Vodafone Qatar (VFQS)

Recommendation	OUTPERFORM	Risk Rating	R-4
Share Price	QR2.130	Target Price	QR2.400
Implied Upside	12.7%		

1Q2025 Beats Estimates On Non-Service Revenue Upside; Outperform

VFQS continues to exceed estimates, posting another solid quarter. *The company's top-line/earnings beat our model by 5.6%/5.4% with most of the outperformance coming from the top-line despite in-line to lower-than-expected margins.* ***With service revenue modestly below our model, we presume non-service revenue (equipment, handsets, hardware portion of projects revenue & others) drove the top-line/profit beat for the quarter.*** *Overall, VFQS continues to make stellar progress in its growth & costs optimization initiatives – for 2024, the company posted overall revenue growth of 2.5% (mobile service revenue growth of 1.2%; total service revenue growth of 2.5%), an EBITDA increase of 6.1% and earnings growth of 11.2% (8.4% excluding one-offs). VFQS also paid a DPS of QR0.12 for 2024 (up 9.1% YoY) that implies a solid yield of 5.6%. Since turning profitable in 1Q2018, VFQS has grown from strength to strength – the company posted impressive CAGRs of 7.2%, 15.2%, 31.2% and 15.7% in its top-line, EBITDA, earnings and DPS, respectively, over 2018-2024. Going forward, we are projecting conservative CAGRs (2024-2030) of 2.1% (revenue), 2.4% (EBITDA), 1.9% (EPS) and 2.6% (DPS). The company's dividend yield also remains compelling and we expect DPS to climb 4.2% YoY to QR0.125 (DY: 5.9%) this year.* ***VFQS has shown significant momentum as a 2nd operator in a market of Qatar's size and dynamics*** *– Qatar had a population size of 3.2mn in November 2024, along with a mobile penetration of 150% as of September 2024 – VFQS already has a revenue market share (RMS) of 30.9% and a customer market share (CMS) of 44.0% as of FY2024, with postpaid and prepaid subscriber market shares of 39.9% and 45.7%, respectively.* ***We believe there is room for improvement (as of 4Q2024, VFQS had a reported EBITDA margin of 44.0% vs. ORDS's 47.6%, an ARPU of QR74.6 vs. ORDS's QR102.5, along with 561K high-ARPU/margin postpaid customers relative to Ooredoo's 846K postpaid subs). There also remains a significant 13.7pp differential between Vodafone Qatar's CMS and RMS. As VFQS demonstrates progress in closing this gap beyond our expectations, the stock could benefit. With FCF yields growing from 7.1% in 2024 to 10.5% in 2030, we think there could be DPS upside. Moreover, if VFQS follows sector trends and opts for tower sales or targets the data center business, there could be further momentum in the stock.*** *VFQS's shares are up 16.4% YTD vs. the QSE Index's fall of 4.4% (ORDS is up 7.9%).*

Highlights

- **Vodafone Qatar's 1Q2025 net profit rose 8.1% YoY (but fell 0.8% QoQ) to QR162.3mn, beating our estimate of QR153.9mn by 5.4%.** EPS grew to QR0.038 vs. QR0.036 in 1Q2024.
- **Revenue came in at QR854.9mn in 1Q2025, up 6.1% YoY/6.5% QoQ, beating our modeled top-line of QR809.4mn by 5.6%.** VFQS has not yet disclosed full details about revenue segments but service revenue of ~QR721mn (up 2.5% YoY) was marginally below our QR724mn forecast. This implies that non-service or equipment/handsets revenue came in at QR134mn vs. our estimate of QR85mn. Reported subs of 2.1mn seem to be in-line with our estimate of 2.1mn. We await further details from the company pertaining to ARPU/subs for postpaid/prepaid. In its press release, VFQS disclosed that, as expected, growth in total revenue was helped by continued impetus across all core business lines, including mobility, fixed broadband services, managed services, IoT, handsets and others.
- **Costs optimization remains evident with VFQS posting a 1Q2025 EBITDA margin of 41.9%, stable vs. 41.9% in 1Q2024 and 4Q2024 (ex. one-offs).** We were also modeling an EBITDA margin of 41.9%. EBITDA of QR358.3mn grew 6.1%/1.4% YoY/QoQ and was 5.8% ahead of our estimate of QR338.7mn. While GM of 63.8% fell below our 65.2% estimate, opex (as a % of revenue) declined below our model, leading to an in-line EBITDA margin.
- **We keep our model unchanged; 2025 estimates are consistent with guidance.** We expect top-line growth of 2.7% (VFQS has guided to revenue growth), an EBITDA margin of 42% (in-line with guidance) and capex intensity of 14% (guidance of 13%-14.5%).

Catalysts

- **VFQS continues to impress:** Longer-term, postpaid (71.2% of 2024 mobile service revenue), 5G, managed services, fixed, broadband, enterprise, IoT and bundled ICT solutions should boost growth. While capex levels are elevated due to 5G and coverage/capacity expansion, dividend and FCF yields should improve. **Moreover, if VFQS opts for tower sales/targets the data center business, its stock price could benefit.**

Recommendation, Valuation and Risks

- **Recommendation and valuation:** ***We rate VFQS an Outperform with a PT of QR2.400.*** The stock is trading at EV/EBITDA multiples of 6.7x for 2025 and 6.3x for 2026.
- **Risks:** 1) Increased competition leading to ARPU erosion and/or market share loss; 2) Weakening of postpaid, broadband, fixed-line and managed services traction/stickiness and 3) Fall in population/industry growth rates.

