UAE Telecom: The Good, the Yield and the Capex

Attractive dividend yields, but rising investment needs must be watched

A state-backed regulated duopoly with scarcity value, premium networks, high margins and attractive dividends. Growth is shifting from penetration to monetisation, with ICT, cloud and digital infrastructure emerging as the next leg. e& offers scale, diversification and defensive cash flows; du offers purer UAE growth exposure, share gains, and improving liquidity. Rising capex is the key watchpoint, but we see an attractive risk-reward. Initiating coverage on e& and du with Buy ratings.

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بنك أبوظبي التجاري
ADCB

Executive summary

UAE Telecoms: High-quality duopoly, new growth playbook

The UAE telecom sector is moving beyond its traditional mobile-and-fixed roots. While the market remains a highly profitable duopoly, growth is increasingly shifting toward adjacencies such as ICT, wholesale, cloud and data centres, alongside continued efforts by both operators to improve customer quality through higher-value postpaid acquisition. e& remains the sector heavyweight, with dominant UAE profitability, growing international diversification and better resilience to regional disruption. du offers the more domestic, execution-led growth story, supported by fixed broadband expansion, home wireless momentum and continued customer gains, and carries higher exposure to tourism, roaming and visitor-SIM softness.

We expect geopolitical disruption to create a near-term drag on roaming and tourism-linked revenues, but not to impair the sector's structural quality. The medium-term story remains supported by resilient UAE demographics, premiumization of the customer base, enterprise digitalization and steady demand for high-capacity connectivity. Competitive activity is increasing selectively, particularly in fixed broadband, postpaid acquisition, and enterprise services, but the market remains rational and highly profitable. UAE telecoms therefore remains one of MENA's highest-quality telecoms markets, underpinned by high margins, disciplined competition, strong cash conversion and attractive shareholder returns.

- **Initiate du with a Buy rating and target price of AED13.50:** In our view, du offers a compelling domestic UAE telecoms growth story, anchored in a rational duopoly market structure and supported by successful execution across mobile and fixed. The company continues to gain traction through subscriber growth, postpaid mix improvement, home wireless momentum, and rising enterprise demand. We think this positions du as one of the clearer UAE-listed plays on domestic connectivity growth, with additional optionality from ICT and data centre investments. While EBITDA margin expansion is likely to moderate as profitability reaches structurally high levels, du's underlying return profile remains highly attractive, with c.28% ROIC on our estimates. Near-term risks from higher data-centre capex and geopolitics-linked softness look manageable and cyclical rather than structural, in our opinion. The data centre ramp up may weigh on free cash flow in the short term, but it also provides medium-term upside if contracted capacity, enterprise demand and recurring ICT revenues scale. With close to 6% dividend yield, high payout, improving liquidity after the free float increase to 27.7%, and potential MSCI/FTSE inclusion optionality in 2026, we see an attractive balance of earnings resilience, shareholder returns and technical upside.
- **Initiate e& with a Buy rating and target price of AED22.80:** We view e& as one of the strongest telecoms investment stories in MENA, anchored by a high-quality UAE core that delivers sector-leading margins, strong free cash flow and low capital intensity. The UAE business remains the group's cash-flow engine, supported by a rational duopoly structure, strong postpaid mix and high EBITDA-to-FCF conversion. This gives e& the flexibility to sustain DPS growth while continuing to invest in international expansion and selective M&A. The international portfolio adds scale and growth potential across Asia, Africa and CEE, with Maroc Telecom and PPF providing strong margin and cash-generation profiles, and Pakistan offering consolidation-led upside. At the same time, the portfolio also brings FX, regulatory, competitive and integration risks, particularly in Egypt, Morocco, CEE and Pakistan. We see e& as relatively defensive amid regional disruption, helped by geographic diversification and its UAE postpaid base. With a 2026-27e FCF yield of c.7-9%, on our estimates, we think e& has room to support dividends and pursue inorganic growth, likely more skewed toward non-telco and/or TechCo opportunities.

du (DU UH)	
Initiate at Buy	
Target price	Previous Target
AED13.50	–
Current price	Upside/(Downside)
AED12.04	+12.1%

e& (EAND UH)	
Initiate at Buy	
Target price	Previous Target
AED22.80	–
Current price	Upside/(Downside)
AED19.66	+16.0%

EV/EBITDA	FY26e	FY27e	FY28e
du	6.9	6.4	6.0
e&	6.3	5.8	5.2

PE	FY26e	FY27e	FY28e
du	17.5	16.0	15.0
e&	15.0	14.1	13.3

Dividend Yield	FY26e	FY27e	FY28e
du	5.5%	5.9%	6.6%
e&	4.8%	5.1%	5.3%

Source: ADCB estimates, priced at close of 3 July 2026

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UAE Telecoms

- A sovereign-supervised duopoly with scarcity value, supportive of premium network quality, high margins, and strong cash generation
- Growth is shifting from penetration to monetization
- e& is the defensive cash-flow compounder, offering scale and diversification; du is exposed to the domestic growth story, offering share gains, margin catch-up, and high payout

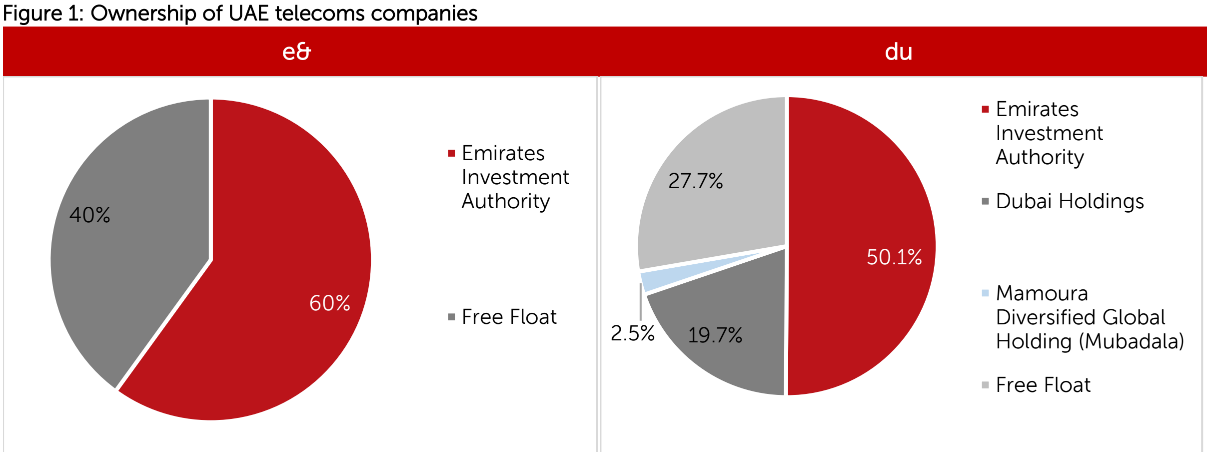
Scarcity value with policy oversight

We view UAE telecoms as one of the cleanest sovereign-aligned duopolies in global telecoms. Market structure, government-linked ownership and Telecommunications and Digital Regulatory Authority (TDRA) oversight have created a rational competitive equilibrium that prioritizes network quality, monetization and cash returns over price-led disruption. However, the growth story is shifting, with mobile penetration already above 200% and the sector no longer a classic subscriber-compounding story. Future returns should be driven by postpaid migration, fixed broadband upsell, enterprise ICT, wholesale connectivity, and capex discipline. Among the two players, e& offers the incumbent cash-flow compounder with diversification, and du offers the higher-beta domestic growth story, led by fixed share gains and margin catch-up.

The UAE telecom sector is best understood as a sovereign-supervised duopoly. e& was established in 1976 and remained the incumbent national operator until du launched commercial services in 2007. Today, the UAE market remains concentrated between e& and du, with the federal government a major shareholder in both companies through the Emirates Investment Authority (EIA). This ownership architecture is unusual compared with most global telecoms markets and, in our view, reinforces a competitive equilibrium where rationality, network quality and dividends matter more than market-share disruption or price-led competition.

We think that this structure creates scarcity value. The market allows two infrastructure-led operators to compete across mobile, fixed, enterprise and wholesale, but has historically avoided destructive new-entry risk. The result is a sector with high penetration, strong digital usage, peer-leading margins and robust free-cash-flow conversion. The offset is that the same regulatory framework, which protects returns also captures material economic rent through royalty, tax, spectrum and policy-directed obligations.

Figure 1: Ownership of UAE telecoms companies

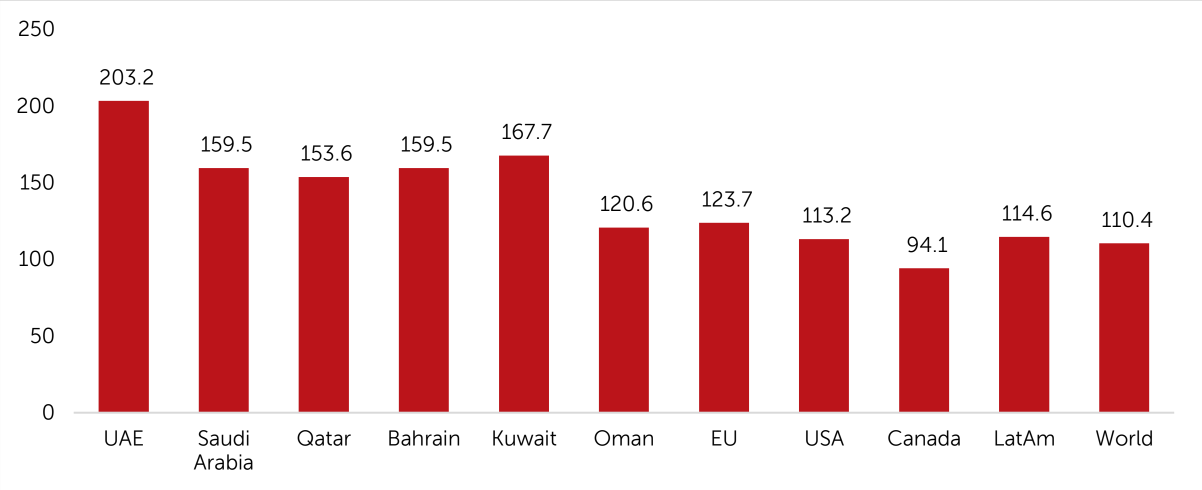


Source: Company reports

The UAE telecoms market is a case of "quality-over-volume". The tightly regulated market has very high mobile penetration and digital usage, strong fixed-network quality, and unusually resilient profitability. The mobile market is extremely saturated. UAE mobile subscriptions per 100 inhabitants reached 203.2 in 2024, up from

186.3 in 2021, according to the World Bank/ITU series. This should ideally mean that incremental growth from pure subscriber additions should be modest. Consequently, that makes the sector more exposed to macro variables such as population inflows, tourism, travel volumes, and enterprise IT spend, rather than to classic greenfield telecoms penetration tailwinds.

Figure 2: Mobile cellular subscription per 100 people for select countries and regions

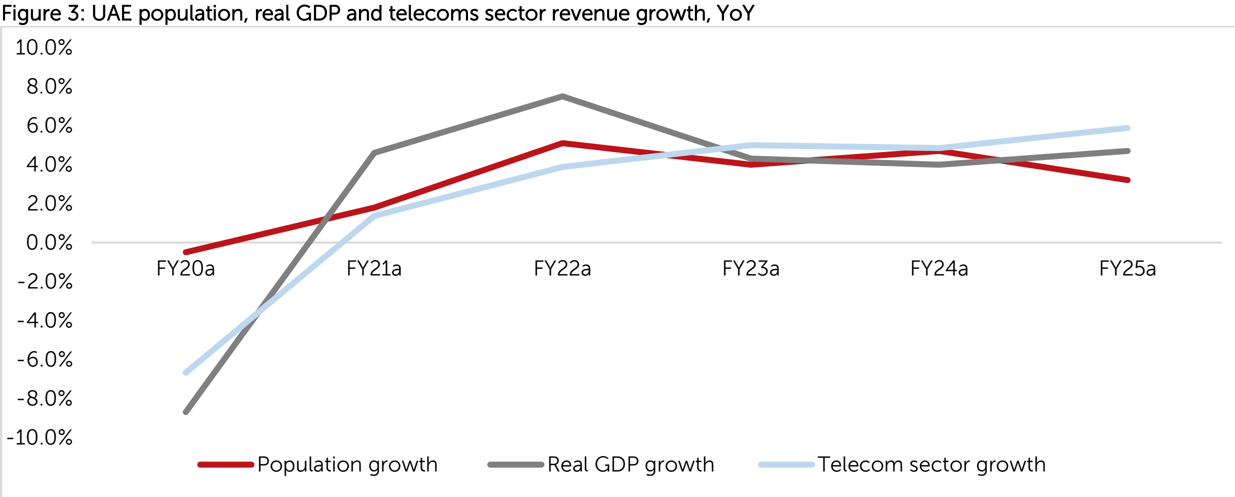


Source: World Bank, International Telecommunication Union (ITU)

However, despite high penetration rates, the sector witnessed impressive subscriber growth over 2020-25. The country's mobile subscribers grew at a 5-year CAGR of 7.4% in 2020-25, with prepaid rising by c. 7% and postpaid by c. 9%. During the same period, fixed subscribers grew at 3% CAGR, largely driven by a strong 26% growth at du. These growth trends were primarily supported by UAE's robust population growth, which averaged 3.1% in 2020-25, according to The World Bank. This population boom was, in turn, driven by several factors, including mainly the post-pandemic expansive long-term visa reforms (e.g., the Golden Visa), rising foreign business ownership, and UAE's status as a safe, tax-advantageous global economic hub.

