e&: The beat goes on

- Strong 2Q26 EBITDA beat, resilient UAE performance; FY26 EBITDA growth guidance upgraded
- Vodafone proceeds to support deleveraging, followed by inorganic growth
- Raise fair value to AED23.50 on slightly higher estimates; maintain Buy

Strong 2Q26 results, EBITDA guidance upgraded: e& reported a strong 2Q26, with revenue up 8.7% YoY, missing ADCBe/consensus by 0.9%/1.4%. Total subscribers increased 30.4% YoY, led by Telenor Pakistan and UPC Slovakia consolidation and organic growth across the UAE and international markets. EBITDA increased 9.8% YoY, beating ADCBe/consensus by 8.0%/4.5%. EBITDA margin expanded 40bps YoY to 46.8% on UAE cost optimisation, the recovery in Morocco, stronger Pakistan profitability and the deconsolidation of loss-making Careem (current/comparative revenue/EBITDA restated accordingly). Importantly, UAE remained resilient despite regional uncertainty, with revenue up 3.3% YoY, EBITDA up 5.1% and margin reaching 51.5%. The UAE performance was supported by postpaid, fixed, wholesale and business-solutions growth, while prepaid and enterprise activity remained softer. Net profit declined 10.1% YoY on a reported basis, but increased 1.1% on a like-for-like basis after excluding the Maroc Telecom compensation recovery recorded in 2Q25. Overall, net profit beat ADCBe/consensus by 5.3%/4.4%, driven largely by the EBITDA beat. Capex increased 33.6% YoY to AED3.6bn, implying 18.9% intensity, mainly on the Egypt 5G spectrum acquisition. Excluding spectrum and licences, capex intensity was 15.0%. Operating FCF (EBITDA minus capex excl. spectrum/licences) increased by a solid 11.4% YoY to AED12.8bn in 1H26. Management maintained 8-10% constant-currency revenue growth and c. AED1.35 EPS guidance, but upgraded EBITDA growth guidance to 6-7% (4-5% earlier). The company announced an interim DPS of 47.5 fils, up 10.5% YoY and in line with our estimate.

Key 2Q26 results conference call takeaways: (1) Management intends to use most of the Vodafone disposal proceeds to deleverage, with lower finance costs expected to help offset the loss of Vodafone associate income. Inorganic expansion would come next, focused on consolidation opportunities and high-quality assets with positive and growing EBITDA, healthy margins and clear earnings accretion, including connectivity and infrastructure assets;(2) Management doesn't favour share buybacks or special dividends, preferring a stable, consistent and growing dividend profile. The current dividend policy expires at 2026-end and a new policy is expected to be announced, although management didn't explicitly confirm that it would remain formally progressive; (3) a Capital Markets Day and potential strategy update are expected toward the end of summer; (4) despite the guidance upgrade, management remains cautious on 2H26 given geopolitical uncertainty and tougher SBB consolidation comparatives.

Investment thesis: We view e& as a compelling MENA telecom investment, combining a high-quality UAE cash engine, sector-leading margins and strong FCF conversion with diversified growth across Asia, Africa and CEE. Maroc Telecom and PPF offer attractive margins and cash generation, while Egypt and Pakistan provide higher-growth potential but increase FX, regulatory, capex and integration risks. In our view, geographic diversification and the UAE's strong postpaid mix provide relative resilience amid regional uncertainty. With a 10.5%/7.7% FY26e/27e FCF yield, we think e& has ample capacity to grow DPS and pursue selective M&A, likely focused on high-quality telecom consolidation, connectivity infrastructure and TechCo opportunities.

Raise fair value, maintain Buy rating: We slightly raise our FY26-28e estimates, resulting in a higher fair value of AED23.50 (from AED22.80) and implying c.15% upside to the last closing price. We maintain our Buy rating on the stock.

e& (EAND UH)

Maintain BUY

Fair Value (AED)	Previous Fair Value (AED)
23.50	22.80
Current Price (AED)	**Upside/(Downside)**
20.36	+15.4%

Market Data

Market cap (AED m)	177,066
Market cap (USD m)	48,247
3M ADTV (AED m)	68.4
Free float	40%
BBG Ticker	EAND UH

Priced at close of 31 July 2026

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e& — Key financials and ratios