Key Financial Data and Estimates

	CY2024	CY2025e	CY2026e	CY2027e	CY2028e
EPS (QR)	0.1421	0.1486	0.1506	0.1552	0.1571
Dividend Yield	5.6%	5.9%	6.1%	6.2%	6.3%

Source: Company data, QNB FS Research; Note: All data based on current number of shares

Key Data

Current Market Price (QR)	2.130
Dividend Yield (%)	5.6
Bloomberg Ticker	VFQS QD
ADR/GDR Ticker	N/A
Reuters Ticker	VFQS.QA
ISIN	QA000A0Q5NE9
Sector*	Telecoms
52wk High/52wk Low (QR)	2.203/1.620
3-m Average Volume (mn)	4.8
Mkt. Cap. ($ bn/QR bn)	2.6/9.0
EV ($ bn/QR bn)	2.5/9.4
Shares Outstanding (mn)	4,227.0
FO Limit* (%)	49.0
Institutional FO* (%)	8.9
1-Year Total Return (%)	33.4
Fiscal Year End	December 31

Source: Bloomberg (as of April 21, 2025), *Qatar Exchange (as of April 21, 2025); Note: FO is foreign ownership

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1Q2025 Comparisons

QNB FS 1Q2025 Estimates and Comparisons

INCOME STATEMENT	1QCY24 A	4QCY24 A	1QCY25 A	1QCY25 E	A Vs. E	YoY	QoQ
(In QR mn Unless Specified)							
Revenue	**806.054**	**802.622**	**854.947**	**809.375**	**5.6%**	**6.1%**	**6.5%**
YoY Growth (%)	*3.9%*	*-1.2%*	*6.1%*	*0.4%*			
Direct Costs (Interconnection & Other Opex)	(279.604)	(269.402)	(309.660)	(281.663)	9.9%	10.7%	14.9%
as a % of Total Revenue (%)	*34.7%*	*33.6%*	*36.2%*	*34.8%*			
Gross Profit (Loss)	**526.450**	**533.220**	**545.287**	**527.713**	3.3%	3.6%	2.3%
Gross Margin (%)	*65.3%*	*66.4%*	*63.8%*	*65.2%*			
Operating Expenses (Network, Employee & Other Expenses)	(188.926)	(179.891)	(187.019)	(188.989)	-1.0%	-1.0%	4.0%
as a % of Total Revenue (%)	*23.4%*	*22.4%*	*21.9%*	*23.4%*			
Depreciation and Amortization	(157.943)	(173.865)	(169.467)	(162.191)	4.5%	7.3%	-2.5%
EBITDA	**337.524**	**353.329**	**358.268**	**338.723**	**5.8%**	**6.1%**	**1.4%**
EBITDA Margin (%)	*41.9%*	*44.0%*	*41.9%*	*41.9%*			
Operating Profit (Loss) - EBIT	**179.581**	**179.464**	**188.801**	**176.533**	**6.9%**	**5.1%**	**5.2%**
EBIT Margin (%)	*22.3%*	*22.4%*	*22.1%*	*21.8%*			
Interest Income & Other Income	2.385	13.264	2.354	5.699	-58.7%	-1.3%	-82.3%
Interest Expense/Lease Interest Expense	(16.533)	(11.686)	(12.192)	(12.635)	-3.5%	-26.3%	4.3%
Other Income/Expense	(15.326)	(17.473)	(16.661)	(15.653)	6.4%	8.7%	-4.6%
Net Profit (loss) - Adjusted	**150.107**	**163.569**	**162.302**	**153.943**	**5.4%**	**8.1%**	**-0.8%**
Net Margin (%)	*18.6%*	*20.4%*	*19.0%*	*19.0%*			
Net Profit YoY Growth	*12.5%*	*10.6%*	*8.1%*	*2.6%*			
EPS (QR)	**0.0355**	**0.0387**	**0.0384**	**0.0364**	**5.4%**	**8.1%**	**-0.8%**

Source: Company data, QNB FS Research

Valuation

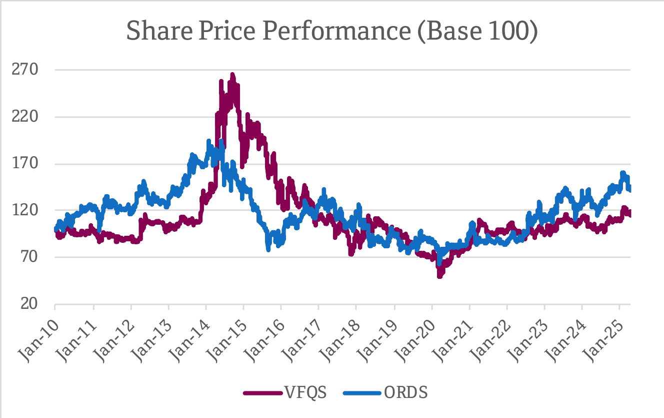
Our DCF-derived TP of QR2.400 implies an upside of 12.7%. We have used a weighted average cost of capital (WACC) of 12.2%.