With subscriber growth likely peaking in 2025, we think that the equity story of UAE telecoms stocks is becoming more macro-geared and supported by factors such as subscriber mix, average revenue per user (ARPU) discipline, enterprise and ICT monetization, and home broadband upsell. Furthermore, these factors are incrementally complemented by a fairly contained capital intensity after years of network build-out. Historically, UAE telecoms sector revenue growth has largely tracked the growth in the country's population and GDP.

Figure 3: UAE population, real GDP and telecoms sector revenue growth, YoY



Source: The World Bank for UAE population and GDP growth, e& and du reports

Market structure and scale

Sector composition is changing

We derive the market size by combining the UAE based telecom revenues of e& and du. In 2025, the combined revenue reached c. AED49bn (USD13bn), rising at a 5-year CAGR of 4%. Interestingly, this growth was supported by a faster growth in other revenues, which include wholesale, visitor roaming, ICT, handsets, etc., i.e., non-mobile and non-fixed businesses, with this segment of the sector posting a CAGR of 6% over 2020-25. Hence, the composition of sector revenue is also changing. The combined revenue share of mobile and fixed telecoms services has shrunk to c.73% in 2025 from c.77% in 2019. At the same time, the share of other revenues increased to 27% in 2025, vs. 23% in 2019.

Figure 4: UAE total telecoms sector revenue composition

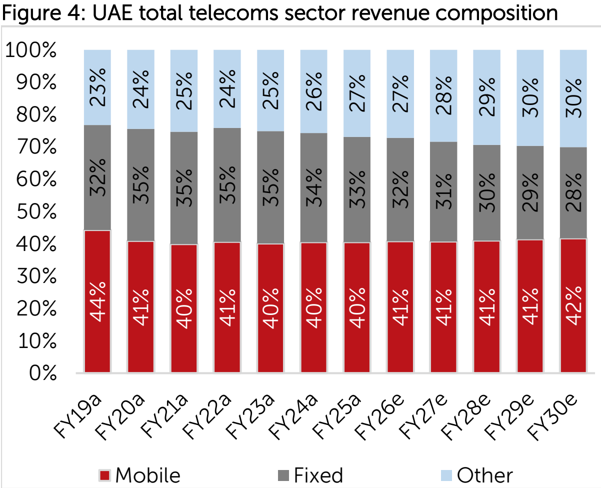
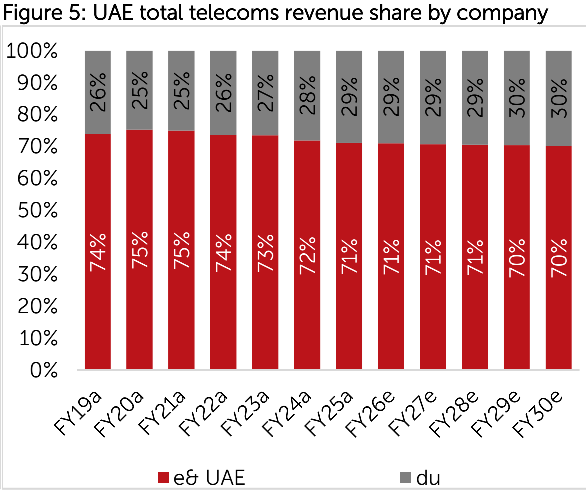


Figure 5: UAE total telecoms revenue share by company



Source: Company reports, ADCB estimates

Fixed segment drives du's market share gain

In terms of revenue, e& accounted for 71% market share in 2025 and du accounted for 29%. Since 2019, du has increased its market share by about 3pp as the company grew its revenue at 7% CAGR over 2020-25, compared with 3% for e& and 4% for the overall sector.

Figure 6: UAE fixed market share by revenue

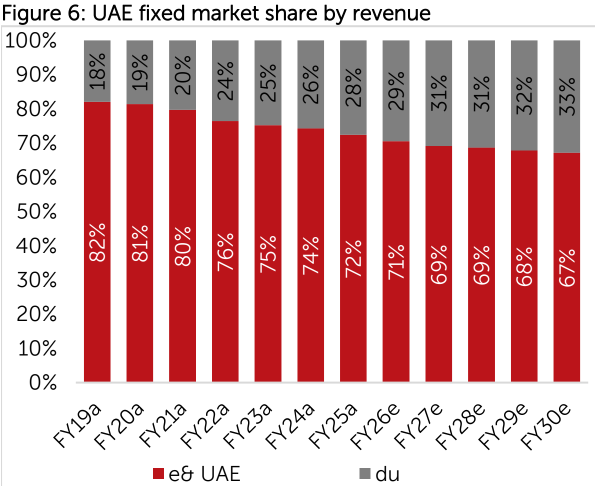
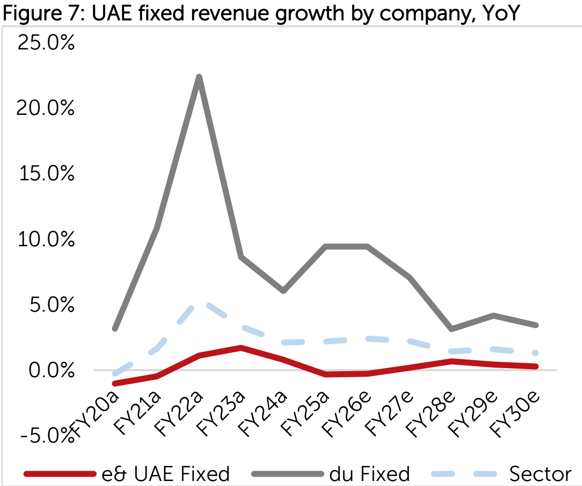


Figure 7: UAE fixed revenue growth by company, YoY



Source: Company reports, ADCB estimates

We observe that du's market share gain is largely driven by a significantly more robust growth in its fixed segment. In the fixed market, du held 28% market share by revenue and 30% market share by subscribers in 2025, but its fixed subscriber base improved at an impressive 5-year CAGR of 26% over 2020-25. Such strong subscriber acquisition boosted du's fixed revenue growth, which grew at c.11% during 2020-25. The company also has sector-leading ARPU in the fixed segment. In terms of expansion strategy, we understand that du leveraged Fixed Wireless Access (FWA) technology to grow its fixed subscriber base, while e& focused on fibre connectivity given its countrywide network coverage.

We expect this trend to continue over FY26-30e, with du further likely increasing its fixed market share to low-30%s. At the same time, we don't assume any significant changes in the fixed ARPU during this timeframe.

Mobile subscriber mix is shifting towards postpaid

The UAE mobile market is increasingly undergoing a mix shift towards postpaid subscribers. In 2025, 22.9% of mobile subscribers were postpaid, up from 19.6% in 2019. e& is relatively more skewed towards postpaid subscribers, accounting for 24.6% of its mobile subscriber base (vs. 22.9% in 2019). In comparison, du has lower postpaid subscriber share of 20.4% (vs. 19.1% in 2019).

This also bodes well for sector profitability because postpaid ARPUs are generally at a premium to those of prepaid's. Moreover, with overall mobile ARPU largely trending downward, this mix shift comes as a positive driver for the sector. Going forward, we expect this mix shift to continue and surpass 24% by 2030e.

In terms of subscribers, the sector witnessed impressive mobile subscriber growth over 2019-25. However, we expect deceleration in subscriber additions in 2026e, primarily due to weaker international traffic owing to the geopolitical situation in the region. At the same time, we expect the situation to stabilize in 4Q26e and further improve in 2027 and therefore forecast subscriber growth acceleration thereafter.

Figure 8: UAE mobile postpaid subscribers as % of total

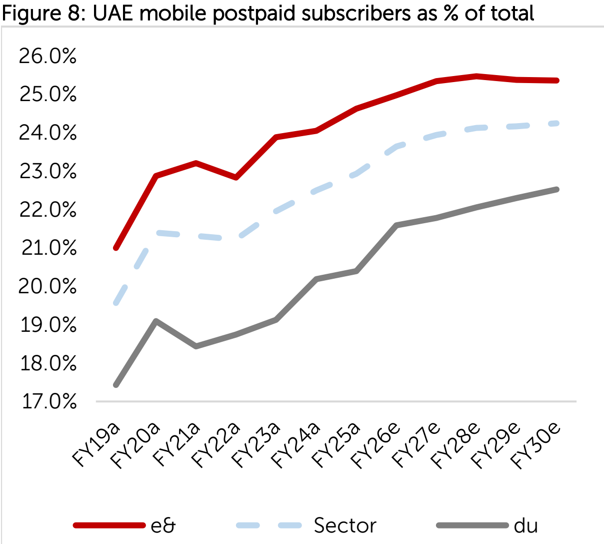
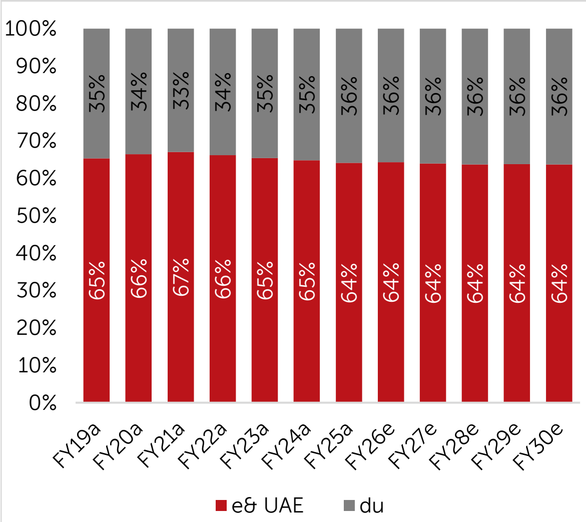


Figure 9: UAE mobile market share by revenue, %



Source: Company reports, ADCB estimates

Subscriber growth has likely peaked while ARPU is stabilizing

Over 2020-25, UAE telecoms subscribers increased at an impressive CAGR of 6.9%, with mobile subscribers increasing by 7.4% and fixed subscribers by 3.1%. This was supported by strong macro fundamentals in the UAE, including population growth of 3.8% and real GDP growth of 5%, on an average over 2021-25, according to The World Bank. Given the ongoing geopolitical uncertainty, we think that subscriber growth is likely to have peaked in 2025, and expect deceleration in subscriber additions in FY26e. We estimate sector's subscriber growth to roughly halve in 2026e to 4% YoY for mobile and 2.2% for fixed segments. We expect further acceleration in subscriber additions in 2027e. Over 2027-30e, we forecast the total UAE telecoms sector subscriber growth rate to range from 4.5-5.5%.

Over the last few years, mobile and fixed ARPUs have largely been trending down with some stabilization seen over 2024-25. We expect sector ARPUs to remain largely stable over 2026-30e.