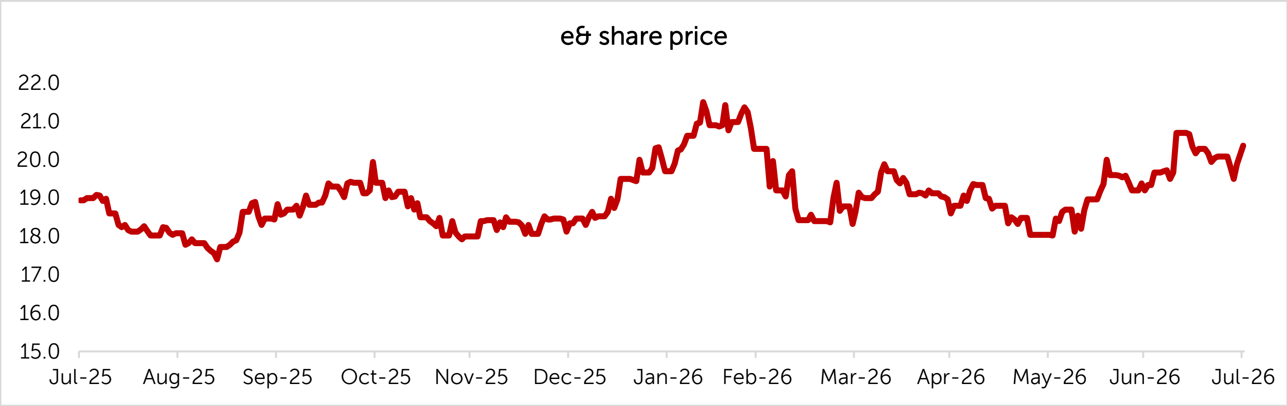
Year	2025a	2026e	2027e	2028e
Profit & loss summary (AEDm)				
Revenue	72,125	77,539	81,984	86,085
EBITDA	32,259	35,207	37,292	39,429
D&A	10,783	13,256	14,015	14,717
EBIT	21,476	21,951	23,277	24,713
Net interest	3,543	715	1,945	1,799
PBT	26,783	23,759	25,022	26,312
Net profit	14,360	11,674	12,224	12,866
Adjusted net profit	14,360	11,674	12,224	12,866
Balance sheet summary (AEDm)				
Tangible assets/PPE	50,392	51,447	51,787	54,977
Non-current assets	144,166	121,217	118,613	115,612
Cash	34,308	66,809	75,940	86,111
Current assets	60,893	96,320	108,742	119,166
Total assets	205,059	217,537	227,355	234,778
Current liabilities	88,432	81,510	83,959	83,995
Total debt	67,639	67,929	67,929	67,929
Net debt	33,331	1,120	(8,012)	(18,182)
Total liabilities	143,297	151,092	154,234	154,620
Shareholders' equity	51,708	56,680	63,356	70,393
Cash flow summary (AEDm)				
Cash from operations	26,051	32,480	27,077	29,001
Capex	(13,360)	(13,972)	(13,411)	(13,715)
Free cash flow[1]	12,691	18,508	13,665	15,285
Cash from investment	(9,554)	18,216	(11,411)	(11,715)
Dividends	(8,092)	(8,457)	(8,479)	(8,914)

Year	2025a	2026e	2027e	2028e
Growth				
Revenue	21.8%	7.5%	5.7%	5.0%
EBITDA	21.9%	9.1%	5.9%	5.7%
EBIT	12.6%	2.2%	6.0%	6.2%
Net profit	33.6%	-18.7%	4.7%	5.2%
Adjusted net profit	33.6%	-18.7%	4.7%	5.2%
Margin				
EBITDA	44.7%	45.4%	45.5%	45.8%
EBIT	29.8%	28.3%	28.4%	28.7%
Net profit	19.9%	15.1%	14.9%	14.9%
Adjusted net profit	19.9%	15.1%	14.9%	14.9%
Return metrics				
ROIC[2]	15.2%	16.1%	20.5%	22.6%
ROCE[3]	11.6%	10.4%	10.0%	10.1%
ROE	29.5%	21.5%	20.4%	19.2%
ROA	7.4%	5.5%	5.5%	5.6%
Leverage ratio				
Net debt/EBITDA	1.0	0.0	(0.2)	(0.5)
Interest coverage ratio[4]	9.1	49.3	19.2	21.9
Per share data				
EPS, AED	1.65	1.34	1.41	1.48
DPS, AED	0.90	0.95	1.00	1.05
BVPS, AED	5.95	6.52	7.29	8.09

