Company

Saudi Telecom Co

3Q26 Result Review

Rating

Buy

Bloomberg Ticker

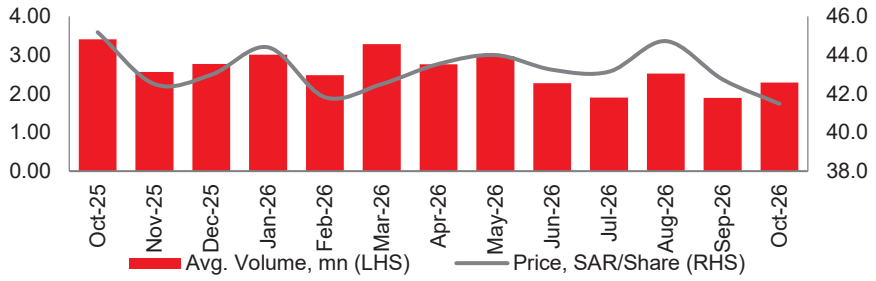
STC AB

Date

1 November 2026

Results

Target Price SAR	47.48
Total Return	22.2%



Current Market Price (SAR)	41.16
52-week High | Low	45.10 | 39.86
Price Perf. (1m | 3m)	-3.7% | -4.6%
Mkt. Cap. (USD/SAR mn)	55,566 | 205,800
Free Float	38.0%
3m ADTO (000 shares)	2,651.5
6m ADTO (000 shares)	2,334.2
3m ADTV (SAR 000)	100,450.8
6m ADTV (SAR 000)	101,640.2
P/E 27e	13.6x
P/B 27e	2.3x
DY 27e	5.6%

U Capital Research

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Revenue increased 4% YoY, in line with our estimates

STC reported a 3Q26 revenue of SAR 19,985mn (+4% YoY and -1% QoQ), in line with our estimates. This was mainly driven by an 18.5% YoY increase in subsidiaries' revenue, together with a 4.8% YoY increase in mobile subscribers and 4.0% YoY growth in fixed subscribers in STC KSA. For 9M26, revenue increased 4% YoY.

Profitability declined 12% YoY, in line with our estimates

STC reported 3Q26 net profit of SAR 3,599mn (-12% YoY and -1% QoQ), in line with our estimates. This was driven by lower operating profit and higher finance costs, partially offset by a SAR 52mn increase in profits from JVs and associates. For 9M26, profitability declined by 6% YoY.

U-Capital view

STC's long-term growth is underpinned by expansions in its 5G network (+12.38K towers), fiber optic rollouts, and data center connectivity infrastructure through center3, alongside partnerships with other hyperscalers. FY26e revenue growth is expected to be in the low-to-mid single digits, with an EBITDA margin of 32-33%. We expect profitability to improve in the near term. We have a Buy rating on the stock with an updated target price of SAR 47.48/share.

Financial Statements

SAR mn	3Q25	4Q25	1Q26	2Q26	3Q26	3Q26e	YoY	QoQ	Var.	9M25	9M26	YoY
P&L												
Revenue	19,264	19,894	19,939	20,171	19,985	19,752	4%	-1%	1%	57,924	60,095	4%
Gross Profit	9,251	9,791	9,772	9,865	9,724	9,637	5%	-1%	1%	27,908	29,361	5%
Operational Profit	3,627	3,605	3,978	3,793	3,511	3,817	-3%	-7%	-8%	10,834	11,282	4%
Net Profit	4,107	3,303	3,696	3,623	3,599	3,775	-12%	-1%	-5%	11,579	10,918	-6%
BS												
Sh. Equity	83,948	83,414	84,743	84,986	85,590		2%	1%		83,948	85,590	2%
Ratios												
Gross Margin	48.0%	49.2%	49.0%	48.9%	48.7%	48.8%				48.2%	48.9%	
Operating Margin	18.8%	18.1%	20.0%	18.8%	17.6%	19.3%				18.7%	18.8%	
Net Profit Margin	21.3%	16.6%	18.5%	18.0%	18.0%	19.1%				20.0%	18.2%	
TTM RoE (%)					16.8%							
TTM P/E (x)					14.6							
Current P/Bv					2.4							

Source: Financials, Tadawul, Bloomberg, U Capital Research



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BUY	HOLD	SELL
Greater than 10%	Between 0% and +10%	Lower than 0%

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