Figure 10: UAE mobile revenue and subscriber growth, YoY

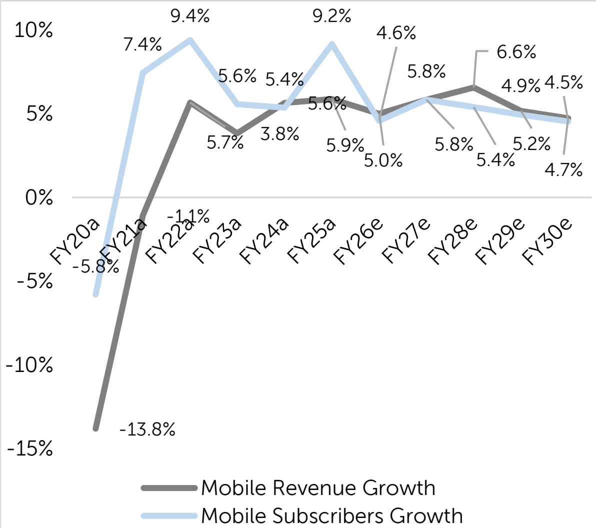
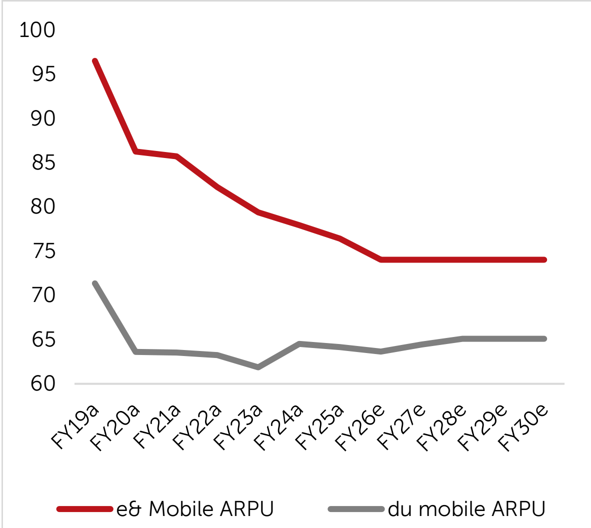


Figure 11: UAE mobile ARPU by company, AED/subscriber



Source: Company reports, ADCB estimates

Figure 12: UAE fixed revenue and subscriber growth, YoY

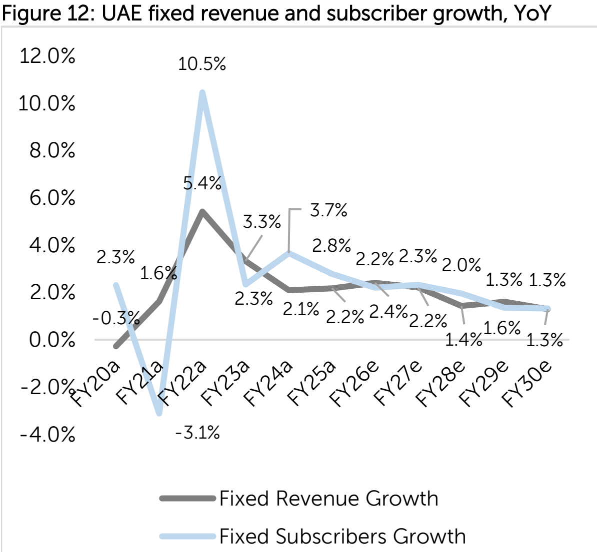
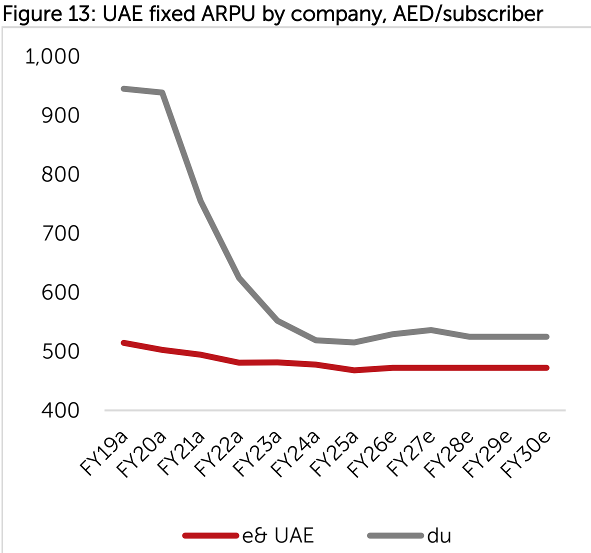


Figure 13: UAE fixed ARPU by company, AED/subscriber



Source: Company reports, ADCB estimates

Best-in-class economics: high margins, contained capex, strong FCF

UAE telecoms sector economics compare well to regional peers, resulting in superior margins, capital intensity, and free cash flow conversion.

EBITDA margin: e& remains at the top-end, while du improves its margin profile

e& has consistently reported over 50% EBITDA margin at its UAE operation. This places the company at the top-end of its regional peer group in terms of margin performance. However, at the group level e&'s margin reduces due to the expansion of its operations outside of the UAE and digital adjacencies. This is also indicative of the fact that the e&'s global growth comes at a cost.

du's EBITDA margin, on the other hand, stands close to the middle of its peer group. However, quite remarkably, du has been consistently expanding its margin since 2021. In fact, the company has reported an average margin expansion of 2pp every year over 2023-25, reaching 46.1% last year. This came as du increased its market share, especially in fixed, and improved efficiency at both gross and operational levels. The company further increased its EBITDA margin to 49.5% in 1Q26, but kept the 2026 guidance unchanged at 46-47%.

Figure 14: EBITDA margin of MENA telecom players, 2025

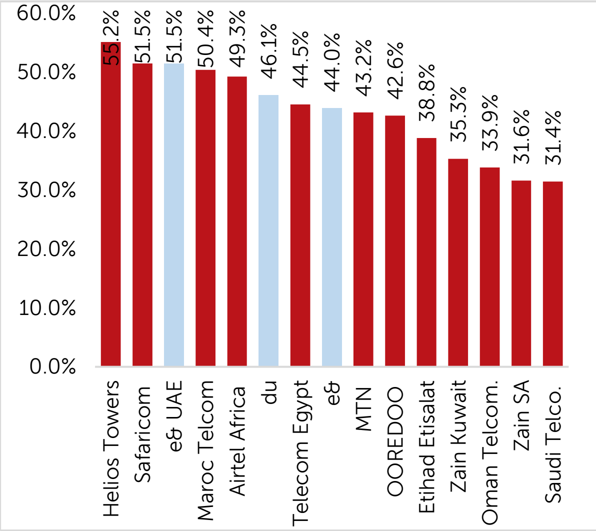
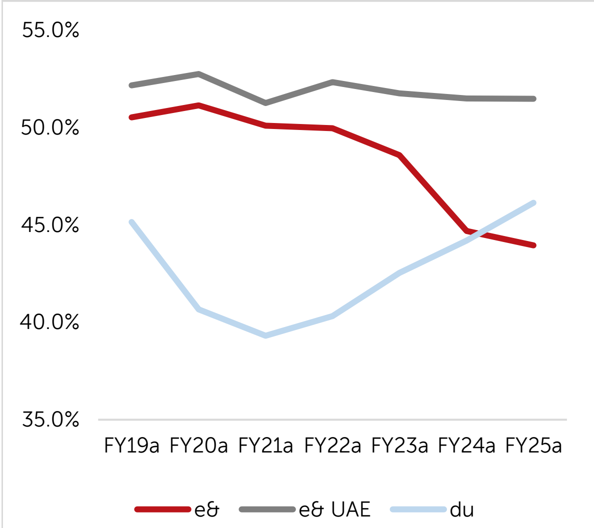


Figure 15: EBITDA margin of UAE telecoms cos, 2019-25



Source: Company reports, Bloomberg

Capex Intensity: stabilization at e&; data centre investments at du

The capex intensity of UAE telecoms operations is close to the lower end of the peer range. In FY25, the capex intensity of e&'s UAE operations was 9%, while du's was 13%, both well below the MENA average of 18%. However, at group level e&'s capex intensity was 18%, owing to the roll out of 5G capex and fibre in the company's international operations. Excluding spectrum and licence-related capex, e&'s group level capex intensity was 15% in FY25.

In the UAE, capex intensity is contained well below the peer average as the sector seems to be well past its peak investment cycle. du's intensity peaked in 2022 when the company invested in 5G expansion. Over FY26-30e, we expect du's capital intensity to be largely driven by its capital programs, which are focused on data centre buildouts.

For e&, we expect stabilization in capex intensity due to completion of major investment projects, including network expansion and 5G rollouts internationally over the last few years, and no major upcoming spectrum auctions in its countries of operation.

Figure 16: Capital intensity of MENA telecoms players, 2025

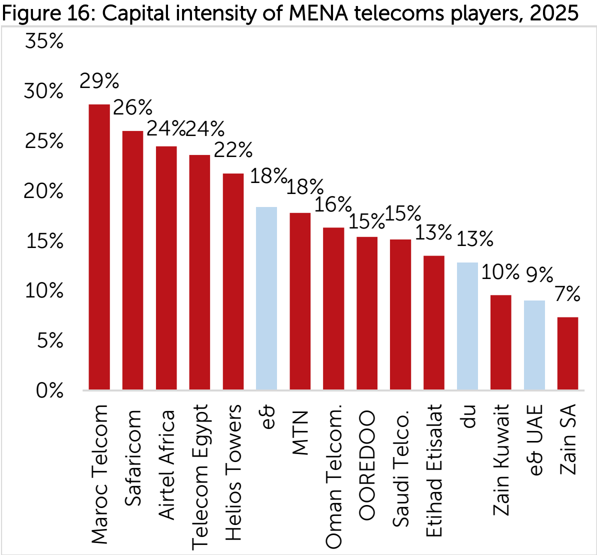
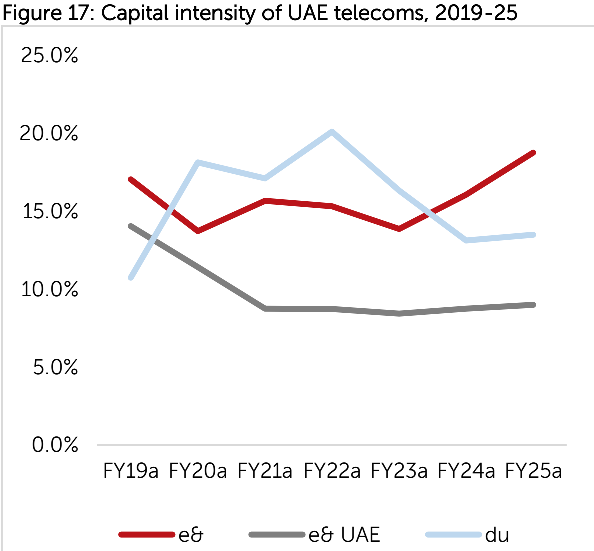


Figure 17: Capital intensity of UAE telecoms, 2019-25



Source: Company reports, Bloomberg

Free cash flow conversion: solid conversion at e&, du lags

The free cash flow (FCF) conversion rate at e& sits at the top-end of the sector range – both at its domestic (83%) and group level (60%) operations. This is supported by a high EBITDA margin and modest capital intensity of the company.

du, on the other hand, had FCF conversion of 43% in FY25, placing the company closer to the sector average. We also highlight du's rising FCF conversion profile since 2022, which coincides with the company's impressive EBITDA margin expansion over 2022-25.

Figure 18: FCF conversion of MENA telecoms players, 2025

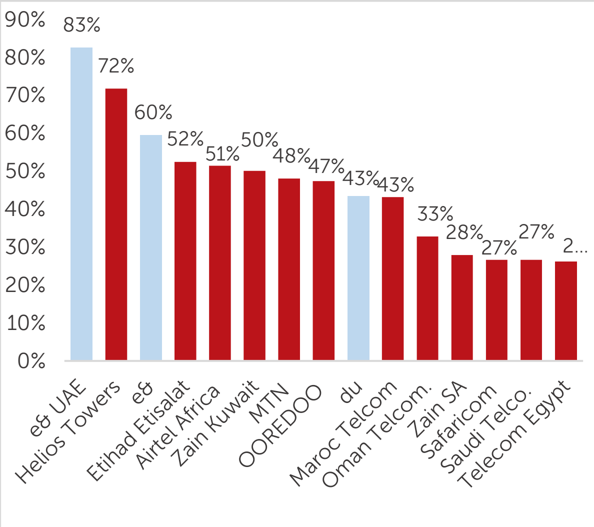
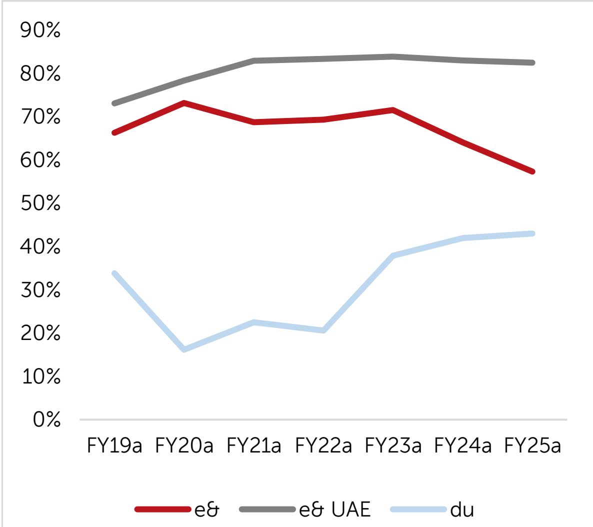


Figure 19: FCF conversion of UAE telecoms, 2019-25



Source: Company reports, Bloomberg

UAE telecoms offers attractive shareholder returns

Strong FCF generation has supported dividend payout at both e& and du. While the dividend payout ratio at e& stood at 55% in FY25, it was 100% at du. However, if we exclude the impacts of the Khazna and Maroc Telecom settlement, the dividend payout at e& was close to 70% in FY25. The picture looks more attractive in terms of dividend yield. The 12-month forward dividend yield of UAE telecoms players has largely outperformed the sector average, with the outperformance being more noteworthy at du. This positions UAE telecoms sector as an attractive dividend play for income seeking investors on a consistent basis. Over the last five years, dividend yields averaged c.7% for du and c.4% for e&, well above the sector average of 3.6%.