Year	2025a	2026e	2027e	2028e
Valuation ratio				
EV/Sales	3.1	2.5	2.2	2.0
EV/EBITDA	7.0	5.5	4.9	4.4
P/E	12.3	15.2	14.5	13.8
P/B	3.4	3.1	2.8	2.5
FCF yield	7.2%	10.5%	7.7%	8.6%
Dividend Yield	4.4%	4.7%	4.9%	5.2%

Market data	
Company name	e&
Bloomberg ticker	EAND UH
Share price (AED)	20.36
Fair value (AED)	23.50
Upside/(Downside)	15.4%
Rating	Buy
Market value (AEDm)	177,066

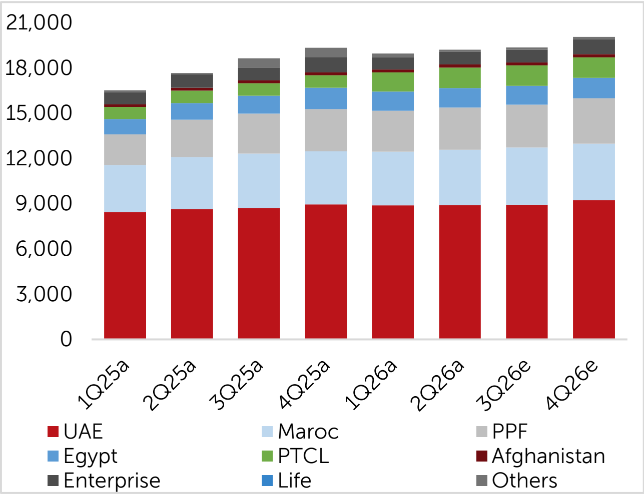
Source: Company data, ADCB estimates, priced at close of 31 July 2026
Note: 1. FCF = CFO – Capex; 2. ROIC: EBIT (1 – tax)/ (Debt + Shareholders equity – cash); 3. EBIT (1-tax)/ (Total assets – current liabilities); 4. EBITDA/net interest; excludes Careem Technologies; Cash dividends reflect payment timing and may differ from DPS declared for the corresponding financial year.



