STC AB



■ Bottomline Matches, Mobile Subscribers on the Rise

April 29, 2025

Upside to Target Price	4.2%	Rating	Neutral
Expected Dividend Yield	4.6%	Last Price	SAR 48.00
Expected Total Return	8.8%	12-mth target	SAR 50.00

STC	1Q2025	1Q2024	Y/Y	4Q2024	Q/Q	RC Estimate
Sales	19,210	18,908	2%	19,266	(0%)	19,305
Gross Profit	9,098	8,664	5%	9,416	(3%)	9,459
Gross Margins	47%	46%		49%		49%
Operating Profit	3,584	3,513	2%	2,970	21%	3,880
Net Profit	3,649	3,286	11%	13,456	(73%)	3,666

(All figures are in SAR mln)

- STC group's revenues for the quarter came in line with expectations at SAR 19.2 bln, up +2% Y/Y and flat Q/Q, due to a +2.6% rise in STC KSA revenue (SAR +0.32 bln) offsetting a marginal -0.7% decrease in subsidiaries' revenues (SAR -0.07 bln). This was driven by growth in the Business and Commercial Units of +9.7% and +1.7%, respectively. STC KSA's mobile subscribers continued to rise sequentially by +2.2% Q/Q, and +7.6% Y/Y to 29.0 mln, led by prepaid customers, while fixed subscribers rose +3.0% Q/Q and +4.4% Y/Y to 5.89 mln. Regional subscribers declined by -2.6% Q/Q in the previous quarter to 3.11 mln.
- Gross margin stood at 47.4%, lower than our 49.0% estimate, but improved Y/Y from 45.8%. OPEX matched our estimates at SAR 5.5 bln, improving Q/Q by -14%. Consequently, the operating margin expanded +324 bps Q/Q to 18.7%, and by +8 bps Y/Y.
- Net profit for the quarter stood at SAR 3.65 bln, jumping by +11% Y/Y, and would still show Q/Q growth compared to normalized 4Q2024 profits, as there were huge stake sale gains, among other factors. Bottomline matched our SAR 3.67 bln estimates, but was above market consensus of SAR 3.49 bln. This was supported by a Zakat reversal related to prior years, resulting in a positive Zakat and income tax of SAR 311 mln compared to last year's expense of SAR (230) mln, coupled with revaluation gains of SAR 72 mln in STV LP fund units, despite being dragged by booking one-off SAR (219) mln loss due to the increased stake ownership in Telefonica to 9.97%. STC announced a SAR 0.55 DPS for the quarter. We increase our target price to SAR 50.00 per share but keep our Neutral recommendation.

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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

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