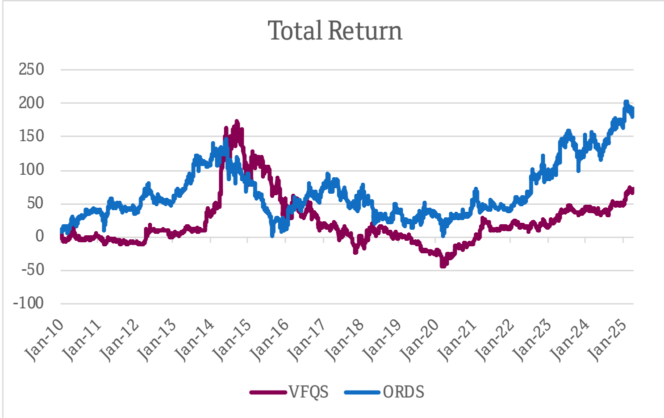
DCF Valuation

Particulars	Fair Value Of Equity (QR mn)	Fair Value/Share (QR)
PV Of FCFF	3,816	0.900
PV Of Terminal Value	6,272	1.500
PV Of Cash Flows	**10,089**	**2.400**
Add:		
Cash & Equivalents	262	0.1000
Less:		
Debt	703	0.200
Lease Liabilities	356	0.100
Fair Value Of Equity	**9,292**	**2.200**
Target Price Per Share (QR)		2.400

Source: Company data, QNB FS Research

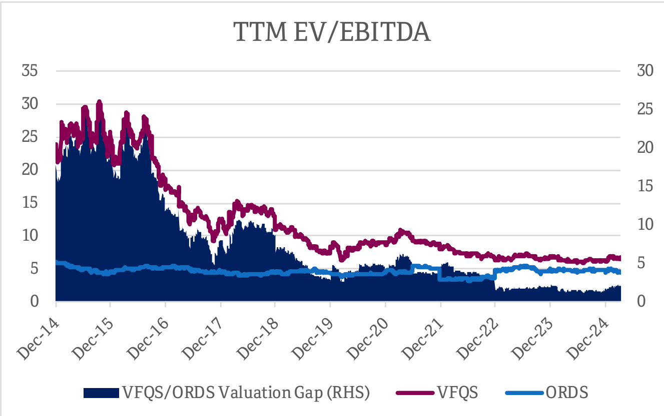
ORDS Has Outperformed VFQS





Source: Bloomberg

Valuation Premium Relative to ORDS Has Narrowed



Source: Bloomberg

Key Metrics & Forecasts

Ratio Analysis

Growth Rates	CY2017	CY2018	CY2019	CY2020	CY2021	CY2022	CY2023	CY2024	CY2025E	CY2026E	CY2027E	CY2028E	CY2029E	CY2030E	CAGR 2018-24	CAGR 2024-30
Revenue	-2.9%	5.1%	1.1%	3.5%	14.8%	21.4%	1.5%	2.5%	2.7%	2.6%	2.3%	1.9%	1.7%	1.5%	7.2%	2.1%
Gross Profit	1.3%	2.9%	0.3%	9.1%	14.0%	21.7%	1.3%	3.7%	1.9%	2.9%	2.6%	2.2%	2.0%	1.8%	8.1%	2.3%
EBIT	33.5%	N/M	38.6%	22.0%	49.7%	48.6%	9.5%	6.6%	3.6%	1.7%	1.3%	0.7%	0.4%	0.2%	28.0%	1.3%
EBITDA	16.0%	8.5%	21.4%	14.0%	27.5%	19.7%	4.2%	6.1%	0.9%	3.4%	3.0%	2.6%	2.4%	2.2%	15.2%	2.4%
Net Income	31.6%	N/M	22.0%	28.8%	76.9%	53.4%	7.5%	11.2%	4.6%	1.3%	3.0%	1.2%	0.8%	0.4%	31.2%	1.9%
Distributable Profit		37.9%	12.8%	18.1%	53.0%	43.1%	6.7%	9.2%	3.8%	1.2%	2.7%	1.1%	0.7%	0.4%	22.6%	1.6%
DPS			0.0%	0.0%	20.0%	66.7%	10.0%	9.1%	4.2%	4.0%	1.9%	1.9%	1.9%	1.8%	15.7%	2.6%
CFPS	29.6%	43.7%	2.7%	-7.6%	28.9%	20.1%	19.3%	-9.9%	4.5%	4.7%	3.9%	3.3%	2.4%	1.8%	7.9%	3.4%
FCPS	158.8%	80.7%	-19.3%	0.1%	138.7%	-19.8%	117.6%	-16.0%	11.3%	9.3%	7.6%	5.4%	3.9%	2.9%	18.9%	6.7%