Figure 20: Dividend payout* ratio of MENA telecoms, 2025

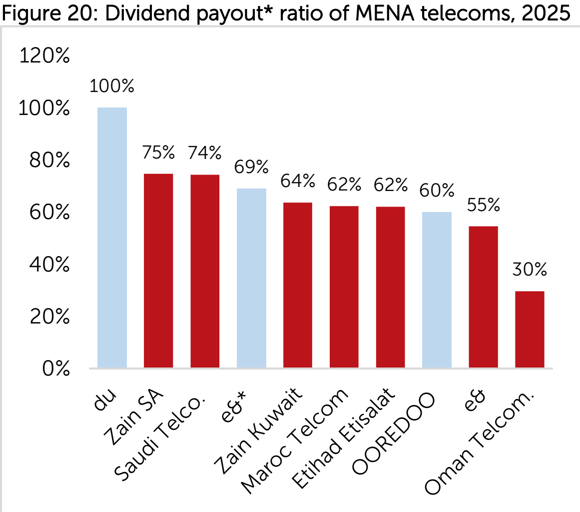
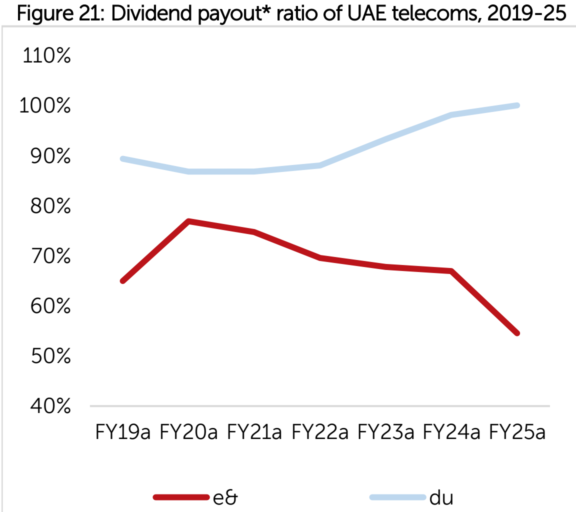
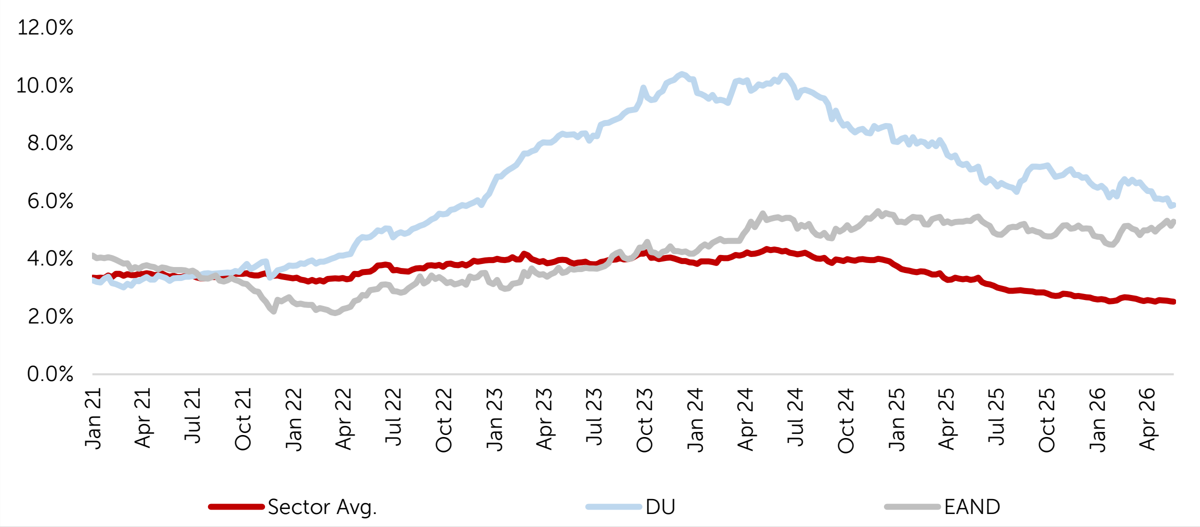


Figure 21: Dividend payout* ratio of UAE telecoms, 2019-25



Source: Company reports, ADCB Bloomberg; * e& payout ratio was 69% after excluding the impact of Khazna and Maroc Telecom settlement

Figure 22: Next 12-month forward dividend yield of UAE telecoms stocks vs. sector



Source: Bloomberg

UAE telecom regulatory framework

Sector architecture and regulatory perimeter

The UAE telecoms market is governed primarily by Federal Decree-Law No. 3 of 2003, which created the legal basis for licensing, supervising and enforcing telecom activities across the federation. The law establishes a licensing-led regime, which mandates that operating a public telecoms network or providing telecoms services to subscribers constitutes a regulated activity and requires a licence from the Telecommunications and Digital Regulatory Authority ("TDRA").

Essentially, the UAE remains a highly regulated two-player integrated telecoms market, with e& UAE and du licenced to provide nationwide fixed, mobile and internet services. This structure has supported sector rationality wherein price competition exists, but the framework has historically limited destructive new-entry risk. This has enabled high network quality, strong cash conversion and an attractive dividend capacity.

Role of the TDRA: licensing, spectrum, pricing and market conduct

The TDRA is the sector's central policy and supervisory authority, with powers spanning licence issuance and revocation, spectrum allocation, interconnection, tariff oversight, consumer protection, quality-of-service monitoring and dispute resolution. Licences are broad and largely technology-neutral, allowing operators to provide fixed, international, mobile and next-generation services, although the deployment of new technologies and launch of certain new services remain subject to government and security approvals via TDRA.

The regulatory regime also embeds conduct obligations, according to which the operators are required to avoid anti-competitive behaviour, comply with interconnection and access rules, publish customer codes of practice, meet service-quality standards and maintain network security. This means that operators receive scarcity value through limited infrastructure competition, while accepting high oversight, public-service expectations and material fiscal contributions.

Market framework: rational competition, but with asymmetric strategic roles

The UAE model is not a fully liberalized telecoms market. It is rather a managed-competition model. e& retains the legacy incumbent position and scale advantages, while du provides infrastructure-based competition, particularly in mobile, enterprise and selected fixed areas. The TDRA's framework has encouraged investment in national digital infrastructure, including fibre, 4G and 5G, while avoiding spectrum fragmentation and irrational pricing often observed in more liberalized emerging markets.

Telecoms earnings in the UAE are, therefore, less exposed to new-entrant disruption compared to many global peers. However, they are more exposed to policy-directed obligations, spectrum costs, consumer-protection rules and government fiscal policy.

Licence economics and sector funding obligations

Operators pay annual licence fees, spectrum and allocation charges, and regulatory contributions, including payments linked to the UAE's ICT development agenda. The reference licence framework includes an annual licence fee and a contribution to the ICT Fund, calculated as a percentage of revenues, supporting R&D and digital-sector development.

Royalty and corporate tax: the key valuation consideration

The most material regulatory financial variable is the federal royalty regime. For 2024-26, the Ministry of Finance framework applies a 38% federal royalty on UAE regulated and non-regulated net profit, alongside the UAE corporate tax regime, with royalty payments deductible for corporate tax purposes. The combined annual royalty and corporate tax payable is subject to minimum payments of AED5.7bn for e& and AED1.8bn for du. Our estimates for du and e& are based on the assumption that the federal royalty rate remains unchanged over 2026-30e.

Importantly, the royalty base excludes profits from international controlled entities, associates and joint ventures, certain taxed international dividends/distributions, and profit attributable to non-controlling interests in UAE-controlled entities. This is particularly relevant for e&, where international assets are a larger part of the business and the equity story.

Overall, the regulatory framework protects incumbency, reduces new-entry risk and supports premium network investment, but caps upside through royalties, tax and policy supervision. For e& and du, the regulatory regime, therefore, underpins earnings visibility and dividends, while making the royalty and tax lines the single most important bridge between operating profit growth and equity free cash flow.

Regional de-escalation and UAE telecom implications

Following the recent announcement of an interim regional de-escalation agreement, the near-term risk profile for the UAE telecoms sector appears more balanced. The agreement is expected to support regional stability, although implementation details remain subject to clarification. Against this backdrop, we view the recent regional disruption as a near-term cyclical headwind rather than a structural risk to UAE telecoms demand. We think that connectivity remains defensive, and the key variables are visitor arrivals, inbound roaming, prepaid SIM activity, wholesale traffic and selected enterprise ICT project timing.

The sector's exposure is primarily revenue-mix driven rather than network-related. UAE telecom networks have remained operational, and core usage across postpaid, fixed broadband and enterprise connectivity should remain relatively resilient, in our view. The softer areas are those linked to mobility and travel activity, particularly tourist prepaid activations, inbound roaming, wholesale roaming traffic, and handset sales. The regional conflict could also weigh on population growth, expat mobility and enterprise discretionary spend, which may affect prepaid net additions, business activations and selected ICT project timing. However, part of the near-term impact may be cushioned by annual or multi-year wholesale arrangements with international carriers, which can smooth the immediate revenue effect of temporary traffic weakness.

Prepaid and roaming are likely to be the first areas where any residual softness appears. The UAE's large visitor base makes tourism-linked mobile demand an important incremental driver for the sector, through visitor SIMs, airport retail, hospitality connectivity and roaming. That said, we think that tourists represent only part of the prepaid base, and a short period of weaker inflows should have a manageable impact on sector revenue. A more material risk would require a longer period of subdued travel activity or signs of expatriate population outflow.

Overall, we expect mobility and roaming trends to gradually improve through 4Q26 if the de-escalation process holds and travel confidence normalizes. We do not expect a material sector-level revenue decline, given the essential nature of telecoms services, the resilience of postpaid and fixed revenues, and the contractual nature of part of the wholesale roaming business. The UAE telecoms sector remains well positioned, supported by high EBITDA margins, strong cash conversion, disciplined capex profiles and attractive payout policies.