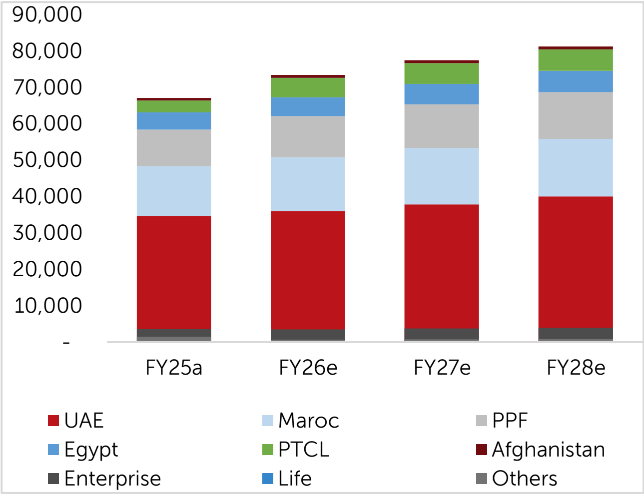
Source: Bloomberg

e& in charts

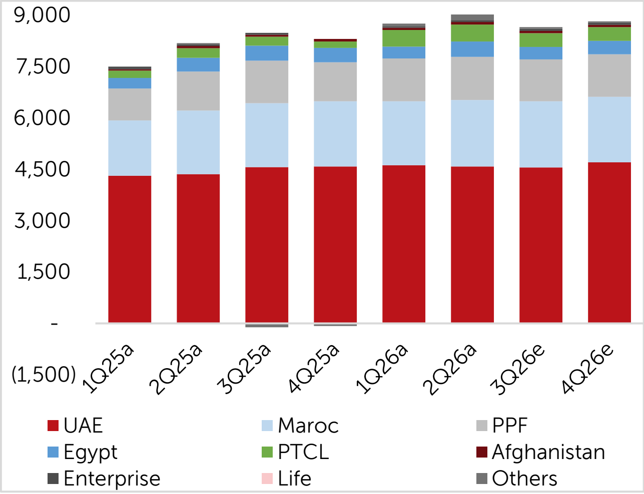
Quarterly revenue by segment, AEDm



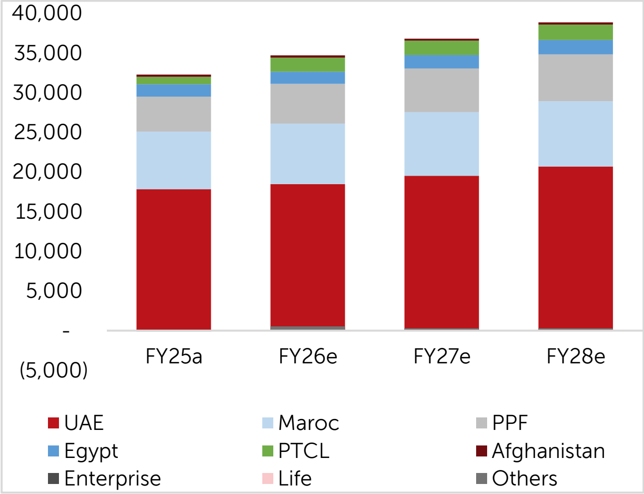
Annual revenue by segment, AEDm



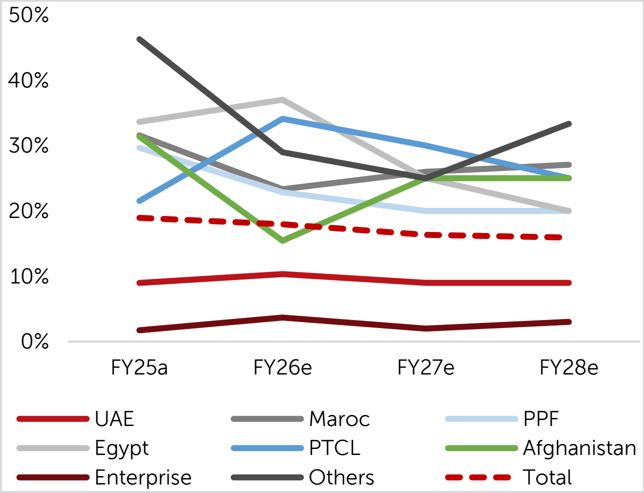
Quarterly EBITDA (AEDm) and EBITDA margin



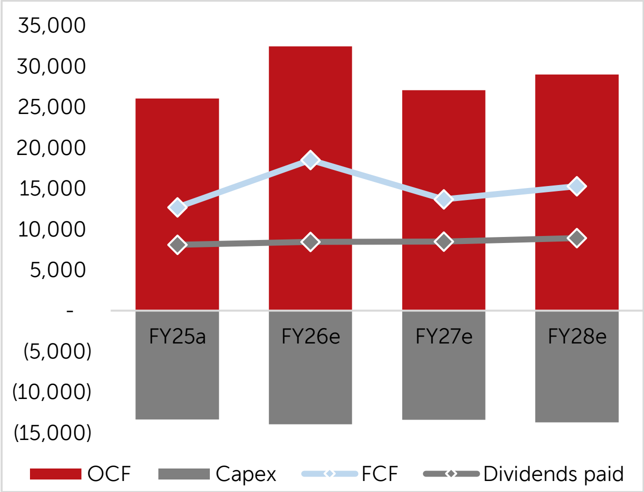
Annual EBITDA (AEDm) and EBITDA margin



Capex (AEDm) and capex intensity (%)