Operating Ratios	CY2017	CY2018	CY2019	CY2020	CY2021	CY2022	CY2023	CY2024	CY2025E	CY2026E	CY2027E	CY2028E	CY2029E	CY2030E
Gross Margin	64.0%	62.6%	62.1%	65.5%	65.0%	65.2%	65.1%	65.8%	65.3%	65.5%	65.7%	65.9%	66.1%	66.3%
EBIT Margin	(11.2%)	7.6%	10.4%	12.2%	15.9%	19.5%	21.1%	21.9%	22.1%	21.9%	21.7%	21.4%	21.2%	20.9%
EBITDA Margin	26.9%	27.8%	33.4%	36.7%	40.8%	40.2%	41.3%	42.8%	42.0%	42.3%	42.6%	42.9%	43.2%	43.5%
Net Margin	(12.8%)	5.6%	6.8%	8.4%	13.0%	16.4%	17.4%	18.8%	19.2%	18.9%	19.1%	18.9%	18.8%	18.6%
Capex Intensity	18.4%	23.3%	30.0%	18.7%	16.1%	21.5%	17.9%	13.8%	14.0%	13.3%	12.7%	12.3%	12.0%	11.8%

Finance Ratios	CY2017	CY2018	CY2019	CY2020	CY2021	CY2022	CY2023	CY2024	CY2025E	CY2026E	CY2027E	CY2028E	CY2029E	CY2030E
Debt - Equity Ratio	18.3%	17.9%	18.1%	18.3%	15.5%	14.9%	8.7%	7.5%	7.0%	5.7%	4.8%	3.9%	3.1%	2.5%
Net Debt - Equity Ratio	13.9%	9.1%	11.4%	14.4%	11.4%	11.0%	6.1%	4.6%	2.9%	0.1%	(3.7%)	(8.3%)	(13.4%)	(18.8%)
Net Debt-to-Capital	12.2%	8.4%	10.3%	12.6%	10.2%	9.9%	5.7%	4.4%	2.8%	0.1%	(3.9%)	(9.1%)	(15.5%)	(23.1%)
Cash Interest Coverage	18.1x	16.7x	11.4x	12.5x	28.1x	25.5x	16.6x	22.4x	28.2x	27.0x	35.4x	39.1x	42.9x	45.9x

Return Ratios	CY2017	CY2018	CY2019	CY2020	CY2021	CY2022	CY2023	CY2024	CY2025E	CY2026E	CY2027E	CY2028E	CY2029E	CY2030E
ROIC	(4.2%)	2.9%	3.8%	4.7%	6.8%	9.8%	11.3%	11.7%	11.9%	12.1%	12.1%	12.1%	12.1%	12.0%
ROE	(5.7%)	2.6%	3.2%	4.1%	7.1%	10.4%	10.9%	11.9%	12.2%	12.1%	12.3%	12.2%	12.2%	12.0%
ROA	(4.1%)	1.8%	2.0%	2.7%	4.8%	6.8%	7.4%	8.4%	8.7%	8.9%	9.1%	9.2%	9.2%	9.2%
Dividend Payout %		179.4%	147.1%	114.2%	77.5%	84.1%	86.1%	84.4%	84.1%	86.3%	85.4%	85.9%	86.8%	88.0%

Valuation	CY2017	CY2018	CY2019	CY2020	CY2021	CY2022	CY2023	CY2024	CY2025E	CY2026E	CY2027E	CY2028E	CY2029E	CY2030E
EV/Sales	4.8x	4.5x	4.5x	4.4x	3.8x	3.1x	3.0x	2.9x	2.8x	2.7x	2.6x	2.4x	2.3x	2.2x
EV/EBITDA	17.9x	16.1x	13.4x	11.9x	9.2x	7.7x	7.2x	6.8x	6.7x	6.3x	6.0x	5.7x	5.4x	5.1x
EV/EBIT	N/M	59.2x	43.2x	35.8x	23.7x	15.9x	14.2x	13.2x	12.7x	12.2x	11.8x	11.4x	11.0x	10.5x
P/E	N/M	76.4x	62.7x	48.6x	27.5x	17.9x	16.7x	15.0x	14.3x	14.1x	13.7x	13.6x	13.4x	13.4x
P/BV	2.0x	2.0x	2.0x	2.0x	2.0x	1.9x	1.8x	1.8x	1.7x	1.7x	1.7x	1.7x	1.6x	1.6x
Dividend Yield	0.0%	2.3%	2.3%	2.3%	2.8%	4.7%	5.2%	5.6%	5.9%	6.1%	6.2%	6.3%	6.5%	6.6%
FCF Yield	1.4%	2.5%	2.0%	2.0%	4.8%	3.9%	8.4%	7.1%	7.9%	8.6%	9.3%	9.8%	10.2%	10.5%

Liquidity Ratios	CY2017	CY2018	CY2019	CY2020	CY2021	CY2022	CY2023	CY2024	CY2025E	CY2026E	CY2027E	CY2028E	CY2029E	CY2030E
Current Ratio	0.7x	0.4x	0.6x	0.4x	0.4x	0.5x	0.4x	0.5x	0.6x	0.7x	0.8x	1.0x	1.1x	1.4x
Quick Ratio	0.6x	0.4x	0.6x	0.4x	0.4x	0.4x	0.4x	0.5x	0.5x	0.6x	0.7x	0.9x	1.1x	1.3x