Price performance and valuation

Figure 23: YTD price performance of MENA telecom stocks*

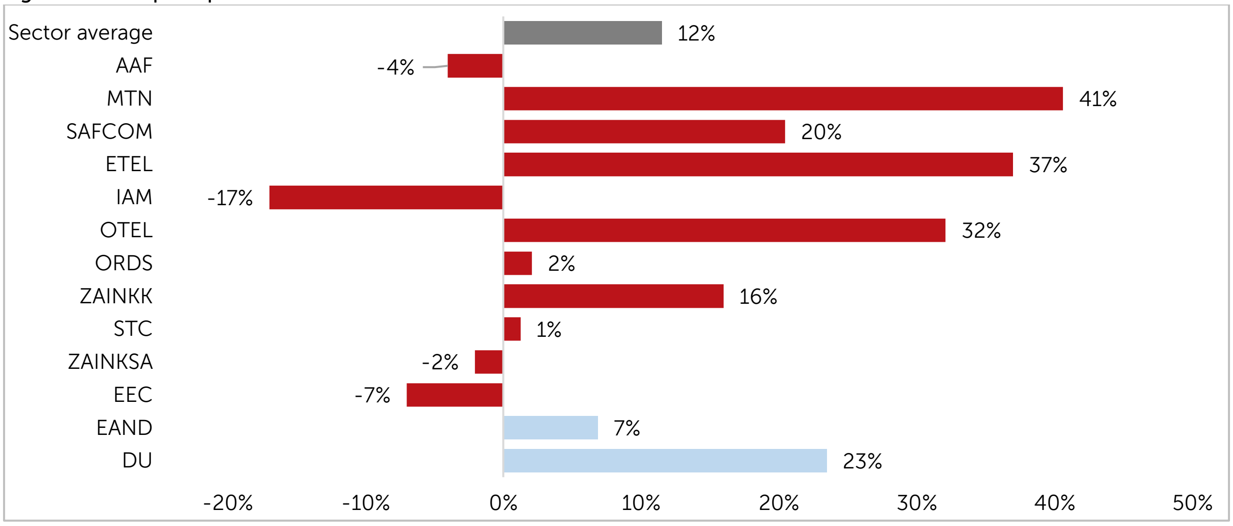


Figure 24: du 1-year forward EV/EBITDA multiple

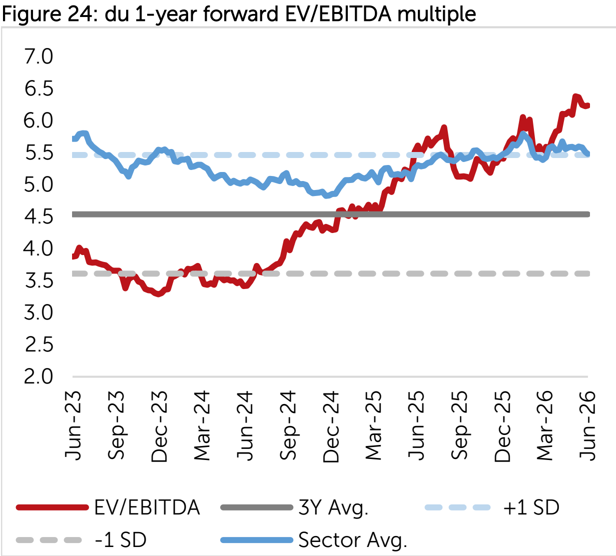


Figure 25: du 1-year forward dividend yield

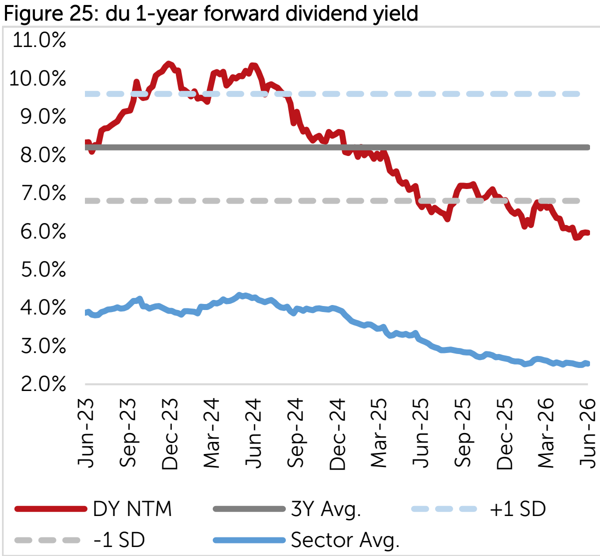


Figure 26: e& 1-year forward EV/EBITDA multiple

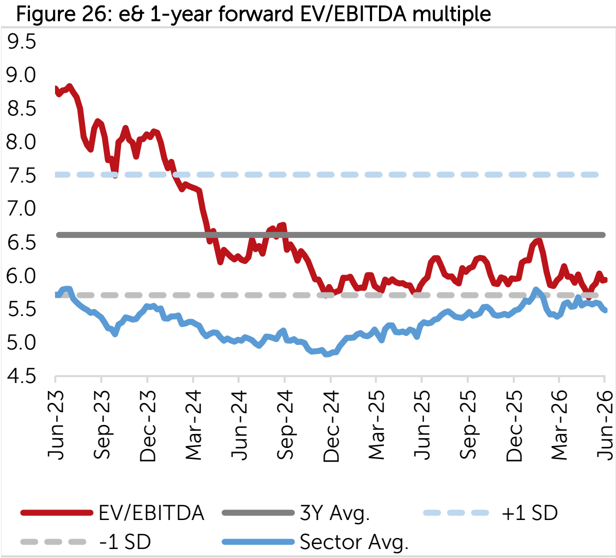
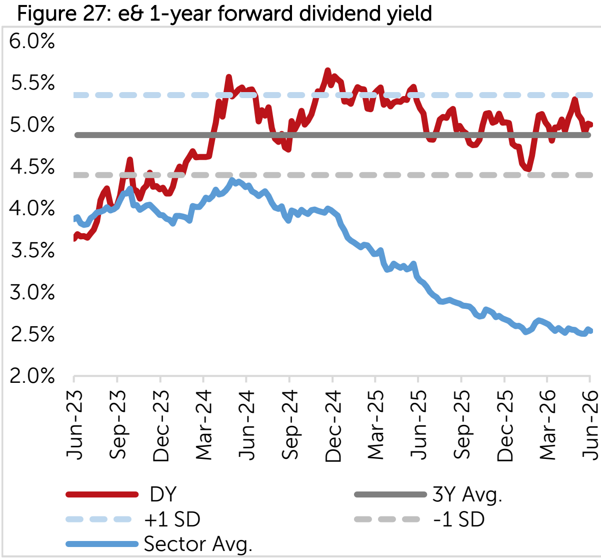


Figure 27: e& 1-year forward dividend yield



Source: Bloomberg consensus, priced at close of 3 July 2026; * EEC = Etihad Etisalat, ZAINKSA = Zain Saudi Arabia, STC = Saudi Telecom, ZAINKK = Zain Kuwait, ORDS = OOREDOO, OTEL = Oman Telcos., IAM = Maroc Telecom, ETEL = Telecom Egypt, SAFCOM = Safaricom, MTN = MTN Group, AAF = Airtel Africa

Figure 28: MENA telecom sector comparable valuation table

						EV/EBITDA			PE			DY			FCFY			3Yr EBITDA Growth	3Yr EPS Growth
Name	Ticker	Country	Curr	CMP	MCap (USDm)	FY25a	FY26e	FY27e	FY25a	FY26e	FY27e	FY25a	FY26e	FY27e	FY25a	FY26e	FY27e	25-28e	25-28e
du	DU UH	UAE	AED	12.04	14,933	7.2	6.7	6.4	18.9	17.5	16.7	5.3%	5.5%	5.8%	5.8%	5.1%	5.5%	5.8%	6.2%
e&	EAND UH	UAE	AED	19.66	46,408	6.7	6.2	5.8	11.9	14.2	12.9	4.6%	4.7%	5.1%	11.2%	7.7%	6.6%	6.2%	0.7%
Etihad Etisalat	EEC AB	KSA	SAR	61.40	12,601	7.1	6.7	6.4	13.6	12.6	11.3	4.6%	na	na	8.5%	7.5%	8.7%	6.0%	9.6%
Mobile Telecom.	ZAINKSA AB	KSA	SAR	10.22	2,448	5.4	5.2	5.0	15.3	12.9	11.3	4.9%	na	na	10.6%	4.2%	4.6%	3.8%	15.7%
Saudi Telecom	STC AB	KSA	SAR	43.54	58,024	9.1	8.6	8.1	14.7	15.4	14.5	5.1%	5.3%	5.4%	3.0%	5.4%	5.4%	5.6%	2.5%
Mobile Telecom. Co Kuwait	ZAIN KK	Kuwait	KWd	604.00	8,460	6.5	6.3	5.8	10.9	10.0	8.5	5.8%	na	na	15.6%	14.1%	12.3%	6.1%	12.7%
OOREDOO QPSC	ORDS QD	Qatar	QAR	13.30	11,689	4.6	4.4	4.2	10.6	10.2	9.7	5.6%	6.2%	6.8%	11.7%	8.4%	10.0%	4.3%	4.9%
Oman Telecomm.	OTEL OM	Oman	OMR	1.38	2,669	4.8	5.1	4.7	11.7	10.7	9.8	2.5%	na	na	36.9%	34.5%	39.6%	2.6%	8.4%
Maroc Telecom	IAM MC	Morocco	MAD	92.98	8,728	5.6	5.5	5.5	14.4	15.0	14.7	4.3%	na	na	9.8%	4.9%	5.3%	1.4%	-0.4%
Telecom Egypt	ETEL EY	Egypt	EGP	92.77	3,224	4.7	4.5	4.2	7.8	6.5	5.7	na	na	na	7.8%	1.6%	2.1%	6.1%	15.4%
Safaricom PLC	SAFCOM KN	Kenya	KES	34.20	10,601	7.0	6.0	5.4	14.3	12.1	10.7	na	na	na	na	na	na	12.1%	15.2%
MTN Group LTD	MTN SJ	S. Africa	ZAr	23,338	26,471	5.4	4.1	3.4	20.4	13.5	10.7	na	na	na	10.0%	5.7%	6.9%	21.7%	33.1%
Airtel Africa PLC	AAF LN	UK	GBp	343.40	16,773	7.2	6.0	5.1	24.7	19.0	14.7	0.9%	na	na	9.7%	6.9%	8.6%	16.9%	29.3%
Average						**6.2**	**5.8**	**5.4**	**14.6**	**13.1**	**11.6**	**4.4%**	**5.4%**	**5.8%**	**11.7%**	**8.8%**	**9.6%**	**7.6%**	**11.8%**
Median						**6.5**	**6.0**	**5.4**	**14.3**	**12.9**	**11.3**	**4.7%**	**5.4%**	**5.6%**	**9.9%**	**6.3%**	**6.8%**	**6.0%**	**9.6%**

Source: Bloomberg consensus estimates, priced at close of 3 July 2026

du

- Improving traction across mobile and fixed, structurally high margins, and a high-payout support an attractive investment case
- Near-term headwinds from regional geopolitical uncertainty only cyclical, not structural risks; data centre investments may pressure capex, but create medium-term growth optionality
- Initiate with a Buy rating and target price of AED13.50; higher free float improves liquidity and raises potential MSCI/FTSE inclusion upside

DU UH

INITIATE AT BUY

Fair Value (AED)	Previous Fair Value (AED)
13.50	N/A
Current Price (AED)	**Upside/ (Downside)**
12.04	+12.1%

Investment thesis

Our investment case of du is underpinned by a combination of resilient UAE telecoms fundamentals, market-share gains, attractive shareholder returns and improving capital-markets liquidity. du has continued to gain commercial traction in both mobile and fixed, supported by postpaid mix improvement, home wireless/fibre growth and enterprise demand. The company has achieved notable EBITDA margin expansion over the last few years. We acknowledge that margin expansion may now begin to plateau as the business reaches structurally high profitability and the mix shifts toward ICT/data centres. While higher capex is a near-term overhang as du ramps up data-centre investment, we view this as a manageable medium-term trade-off, with limited short-term earnings contribution but meaningful optionality over the next 2-3 years if contracted capacity and recurring ICT revenues scale. The company is exposed to near-term headwinds from the regional geopolitical tensions through lower tourist inflows and inbound roaming but we see these as cyclical rather than structural risks. With 100% payout in FY25, the stock offers attractive shareholder returns, implying FY26-27e dividend yield of close to 6%, on our estimates. Importantly, du's return profile remains exceptionally strong, with our estimated FY25 ROIC at 28%. It is worth highlighting that the September 2025 secondary offering increased free float to 27.7%, improving liquidity and creating a potential pathway for MSCI and/or FTSE index inclusion. Given MSCI's published review timetable, the next relevant windows are the August 2026 review and November 2026 review. This could provide additional share-price tailwinds from passive inflows if eligibility thresholds are met.

Ownership

du maintains a highly sovereign-backed ownership structure, reflecting its strategic importance within the UAE's national telecoms and digital infrastructure. At inception, the company was structured as a government-led entity to support sector liberalization, and following its IPO in April 2006, ownership comprised 40% held by the UAE federal government, with the remaining 60% split between Mamoura Diversified Global Holding PJSC (Mubadala), Emirates Communications & Technology Company (ECT), and public shareholders (20% free float).

Over time, the ownership structure has consolidated under sovereign entities, with the Emirates Investment Authority (EIA) now holding 50.1%, providing effective majority control and aligning du closely with federal strategic priorities. In addition, 19.7% is held by DH 8 LLC (Dubai Holding-linked entity), ensuring continued representation from Dubai's government ecosystem. Combined, these stakes represent 72.3% government-related ownership (including Mamoura's 2.5% stake).

The remaining 27.7% is held by public shareholders, including institutional and retail investors. This portion has gradually increased over time as government-related shareholders reduced their stakes, most recently through a secondary share sale in September 2025 by Mamoura Diversified Global Holding (Mubadala, remaining stake 2.5%

in du). As a result, the company now has a broader investor base and better trading liquidity, while overall government control remains unchanged.

Ownership remains tightly regulated, with foreign ownership capped at 49%, restrictions on telecoms operators holding shares, and limits on individual ownership to prevent concentration. Overall, du's structure balances strong sovereign control with active public market participation.

