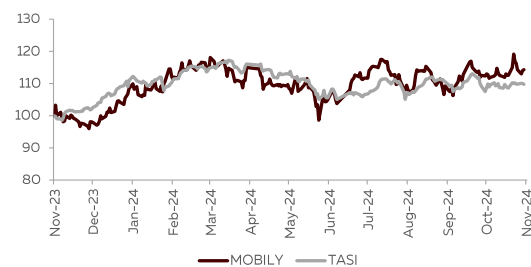


Etihad Etisalat Co. (Mobily)

Recommendation	Buy
Current Market Price (SAR)	51.8
52wk High / Low (SAR)	57.0/45.2
Mkt. Cap. (USD/SAR Mn)	10,691/40,117
Shares Outstanding (mn)	770.0
Free Float (%)	90.2%
3m Average Vol. (000)	1,083.0
3m Avg Daily Turnover (SAR'000)	55,461
P/E'24e (x)	14.0
EV/EBITDA'24e (x)	6.0

Source: Bloomberg

Relative Price Performance



Key Indicators

SAR (mn)	2022	2023	2024e	2025e
Revenue	15,669	16,763	18,474	19,425
Gross profit	9,363	9,452	9,955	10,564
Gross margin (%)	60%	56%	54%	54%
EBIT	2,310	2,977	3,466	3,527
EBIT margin (%)	15%	18%	19%	18%
EBITDA	6,272	6,810	6,979	7,175
EBITDA margin (%)	40%	41%	38%	37%
Net Income	1,657	2,232	2,845	2,996
Net margin (%)	11%	13%	15%	15%
EPS (SAR)	2.15	2.90	3.69	3.89
RoE (%)	10%	13%	14%	6%

Source: Company Reports, Yaqeen Capital

Major Shareholders (%)

Emirates Telecommunications Group Co.	27.99%
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Source: Bloomberg, Yaqeen Capital

Net income up on revenue growth and better margins

- Mobily's net income surged 58.2% YoY to SAR 829mn in 3Q2024, driven by revenue growth, a tax reversal, higher EBITDA, and improved operational profit, with only a modest rise in financial charges and reduced zakat and income tax. QoQ, net income grew 25.3% due to increased gross profit from revenue growth, a withholding tax reversal, and enhanced EBITDA from operational efficiency. The net margin for 3Q2024 rose by 5.7ppts YoY and 3.6ppts QoQ, reaching 18.4%.
- Revenue rose by 9.2% YoY to SAR 4,499mn in 3Q2024, with growth led by the business segment. QoQ rose by 0.7%, also driven by business segment growth.
- Gross profit rose by 10.6% YoY and 7.9% QoQ to SAR 2,566mn in 3Q2024, impacted by increased revenue. QoQ improvement was supported by lower cost of sales, leading to a gross profit margin of 57.0%, up 0.7ppts YoY and 3.8ppts QoQ.
- Operating income surged by 38.7% YoY to SAR 960mn in 3Q2024, boosted by lower SG&A expenses and higher gross profit. QoQ, it rose by 26.5%, driven by increased gross profit and lower selling expenses, with an operating margin of 21.3%, up 4.5ppts YoY and 4.3ppts QoQ.
- EBITDA reached SAR 1,846mn in 3Q2024, up 15.4% YoY and 11.9% QoQ, aided by reduced selling and general expenses, resulting in an EBITDA margin of 41.0%, up 2.2ppts YoY and 4.1ppts QoQ.
- Financial charges rose by 2.9% YoY and 28.7% QoQ in 3Q2024 to SAR 167mn, following hedge optimization from the Q1 2024 financing agreement.
- For 9M2024, net profit rose by 43.2% YoY to SAR 2,127mn, driven by revenue growth, a tax reversal, higher EBITDA, increased operational profit, lower debt, and reduced zakat, lifting the net margin by 3.8ppts YoY to 15.7%.
- Revenue for 9M2024 grew by 8.6% YoY to SAR 13,509mn, primarily driven by the expansion of the business segment.

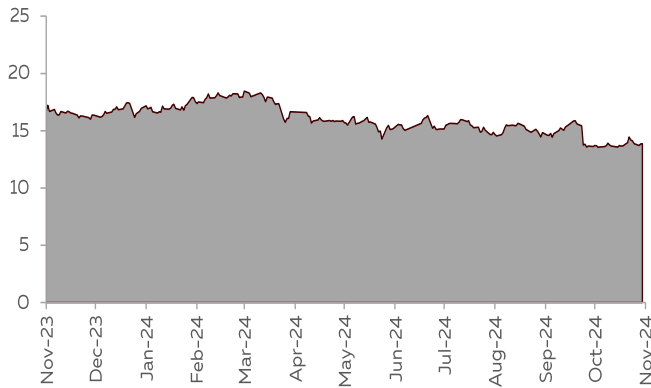
Outlook & Valuation: Since 2018, the company has shown strong revenue and profitability growth, driven by an expanding subscriber base and rising business segment contributions. Cost optimization has improved margins, especially recently. Looking forward, we expect this positive earnings trend to continue, fueled by business segment growth in digitization solutions and a rising subscriber base. Based on equal weighted valuation using DCF and P/E methodologies, we arrive at a fair value of SAR 59.2/share, offering a limited upside of 14.4% from the current level. Hence, we recommend a Buy rating on the stock.

Financial Summary

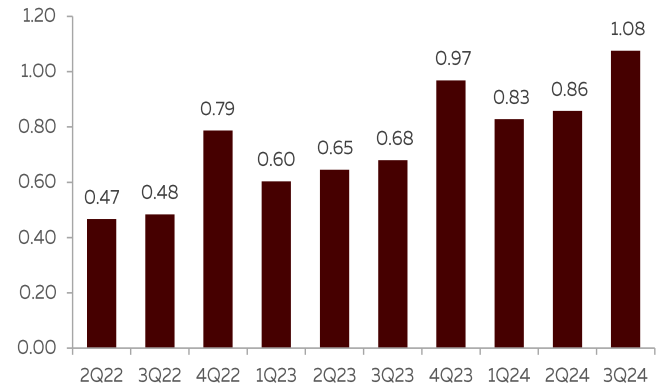
SAR (mn)	3Q2024	3Q2023	YoY	2Q2024	QoQ
Revenue	4,499	4,118	9%	4,465	1%
Gross profit	2,566	2,319	11%	2,378	8%
Gross margin (%)	57%	56%		53%	
EBIT	960	692	39%	759	26%
EBIT margin (%)	21%	17%		17%	
EBITDA	1,846	1,600	15%	1,650	12%
EBITDA margin (%)	41%	39%		37%	
Net Income	829	524	58%	661	25%
Net margin (%)	18%	13%		15%	
EPS (SAR)	1.08	0.68	58%	0.86	25%

Source: Company Reports, Yaqeen Capital

Price to Earnings Ratio Trend



EPS (SAR) Trend



Rating Methodology

Buy: The Target share price exceeds the current share price by $\geq 10\%$

Hold: The Target share price is either more or less than the current share price by 10%

Sell: The Target share price is less than the current share price by $\geq 10\%$

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