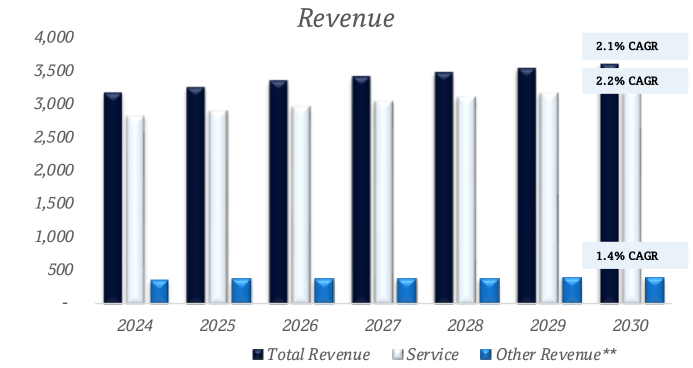
Source: Company data, QNB FS Research

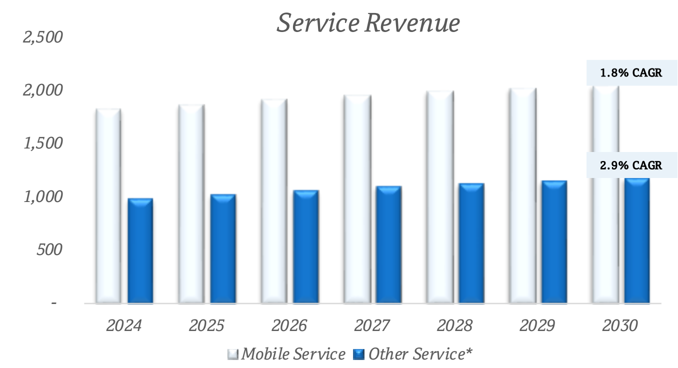
Key Metrics

	CY2017	CY2018	CY2019	CY2020	CY2021	CY2022	CY2023	CY2024	CY2025E	CY2026E	CY2027E	CY2028E	CY2029E	CY2030E
Mobile Subscribers (000s)														
Pre-Paid Subs	1,071	1,325	1,243	1,208	1,412	1,537	1,582	1,547	1,577	1,598	1,615	1,628	1,637	1,644
YoY Growth	*(11.9%)*	*23.7%*	*(6.1%)*	*(2.9%)*	*16.9%*	*8.9%*	*2.9%*	*(2.2%)*	*2.0%*	*1.3%*	*1.1%*	*0.8%*	*0.6%*	*0.4%*
Post-Paid Subs	319	396	494	454	522	569	567	561	567	573	578	584	589	594
YoY Growth	*24.6%*	*24.0%*	*24.8%*	*(8.0%)*	*14.9%*	*9.0%*	*(0.4%)*	*(1.1%)*	*1.1%*	*1.0%*	*0.9%*	*0.9%*	*0.9%*	*0.9%*
Total Mobile Subs	**1,390**	**1,720**	**1,737**	**1,662**	**1,934**	**2,106**	**2,149**	**2,108**	**2,145**	**2,171**	**2,193**	**2,211**	**2,226**	**2,238**
YoY Growth	*(5.6%)*	*23.7%*	*1.0%*	*(4.3%)*	*16.4%*	*8.9%*	*2.0%*	*(1.9%)*	*1.7%*	*1.2%*	*1.0%*	*0.8%*	*0.7%*	*0.6%*
Mobile ARPU (QR)														
Pre-Paid ARPU	70	66	42	39	36	33	28	29	29	29	29	29	29	29
YoY Growth	*(12.9%)*	*(5.8%)*	*(35.6%)*	*(8.7%)*	*(7.4%)*	*(7.7%)*	*(14.6%)*	*1.6%*	*0.6%*	*0.3%*	*0.2%*	*0.1%*	*(0.2%)*	*(0.4%)*
Post-Paid ARPU	203	200	189	186	202	195	190	194	197	200	203	205	207	209
YoY Growth	*0.4%*	*(1.3%)*	*(5.5%)*	*(1.6%)*	*8.6%*	*(3.5%)*	*(2.6%)*	*2.3%*	*1.7%*	*1.5%*	*1.3%*	*1.0%*	*0.9%*	*0.8%*
Blended Mobile ARPU	**100**	**100**	**84**	**84**	**81**	**77**	**72**	**73**	**74**	**74**	**75**	**75**	**76**	**77**
YoY Growth	*(2.8%)*	*0.6%*	*(16.1%)*	*(0.3%)*	*(3.9%)*	*(4.1%)*	*(7.0%)*	*1.3%*	*0.8%*	*0.9%*	*0.9%*	*0.7%*	*0.7%*	*0.7%*
Mobile Service Revenue (QR mn)														
Pre-Paid Service Revenue	976	855	656	563	550	596	520	529	542	552	560	566	569	569
YoY Growth	*(18.9%)*	*(12.4%)*	*(23.2%)*	*(14.1%)*	*(2.4%)*	*8.4%*	*(12.8%)*	*1.8%*	*2.3%*	*1.9%*	*1.4%*	*1.0%*	*0.5%*	*0.1%*
Post-Paid Service Revenue	692	846	1,021	1,067	1,148	1,302	1,296	1,308	1,336	1,370	1,402	1,429	1,455	1,480
YoY Growth	*19.8%*	*22.3%*	*20.6%*	*4.5%*	*7.6%*	*13.4%*	*(0.5%)*	*1.0%*	*2.1%*	*2.5%*	*2.3%*	*1.9%*	*1.8%*	*1.7%*
Total Mobile Service Revenue	**1,668**	**1,701**	**1,677**	**1,630**	**1,697**	**1,898**	**1,816**	**1,838**	**1,878**	**1,922**	**1,962**	**1,995**	**2,024**	**2,050**
YoY Growth	*(6.4%)*	*2.0%*	*(1.4%)*	*(2.8%)*	*4.1%*	*11.8%*	*(4.3%)*	*1.2%*	*2.2%*	*2.4%*	*2.1%*	*1.7%*	*1.5%*	*1.3%*
Other Service Revenue*	**184**	**202**	**272**	**391**	**533**	**719**	**946**	**993**	**1,032**	**1,067**	**1,099**	**1,128**	**1,154**	**1,178**