Figure 29: du shareholders

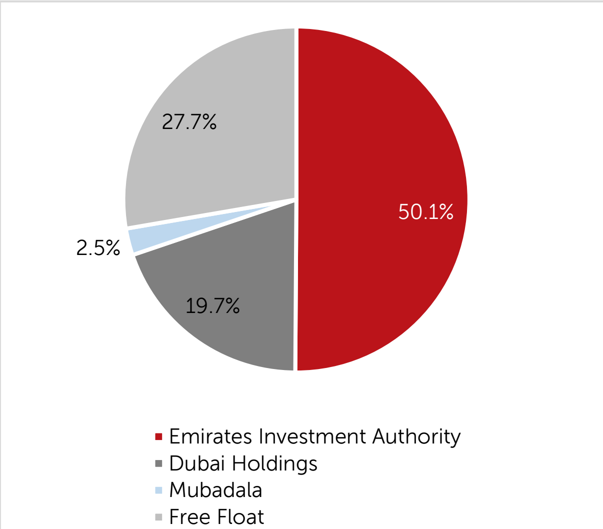
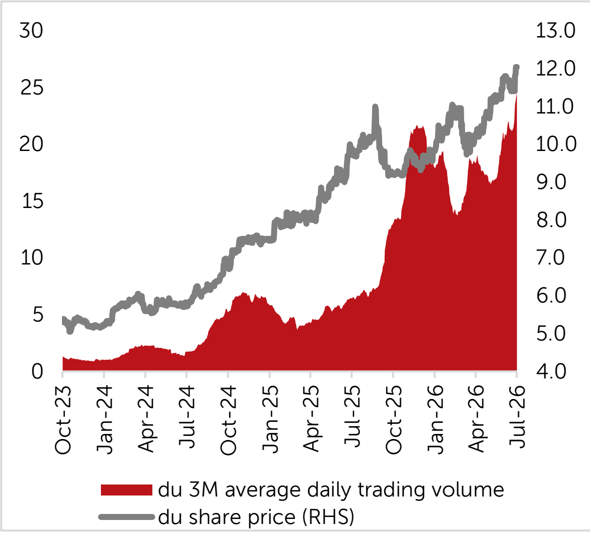


Figure 30: du share price (AED) and trading volume (AEDm)



Source: Company reports, ADCB estimates

Company history and business overview

Emirates Integrated Telecommunications Company (EITC), commercially known as du, was incorporated on 28 December 2005 as the UAE's second integrated telecommunications operator. This marked a key step in the liberalisation of the domestic telecom market and the introduction of competition into a highly penetrated market previously dominated by e&.

As part of its formation, EITC acquired from Tecom Investments the business, human capital and assets of Sama Communications Company (Samacom), DIC Telecom International Operations Limited and Tecom's technology division, giving the new operator an initial base of around 19,100 business and consumer fixed-line customers. In February 2006, EITC was awarded the UAE's second telecoms licence, allowing it to operate fixed and mobile telephony networks and offer integrated telecoms services across the country. The licence was granted for an upfront fee of AED124.5m.

Ahead of its commercial launch, EITC completed one of the UAE's landmark IPOs in which founding shareholders offered 20% of the company at AED3.03 per share, raising c. AED2.4bn and generating exceptional demand. The offering was 167 times oversubscribed.

du began commercial mobile operations in February 2007, entering a market where mobile penetration was already around 110%. The company quickly gained traction through differentiated and innovative propositions such as per-second billing, number booking and other customer-centric packages. Over time, du has evolved from a challenger telecoms entrant into one of the UAE's two national telecom platforms, expanding from mobile and fixed connectivity into wholesale, enterprise ICT, data centres, cloud, cybersecurity, IoT, fintech and AI-related infrastructure.

Today, du operates through a diversified segment structure, comprising:

- Mobile: Core segment providing voice and data services to consumer and enterprise customers
- Fixed: Broadband, fibre, IPTV and home wireless connectivity
- Wholesale: Interconnect, roaming and carrier services to regional and international operators
- ICT and Others: Enterprise solutions including cloud, data centres, cybersecurity, IoT and fintech platforms such as du Pay

Figure 31: du revenue by segment, AEDm

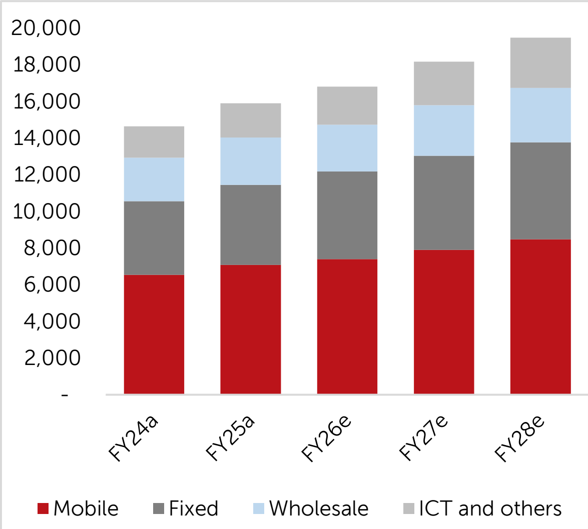
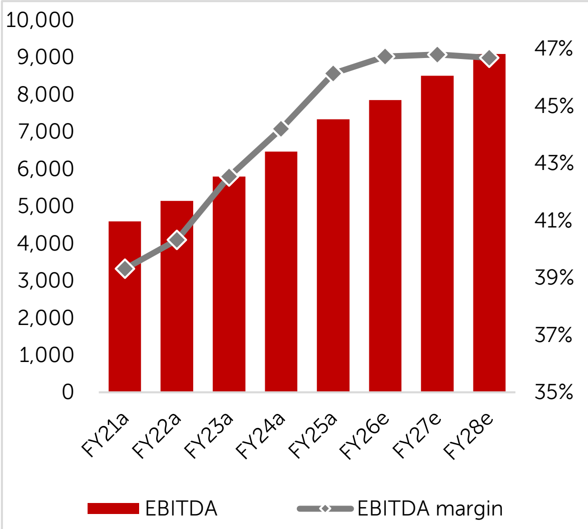


Figure 32: du EBITDA (AEDm) and EBITDA margin



Source: Company reports, ADCB estimates

Mobile segment

Core revenue driver with improving customer mix (44% of total FY25 revenue)

du's mobile segment is the company's largest operating business and remains the core revenue engine of the group. The segment provides mobile voice, data, roaming and value-added services to both consumer and enterprise customers across the UAE. The mobile segment accounted for 44% of the company's total revenue in FY25. Revenue increased to AED7.1bn, up 8.0% YoY in FY25, driven by continued subscriber growth and a favourable mix shift toward higher-value postpaid customers.

Operationally, du increased its subscriber base by c. 9%, with postpaid growing at c.10% and prepaid by 8.6%. In terms of customer mix, postpaid account for about 20% of the company's total subscribers. du has been moving its customer mix towards high-value postpaid, which accounted for 18% of the mobile subscriber base in 2021.

Mobile ARPU remained resilient, averaging mid-AED 60s through 2025 (flattish YoY) while FY2025 mobile revenue growth was supported by both subscriber growth and a favourable shift toward postpaid. We note stabilization in the company's ARPU in the last couple of years.

From a competitive standpoint, du remains the UAE's clear number-two mobile operator behind e&, but with a sizeable and stable market position. The company has mobile market share of c.40% by number of subscribers and c.36% by revenue.

Likely near-term cyclical growth headwind due to geopolitical conflict

The early 2026 run-rate remained healthy despite a more volatile operating environment. In 1Q26, du's mobile revenue rose 7.2% YoY, supported by subscriber growth (+6.1% YoY) and a favourable mix shift toward postpaid (+9.6% YoY, 21% of subscribers). Management noted that January and February were strong, but March was affected by regional geopolitical developments, which caused lower tourist inflows, reduced inbound roaming activity, pressure on gross additions and short-term ARPU softness as consumers and businesses moderated discretionary spending.

Looking ahead, we expect the mobile segment to remain a mid- to high-single-digit growth business over FY26-28e, with upside from continued postpaid mix improvement. However, we expect growth deceleration in FY26e owing to the regional geopolitical conflict, which will likely primarily impact the prepaid mobile business, in our opinion. We assume that the regional geopolitical situation should mainly impact the company in the second quarter of the year, with a slow growth acceleration in 2H26e. In our forecast, we assume c.3% sequential drop in prepaid subscribers in 2Q26e. In terms of sensitivity, our model indicates that an additional 10% decline in prepaid customers in 2Q26 will result in a 5% decline in mobile segment revenue but just 2% decline in du's total FY26e EBITDA. Therefore, while the impact on full year total EBITDA is not significant, a delayed resolution of the conflict could keep travellers away from the region for a longer time and, hence, will consequently have a more pronounced impact on the company's earnings.

Figure 33: du mobile revenue and growth, AEDm

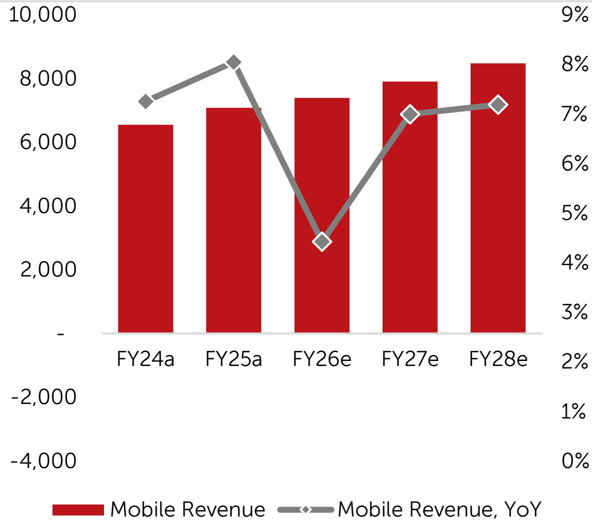
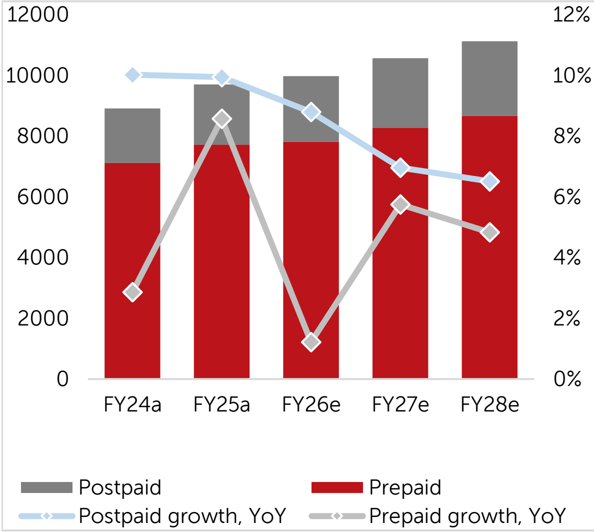


Figure 34: du mobile prepaid and postpaid subscribers ('000s)



Source: Company reports, ADCB estimates

Figure 35: du mobile subscribers mix

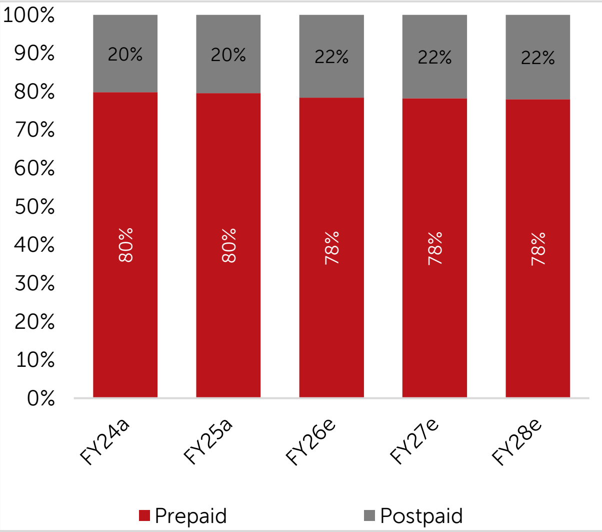
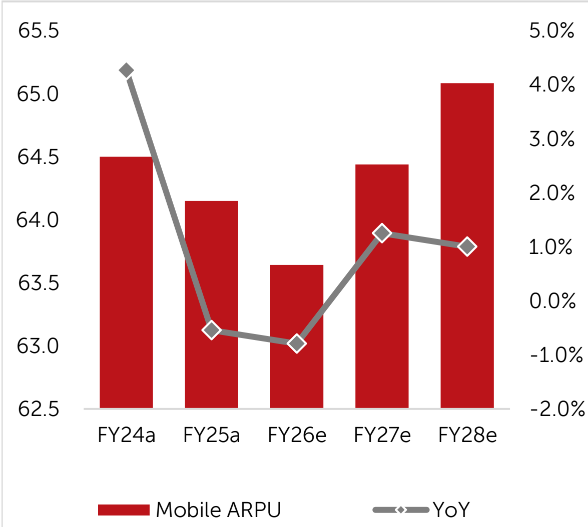


Figure 36: du mobile ARPU (AED) and YoY growth



Source: Company reports, ADCB estimates

Fixed segment

Scaling through home wireless and fibre (28% of total 2025 revenue)

du's fixed segment is the company's second-largest service-revenue pillar and provides broadband, fixed connectivity, voice, IPTV and enterprise connectivity services across the UAE. The segment has become increasingly important to the group's growth profile as fixed broadband adoption, home wireless, fibre rollout and enterprise connectivity demand have supported both subscriber growth and ARPU resilience.