Free cashflows and dividends, AEDm



Source: Company reports, ADCB estimates; excludes Careem Technologies

e& 2Q26 financial results review table

AEDm	2Q26a	2Q26e	Cons.	vs. ADCBe	vs. Cons.	2Q25a	YoY	1Q26a	QoQ
Revenue	19,204	19,385	19,479	-0.9%	-1.4%	17,659	8.7%	18,939	1.4%
EBITDA	8,979	8,312	8,593	8.0%	4.5%	8,178	9.8%	8,753	2.6%
EBITDA margin	*46.8%*	*42.9%*	*44.1%*			*46.3%*		*46.2%*	
Net Profit	3,121	2,964	2,989	5.3%	4.4%	3,472	-10.1%	2,883	8.3%
Cash flow									
Capex excl. spectrum/fees	2,873	3,277		-12.3%		2,490	15.4%	2,012	42.8%
Operating FCF**	6,106	5,035		21.3%		5,688	7.3%	6,741	-9.4%
Capex Intensity	*15.0%*	*16.9%*				*14.1%*		*10.6%*	
Subscribers, #k									
UAE	16,515	16,675		-1.0%		15,515	6.4%	16,583	-0.4%
International	234,955	232,624		1.0%		177,350	32.5%	231,424	1.5%
Total	**251,470**	**249,299**		**0.9%**		**192,865**	**30.4%**	**248,007**	**1.4%**
Revenue									
UAE	8,908	8,775		1.5%		8,623	3.3%	8,887	0.2%
International	9,313	8,999		3.5%		8,049	15.7%	9,009	3.4%
Enterprise	857	863		-0.7%		899	-4.7%	801	7.0%
Others	126	747		-83.1%		88	43.2%	242	-47.9%
Total	**19,204**	**19,385**		**-0.9%**		**17,659**	**8.7%**	**18,939**	**1.4%**
EBITDA									
UAE	4,584	4,519		1.4%		4,361	5.1%	4,616	-0.7%
International	4,214	3,886		8.4%		3,729	13.0%	4,008	5.1%
Enterprise	49	43		13.6%		49	0.0%	52	-5.8%
Others	132	(137)		-196.5%		39	238.5%	77	71.4%
Total	**8,979**	**8,312**		**8.0%**		**8,178**	**9.8%**	**8,753**	**2.6%**
EBITDA margin, %									
UAE	*51.5%*	*51.5%*				*50.6%*		*51.9%*	
International	*45.2%*	*43.2%*				*46.3%*		*44.5%*	
Enterprise	*5.7%*	*5.0%*				*5.5%*		*6.5%*	
Others	*104.8%*	*na*				*44.3%*		*31.8%*	
Total	***46.8%***	***42.9%***				***46.3%***		***46.2%***	
Capex									
UAE	914	790		15.7%		797	14.7%	758	20.6%
International	2,659	2,360		12.7%		1,817	46.3%	1,975	34.7%
Total	**3,633**	**3,277**		**10.9%**		**2,719**	**33.6%**	**2,827**	**28.5%**
Capex Intensity, %									
UAE	*10.3%*	*9.0%*				*9.2%*		*8.5%*	
International	*28.6%*	*26.2%*				*22.6%*		*21.9%*	
Total	***18.9%***	***16.9%***				***15.4%***		***14.9%***	

Source: Company reports, ADCB estimates, *e& compiled consensus estimates; ** Operating FCF = EBITDA – capex excl. spectrum/license fees; excludes Careem Technologies

Changes to estimates

Model updates drive modest estimate increases: We update our model to reflect the latest 2Q26 results, which came in ahead of our estimates at the EBITDA and net-profit levels. We also incorporate the deconsolidation of Careem Technologies and revise our EBITDA margin and capex assumptions. Overall, these changes raise our FY26-28e EBITDA by c.3-4% and net-profit estimates by c.0-2%, while our revenue estimates decline by c.2-3%, primarily reflecting the deconsolidation of Careem Technologies.

e& estimates changes table, AEDm

	2026e			2027e			2028e		
	New	Old	change	New	Old	change	New	Old	change
Revenue	77,539	79,409	-2.4%	81,984	83,967	-2.4%	86,085	88,666	-2.9%
EBITDA	35,207	33,988	3.6%	37,292	35,850	4.0%	39,429	38,180	3.3%
EBITDA margin	*45.4%*	*42.8%*		*45.5%*	*42.7%*		*45.8%*	*43.1%*	
Net Profit	11,674	11,419	2.2%	12,224	12,117	0.9%	12,866	12,809	0.4%
Capex	13,972	12,836	8.9%	13,411	13,343	0.5%	13,715	13,491	1.7%
Capex Intensity	*18.0%*	*16.2%*		*16.4%*	*15.9%*		*15.9%*	*15.2%*	
DPS, AED	0.95	0.95	0.0%	1.00	1.00	0.0%	1.05	1.05	0.0%

Valuation and risks

We value e& using a DCF-based valuation methodology plus listed associate valuation, where applicable. Our DCF is based on a WACC of 9.2% and a terminal growth rate of 2%. This results in our FY26-27e time weighted fair value of AED23.50 per share as we raise our FY26-28e estimates (AED22.80 previously) for e&. Our fair value implies an upside of c. 15% vs. last closing price. We maintain our Buy rating on the stock.

Downside risks include moderation in growth in the UAE; higher capex resulting in pressure on free cash flows; execution risk associated with the recent acquisitions in CEE and Pakistan; FX and macro volatility risks in international markets, potential regulatory and litigation risks in Maroc Telecom, and geopolitical and frontier-market exposure risks.

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