YoY Growth	*22.3%*	*9.8%*	*34.1%*	*43.8%*	*36.4%*	*34.9%*	*31.6%*	*5.0%*	*4.0%*	*3.4%*	*3.0%*	*2.6%*	*2.3%*	*2.1%*
Total Service Revenue (QR mn)	**1,852**	**1,904**	**1,949**	**2,021**	**2,230**	**2,617**	**2,762**	**2,831**	**2,910**	**2,990**	**3,061**	**3,122**	**3,177**	**3,227**
YoY Growth	*(4.1%)*	*2.8%*	*2.4%*	*3.7%*	*10.4%*	*17.3%*	*5.5%*	*2.5%*	*2.8%*	*2.7%*	*2.4%*	*2.0%*	*1.8%*	*1.6%*
Other Revenue**	**146**	**197**	**176**	**179**	**296**	**449**	**349**	**359**	**366**	**373**	**378**	**383**	**387**	**391**
YoY Growth	*16.7%*	*35.0%*	*(11.0%)*	*1.7%*	*65.4%*	*51.9%*	*(22.2%)*	*2.8%*	*2.1%*	*1.7%*	*1.3%*	*1.2%*	*1.1%*	*1.0%*
Total Revenue (QR mn)	**1,998**	**2,101**	**2,125**	**2,200**	**2,526**	**3,066**	**3,111**	**3,190**	**3,277**	**3,363**	**3,439**	**3,505**	**3,564**	**3,618**
YoY Growth	*(2.9%)*	*5.1%*	*1.1%*	*3.5%*	*14.8%*	*21.4%*	*1.5%*	*2.5%*	*2.7%*	*2.6%*	*2.3%*	*1.9%*	*1.7%*	*1.5%*
EBITDA (QR mn)	**538**	**584**	**709**	**808**	**1,031**	**1,234**	**1,286**	**1,364**	**1,376**	**1,423**	**1,466**	**1,504**	**1,541**	**1,575**
EBITDA Margin	*26.9%*	*27.8%*	*33.4%*	*36.7%*	*40.8%*	*40.2%*	*41.3%*	*42.8%*	*42.0%*	*42.3%*	*42.6%*	*42.9%*	*43.2%*	*43.5%*
YoY Growth	*16.0%*	*8.5%*	*21.4%*	*14.0%*	*27.5%*	*19.7%*	*4.2%*	*6.1%*	*0.9%*	*3.4%*	*3.0%*	*2.6%*	*2.4%*	*2.2%*
Net Income (QR mn)	**(256)**	**118**	**144**	**185**	**327**	**502**	**540**	**601**	**628**	**637**	**656**	**664**	**669**	**672**
Net Margin	*(12.8%)*	*5.6%*	*6.8%*	*8.4%*	*13.0%*	*16.4%*	*17.4%*	*18.8%*	*19.2%*	*18.9%*	*19.1%*	*18.9%*	*18.8%*	*18.6%*
YoY Growth	*(31.6%)*	*N/M*	*22.0%*	*28.8%*	*76.9%*	*53.4%*	*7.5%*	*11.2%*	*4.6%*	*1.3%*	*3.0%*	*1.2%*	*0.8%*	*0.4%*
Distributable Profit (QR mn)	**146**	**202**	**228**	**269**	**412**	**589**	**628**	**686**	**712**	**721**	**740**	**748**	**754**	**756**
YoY Growth		*37.9%*	*12.8%*	*18.1%*	*53.0%*	*43.1%*	*6.7%*	*9.2%*	*3.8%*	*1.2%*	*2.7%*	*1.1%*	*0.7%*	*0.4%*
Capex (QR mn)	**368**	**489**	**637**	**411**	**408**	**660**	**556**	**441**	**458**	**446**	**435**	**432**	**429**	**426**
Capex Intensity	*18.4%*	*23.3%*	*30.0%*	*18.7%*	*16.1%*	*21.5%*	*17.9%*	*13.8%*	*14.0%*	*13.3%*	*12.7%*	*12.3%*	*12.0%*	*11.8%*
YoY Growth	*10.9%*	*32.8%*	*30.3%*	*(35.5%)*	*(0.8%)*	*61.7%*	*(15.8%)*	*(20.6%)*	*3.8%*	*(2.5%)*	*(2.5%)*	*(0.7%)*	*(0.7%)*	*(0.7%)*

Source: Company data, QNB FS Research; Note: *Other service revenue, is non-mobile service revenue that includes managed services, broadband, roaming & wholesale; **Other revenue includes handsets, hardware portion of projects/managed services revenue & others