The segment has grown at scale, posting a 5-year revenue CAGR of 11.3% over 2020-25 and enabling du to increase its fixed market share to c.28% by revenue in FY25 vs. just c.19% in 2020. Even more impressive is the fixed subscriber growth, which has grown at a 5-year CAGR of 26%, accounting for c.30% market share by the end of 2025. This growth is largely attributable to home wireless, fibre, and enterprise demand.

We understand that home wireless has become an important customer acquisition and growth engine for the company, providing du a more flexible route to serve customers in areas where fibre deployment may be slower, less economic, or more constrained. At the same time, du continues to expand fibre in targeted high-growth residential areas, which should support higher-quality connectivity, better retention and upsell opportunities over time. This dual approach gives du a broader fixed market toolkit than a fibre-only strategy, in our view.

Looking ahead, we expect the fixed segment to remain a high-single-digit growth segment over FY26-27e and low-single-digit in 2028e. The regional geopolitical situation is likely to affect fixed differently from mobile. Whereas mobile is more directly exposed to tourism, visitor SIMs and inbound roaming, fixed could be relatively more defensive because of its linkage to resident households and enterprise connectivity. In fact, du noted in 1Q26 that regional geopolitical developments caused shifts in usage patterns toward fixed connectivity as remote working and learning increased, even though March also saw lower fibre activations. Therefore, in a stress scenario, fixed may see some installation delays or weaker new activations, but the underlying demand for reliable home and enterprise broadband should be more resilient than tourism-linked mobile roaming revenues.

Figure 37: du fixed revenue and growth, AEDm

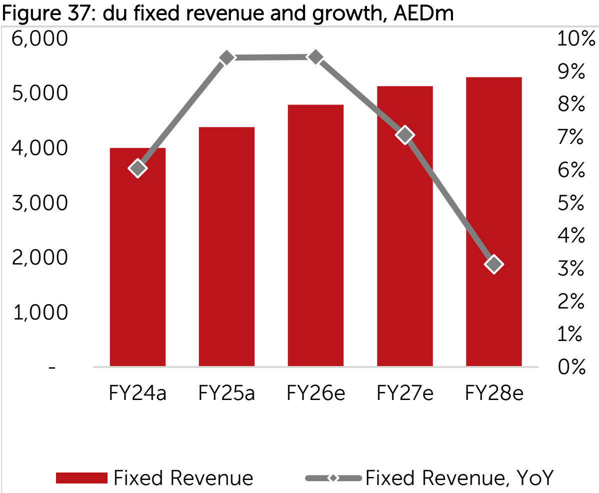
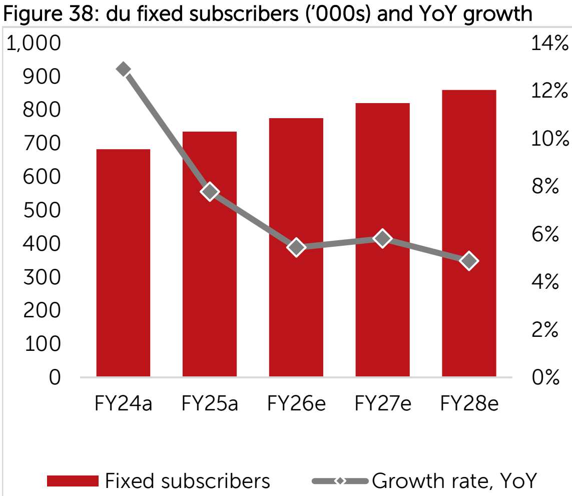
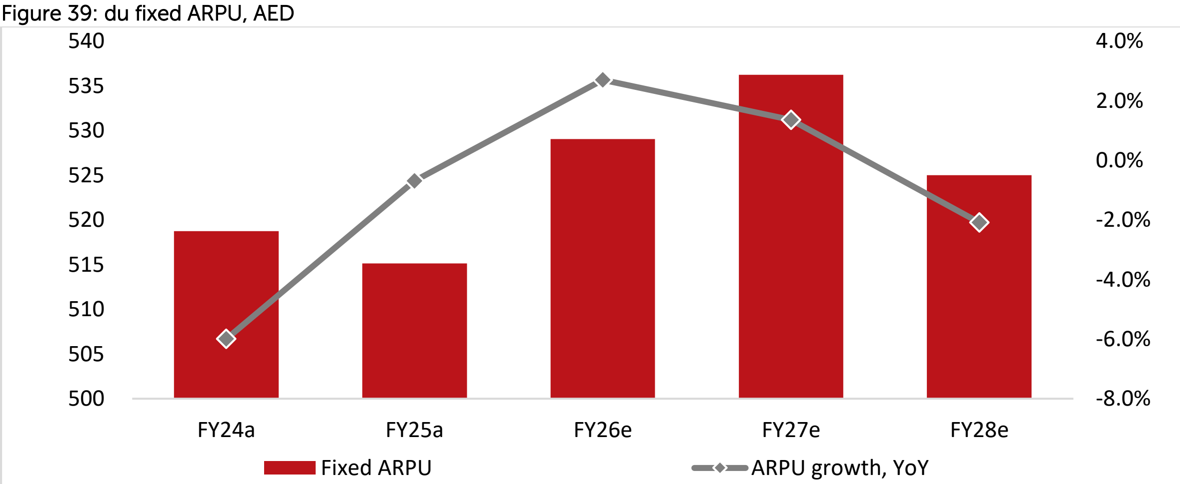


Figure 38: du fixed subscribers ('000s) and YoY growth



Source: Company reports, ADCB estimates

Figure 39: du fixed ARPU, AED



Source: Company reports, ADCB estimates

Wholesale segment

Connectivity infrastructure platform with cloud/AI upside (16% of total FY25 revenue)

du's Wholesale segment provides network and infrastructure services to other telecoms operators, carriers, digital platforms and infrastructure customers, rather than directly to retail subscribers.

Wholesale can be divided into two broad revenue pools. The first is traffic-led wholesale, including roaming, termination, interconnection and hubbing, where performance is driven by call/SMS/data traffic, tourism, business travel and international carrier flows. The second is infrastructure led connectivity, including international gateways, submarine cable linked capacity, route diversity, site sharing and data-centre interconnect. This second layer allows du to monetise its network reach, international routes and resilient connectivity infrastructure. However, the second layer should not be confused with du's ICT and associated telecom services segment, where data-centre co-location, multicloud, cybersecurity, IoT, equipment and managed digital services are recognised.

Over the past few years, wholesale performance has benefited from both travel recovery and rising demand for international connectivity. The key evolution is that the growth in hyperscaler, cloud and AI workloads has indirectly supported Wholesale by increasing demand for subsea capacity, international gateways, route diversity, and data-centre interconnect. Furthermore, as data centres, sovereign cloud and AI workloads scale in the UAE, du's Wholesale opportunity should expand and provide the connectivity layer around that ecosystem.

However, near term, wholesale remains exposed to tourism and roaming cyclicality. In 1Q26, management noted that regional geopolitical developments led to lower tourist inflows, reduced inbound roaming activity and softer roaming and interconnection income. We expect this weakness to continue in the second quarter of the year owing to constrained tourist inflows in the UAE but assume recovery in 2H26e. Over 2027-28e, we expect wholesale to grow at a high-single-digit. The key upside drivers for the segment are tourism recovery, data-centre interconnect and hyperscaler/cloud traffic related connectivity demand.

Figure 40: du wholesale revenue (AEDm) and its YoY growth

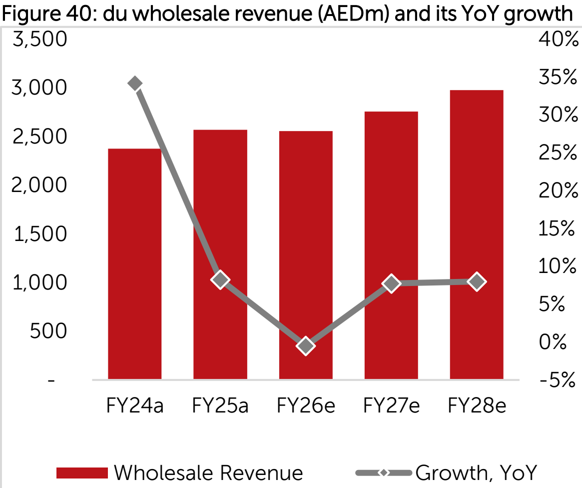
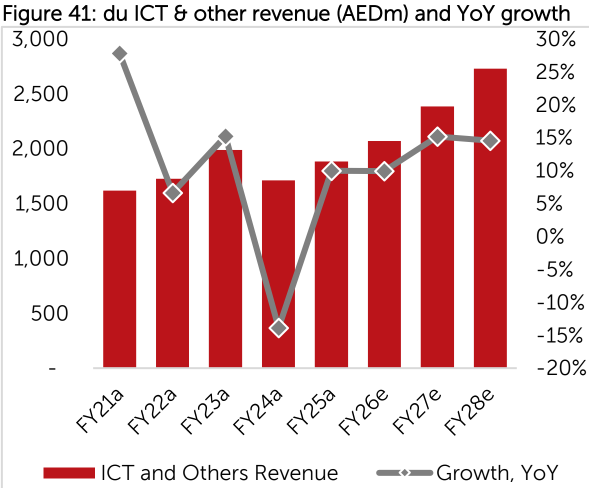


Figure 41: du ICT & other revenue (AEDm) and YoY growth



Source: Company reports, ADCB estimates

Key wholesale telecoms terms in brief

Interconnection: *The technical and commercial arrangement that lets customers on one operator's network communicate with customers on another network.*

Termination: *The "last-mile" wholesale service of completing a call or SMS on the receiving customer's network.*

Hubbing: *A wholesale routing service where an operator aggregates and routes international voice/SMS traffic between multiple carriers.*

Site sharing: *Leasing or sharing passive network infrastructure — such as towers, rooftops, ducts, power or equipment space — with other operators.*

International gateway: *Network infrastructure that carries traffic between domestic networks and international telecom networks.*

ICT and others

Digital-adjacency growth platform (12% of total FY25 revenue)

du's Information and Communication Technology (ICT) and associated telecom services segment captures the company's non-traditional telecoms and enterprise digital services business, including broadcasting services, data-centre co-location, multicloud, cybersecurity, IoT, equipment, and sale of handsets/devices.

Financially, the segment has become an increasingly important part of du's diversification story. Management has highlighted the scaling of adjacent digital services, expansion of the data-centre footprint and deepening of ICT capabilities as 2026 priorities.

The growth in ICT over time is reflected in the rise of recurring revenue (related to data centre deployments), which accounted for 42% of segment revenue in FY25, up from high-single digit share in FY21, on our estimates. Over FY21-25, the recurring revenue grew more than 11x to AED784m in FY25, implying a solid FY20-25 revenue CAGR of 8.3%. While the segment accounted for just 12% of FY25 revenue, we like its growth profile and forecast the segment to grow its revenue at a 3-year CAGR of 13% over FY26-28e.

Expanding data centre roadmap

du's ICT growth story is increasingly anchored by its expanding data-centre and sovereign cloud roadmap. In April 2025, du announced a new hyperscale data centre in the UAE, to be built and operated by du at a cost of around AED2bn. Microsoft will be the main tenant of this data centre and its capacity is expected to be delivered in tranches. Later in October 2025, du announced its AI Park in Dubai, a planned c.500,000 sqm AI and digital infrastructure campus in Warsan, designed to host multiple liquid-cooled hyperscale data centres, AI research labs, start-up incubators and sovereign hybrid AI compute infrastructure. The AI Park is expected to deliver up to 1GW of capacity over time, with deployment phased over five years.

Since the capex corresponding to the AI Park has not been disclosed by du, we model only the AED2bn in capex and opex related to the Microsoft data centre and assume the capex to be deployed over FY25-29e. For perspective, the AED2bn capex is similar in scale to du's average total annual capex over FY20-25 and, therefore, should keep du's capex intensity slightly elevated for some time. At the same time, it is worth noting that the 1GW AI park could require substantial capex given the scale of general data centre construction costs, which could average over c.USD10bn per GW, according to JLL's 2026 Global Data Centre Market Outlook report.