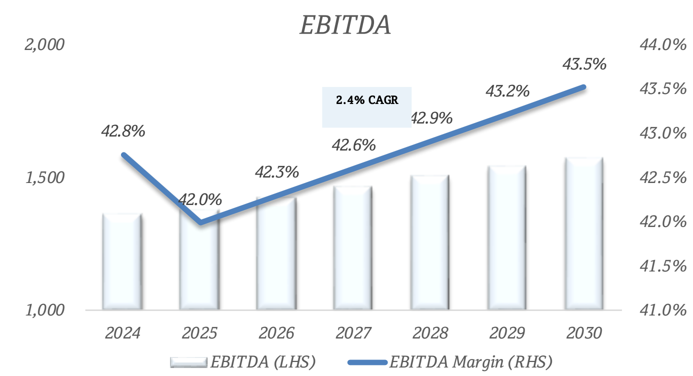
Revenue & Services Revenue (In QR Mn & Percentages)

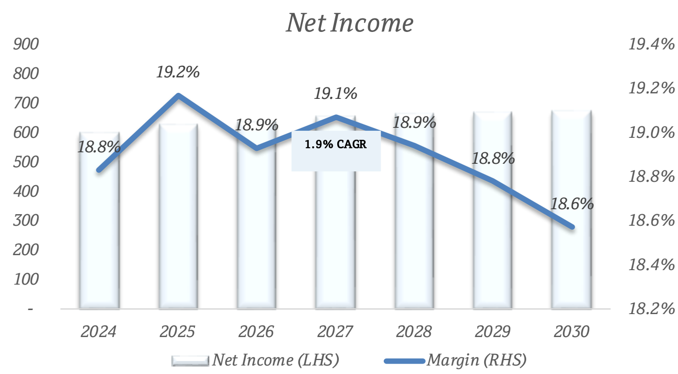




Source: Company data, QNB FS Research; Note: *Other service revenue, is non-mobile service revenue that includes managed services, broadband, roaming & wholesale; **Other revenue includes handsets, hardware portion of projects/managed services revenue & others

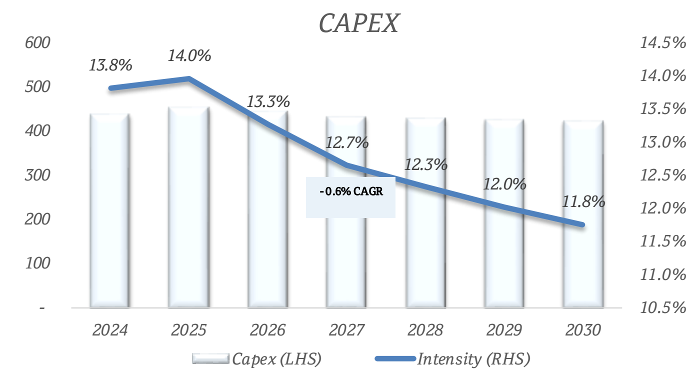
EBITDA & Earnings (In QR Mn & Percentages)

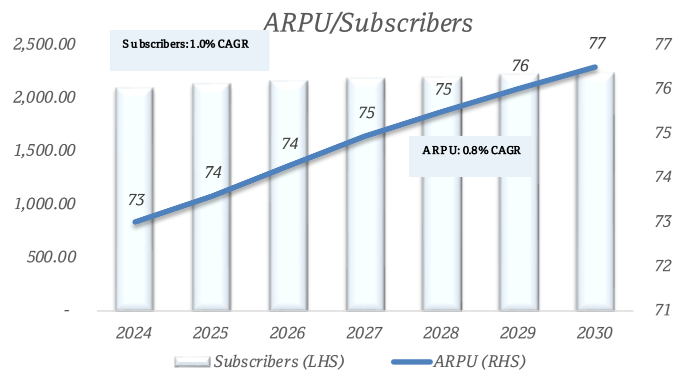




Source: Company data, QNB FS Research

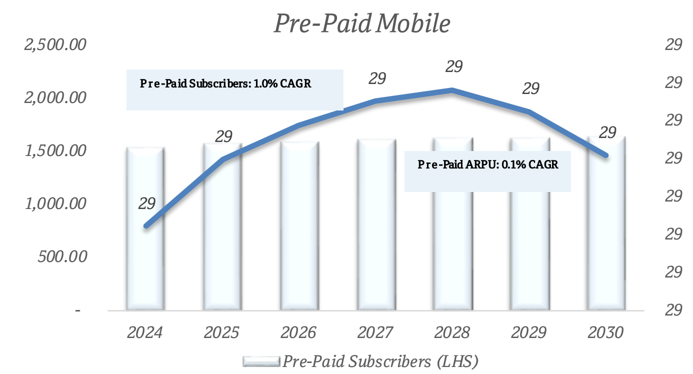
Capex & ARPU/Total Subs (In QR Mn, '000s & Percentages)

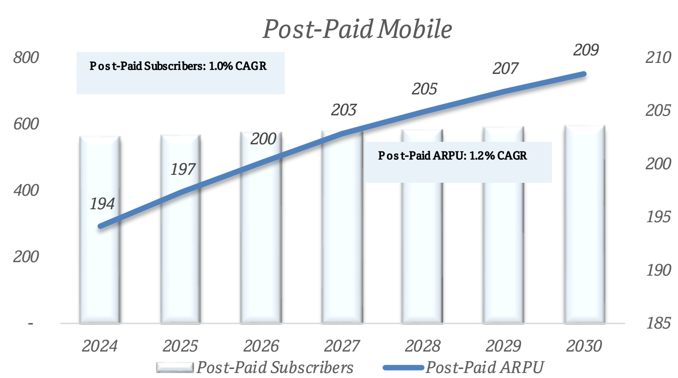




Source: Company data, QNB FS Research

Pre/Post-Paid ARPU/Total Subs (In QR Mn, '000s & Percentages)





Source: Company data, QNB FS Research

Detailed Financial Statements

Income Statement (In QR mn)	CY2023	CY2024	CY2025e	CY2026e	CY2027e	CY2028e	CY2029e	CY2030e
Revenue	**3,111**	**3,190**	**3,277**	**3,363**	**3,439**	**3,505**	**3,564**	**3,618**
Direct Costs	(1,087)	(1,090)	(1,137)	(1,160)	(1,179)	(1,194)	(1,207)	(1,218)
Gross Profit	**2,024**	**2,099**	**2,140**	**2,203**	**2,260**	**2,311**	**2,357**	**2,400**
Other Expenses, Excluding D&A	(738)	(735)	(763)	(780)	(794)	(806)	(816)	(825)
EBITDA	**1,286**	**1,364**	**1,376**	**1,423**	**1,466**	**1,504**	**1,541**	**1,575**
Depreciation & Amortization	(631)	(666)	(653)	(687)	(720)	(753)	(786)	(820)
EBIT	**655**	**699**	**723**	**736**	**746**	**751**	**754**	**755**
Interest Income	13	24	18	18	18	19	19	19
Interest Expense	(78)	(61)	(49)	(53)	(41)	(38)	(36)	(34)
Other Income/Expense	(51)	(61)	(64)	(65)	(67)	(68)	(68)	(68)
Profit Before Tax	540	601	628	637	656	664	669	672
Income Tax Expense								
Profit for Shareholders	**540**	**601**	**628**	**637**	**656**	**664**	**669**	**672**
EPS (QR)	**0.1278**	**0.1421**	**0.1486**	**0.1506**	**0.1552**	**0.1571**	**0.1584**	**0.1590**
DPS (QR)	**0.1100**	**0.1200**	**0.1250**	**0.1300**	**0.1325**	**0.1350**	**0.1375**	**0.1400**

Source: Company data, QNB FS Research

Balance Sheet (In QR mn)	CY2023	CY2024	CY2025e	CY2026e	CY2027e	CY2028e	CY2029e	CY2030e
Non-Current Assets								
Property, Plant and Equipment	1,934	1,958	2,016	2,043	2,039	2,012	1,963	1,893
Intangible Assets	4,037	3,895	3,752	3,596	3,426	3,241	3,043	2,830
Rights of Use Assets	429	337	337	337	337	337	337	337
Trade and Other Receivables	267	236	242	248	254	259	263	267
Total Non-Current Assets	**6,667**	**6,426**	**6,348**	**6,224**	**6,056**	**5,850**	**5,607**	**5,328**
Current Assets								
Inventory	34	50	54	59	64	69	73	78
Contract Assets & Costs	62	85	85	85	85	85	85	85
Trade and Other Receivables	395	454	483	519	545	564	583	611
Cash and Cash Equivalents	130	145	214	294	455	662	908	1,187
Total Current Assets	**621**	**735**	**836**	**958**	**1,149**	**1,380**	**1,650**	**1,961**
Total Assets	**7,288**	**7,161**	**7,184**	**7,182**	**7,205**	**7,230**	**7,257**	**7,289**
Equity								
Total Equity	**4,936**	**5,052**	**5,157**	**5,250**	**5,340**	**5,427**	**5,509**	**5,583**
Non-Current Liabilities								
Trade and Other Payables	0	0	0	0	0	0	0	0
Lease Liabilities	315	227	163	118	85	61	44	32
Provisions	110	110	113	116	118	121	123	125
Long-Term Borrowings	325	375	300	255	210	170	140	110
Total Non-Current Liabilities	**751**	**712**	**576**	**488**	**413**	**352**	**307**	**266**
Current Liabilities								
Trade and Other Payables	1,340	1,245	1,245	1,261	1,275	1,285	1,290	1,293
Lease Liabilities	156	150	144	138	132	127	121	116
Short-Term Borrowings	105	2	62	45	45	40	30	30
Total Current Liabilities	**1,601**	**1,397**	**1,451**	**1,444**	**1,452**	**1,451**	**1,442**	**1,439**
Total Liabilities	**2,352**	**2,109**	**2,027**	**1,933**	**1,865**	**1,803**	**1,748**	**1,706**
Equity and Liabilities	**7,288**	**7,161**	**7,184**	**7,182**	**7,205**	**7,230**	**7,257**	**7,289**

Source: Company data, QNB FS Research

Recommendations *Based on the range for the upside / downside offered by the 12-month target price of a stock versus the current market price*		Risk Ratings *Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals*	
OUTPERFORM	Greater than +20%	**R-1**	Significantly lower than average
ACCUMULATE	Between +10% to +20%	**R-2**	Lower than average
MARKET PERFORM	Between -10% to +10%	**R-3**	Medium / In-line with the average
REDUCE	Between -10% to -20%	**R-4**	Above average
UNDERPERFORM	Lower than -20%	**R-5**	Significantly above average

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