Financial outlook

Consistent top-line growth…

du has delivered a strong revenue growth profile over the past five years, implying a c.7% CAGR over 2020-25. Growth has been largely broad based across segments with fixed and ICT posting the strongest growth trends.

Over FY26-28e, we forecast du's revenue to grow at a three-year CAGR of 7%. We expect ICT segment revenue to continue to grow at a relatively faster pace, driven by increased data centre related earnings as the company deploys its capacity in a phased manner. For the other segments, we estimate the growth trend to be largely closer to 6% CAGR.

…with sustained EBITDA margin expansion

du has grown its EBITDA at a much faster pace compared to its revenue, posting a 5-year CAGR of 10% over 2020-25. Even a more notable feature of du's financial profile is the sustained expansion in EBITDA margin. EBITDA margin improved from 39.3% in 2021 to 46.1% in FY25, with the company posting closer to 2pp margin expansion consecutively over the last three years. The margin expansion reflects a stronger service revenue mix, scale benefits, cost discipline, and improved gross margins.

Looking forward, we expect du to grow its EBITDA at a 3-year CAGR of 7.6% in FY26-28e, faster than revenue growth. We forecast the company's EBITDA margin to trend in the 46-47% range during FY26-28e. Our estimates indicate a flattening margin trend, primarily due to the increasing contribution from ICT/data centres, which may carry weaker margin characteristics compared to du's more mature mobile and fixed telecoms business. Additionally, in the near-term, the regional geopolitical disruption also remains a risk, which impacts tourist inflows and inbound roaming, resulting in pressure on gross subscriber additions and short-term ARPU softness.

Figure 42: du revenue composition (AEDbn) and YoY growth

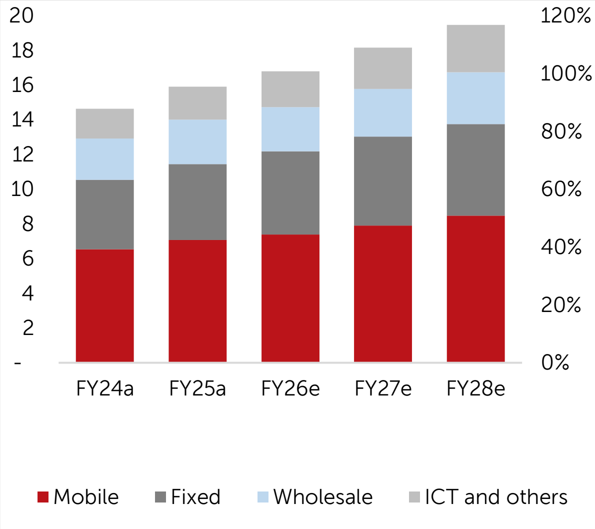
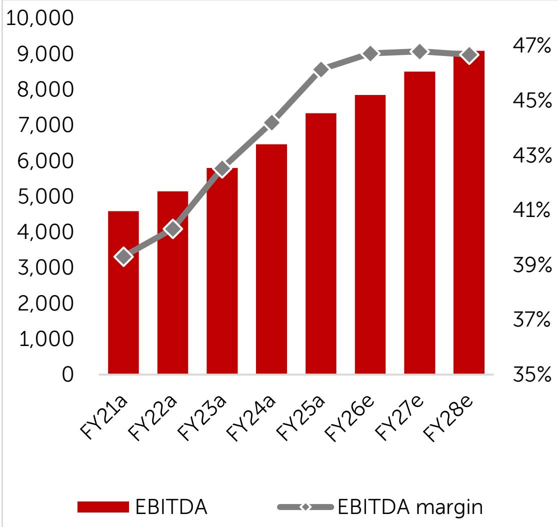


Figure 43: du EBITDA (AEDm) and EBITDA margin



Source: Company reports, ADCB estimates

Capex, FCF, dividends

From network normalization to data-centre led investment

du's capex profile normalized over 2023-25 after the company executed investments in infrastructure modernization, next-gen network deployment and 5G rollout prior to 2023. However, we saw a modest increase in FY25 as du accelerated investments in its data centre business. du's capex program suggests that the future capex should no longer be viewed purely as mobile and fixed network maintenance or 5G densification. Rather the incremental spend should increasingly be driven by data centres, sovereign cloud, AI infrastructure and enterprise ICT capabilities.

The company's near-term data centre pipeline includes the AED2bn Microsoft hyperscale data-centre project, where capacity will be delivered in tranches. Another project is the AI Park, a five-year phased development targeting up to 1GW of capacity over time (capex not disclosed by du).

We highlight du's solid ROIC profile, which stood at 28% in FY25, an exceptionally high level of ROIC for a telecoms player. In comparison, in general, data centre ROICs are relatively lower and du's planned data centre investments could potentially have a dilutive effect on the company's returns profile, in our view.

For FY26-28e, we forecast capex to remain in the AED2.5-3.0bn range and capex intensity at around 15%. We note that this could create some near-term pressure on FCF. However, our forecast indicates that du's FCF should be just sufficient to cover dividend payouts in FY26e. Given the pressure on FCF due to geopolitical uncertainty and an intensified capex cycle, we don't rule out the possibility of du utilizing its balance sheet to fund dividend payouts in FY26e. At the same time, the net cash position of the company places it in a very comfortable position in terms of leverage.

Flexible high-payout dividend policy with semi-annual distributions

du's dividend policy is a semi-annual, flexible high-payout framework. The company aims to provide stable and predictable shareholder returns, while retaining flexibility to fund operations, growth investments, technology upgrades, acquisitions and balance-sheet requirements. Under the current policy, dividends are expected to be paid semi-annually, and the maximum dividend in any fiscal year should not exceed 100% of net income plus distributable retained earnings, although there is no guaranteed dividend commitment. In practice, du has recently distributed close to the upper end of this framework, distributing 100% payout in 2025. In our forecast, we assume the company to maintain 95-100% payout over FY26-28e. Our FY26-27e DPS estimates imply DY of 5.5-5.9%, respectively.

Figure 44: du capex (AEDm) and capex intensity

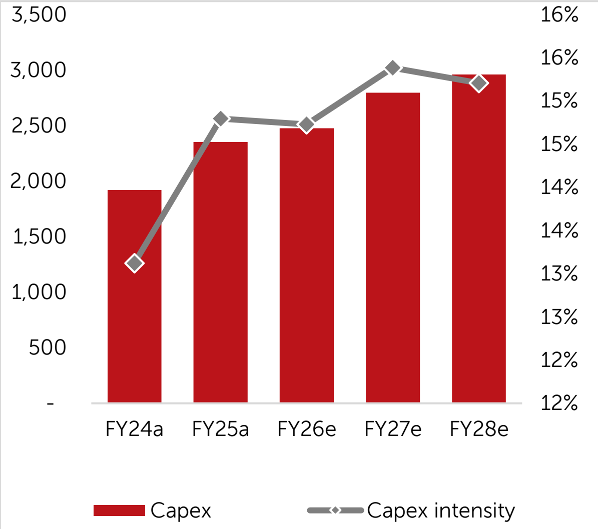
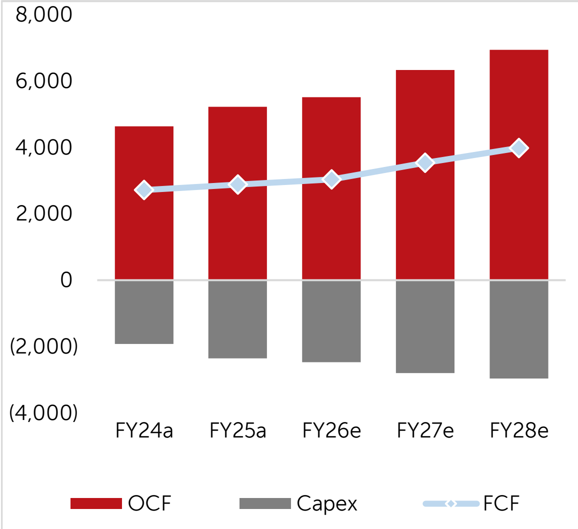


Figure 45: du OCF, capex, and FCF* (AEDm)



Source: Company reports, ADCB estimates; * FCF = OCF - capex

Figure 46: du dividends and FCF (AEDm)

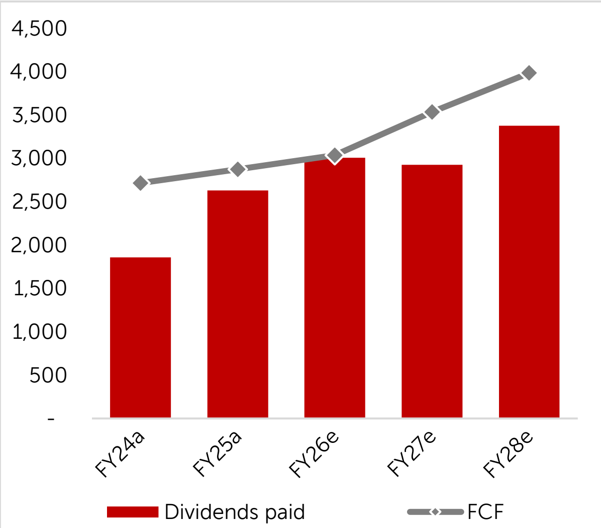
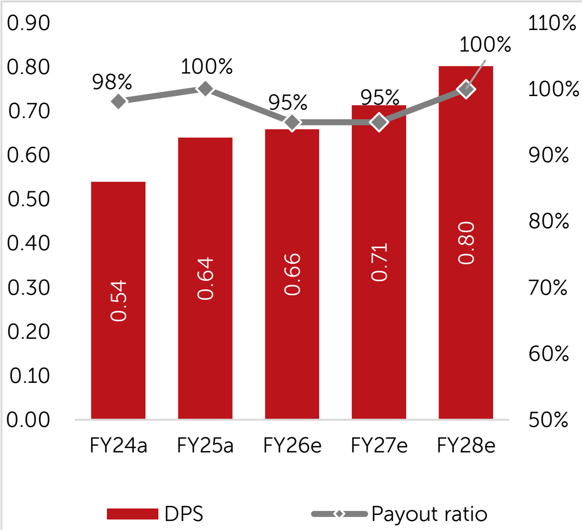


Figure 47: du DPS (AED) and payout ratio



Source: Company reports, ADCB estimates

Valuation

We value du using a DCF-based valuation methodology. Our DCF is based on a WACC of 8.2% and a terminal growth rate of 2%. Our WACC is based on the following assumptions: a beta of 0.68 (in line with five-year Bloomberg adjusted beta), a market risk premium of 5.0%, a country risk premium of 0.5% and a risk-free rate of 4.5%. This results in a cost of equity of 8.2% for du. We assume an effective tax rate of 47%, which includes a royalty rate of 38% and a corporate tax rate of 9%. These assumptions result in our FY26-27e time weighted target price of AED13.50 per share (rounded to the first decimal). Our target price implies an upside of 12.1% vs. the last closing price. We rate du as Buy given its attractive dividend yield, improving market share and margin expansion. We also expect the potential inclusion of du in the MSCI index to provide share price tailwinds in the near-term. Our target price of AED13.50 implies 2026e EV/EBITDA multiple of 7.8x and PE of 19.6x.

Figure 48: du DCF valuation assumptions

Parameter	Assumption
Cost of debt	5.0%
After tax cost of debt	2.7%
Beta	0.68
Market risk premium	5.0%
Country risk premium	0.5%
Risk free rate	4.5%
Cost of Equity	8.2%
Gearing	0.0%
Tax rate	47.0%
WACC	8.2%
Terminal growth rate	2.0%

Source: ADCB estimates

Figure 49: du DCF valuation table

AEDm	FY26e	FY27e	FY28e	FY29e	FY30e
EBIT	5,588	6,056	6,465	6,896	7,411
Income Tax	(2,626)	(2,847)	(3,039)	(3,241)	(3,483)
DDA	2,264	2,448	2,623	2,789	2,847
Working Capital	(98)	284	517	268	(97)
Capex	(2,475)	(2,795)	(2,960)	(2,972)	(2,854)
FCF	2,652	3,147	3,606	3,740	3,824
FCF + Terminal Value	2,652	3,147	3,606	3,740	66,489
EV	60,058	62,126			
Net Debt - prior period	311	8			
Minority	-	-			
Equity	60,369	62,134			
Shares o/s	4,533	4,533			
DCF/share, AED	13.3	13.7			
Period Weights	49%	51%			
Period-weighted DCF/sh, AED	**13.50**				

Source: ADCB estimates

Risks

Core telecoms growth risk

du operates in a mature, highly penetrated UAE telecoms market, so future mobile and fixed growth depends more on ARPU discipline, postpaid mix, enterprise demand and market-share gains than on structural subscriber penetration. Any slowdown in mobile net adds, weaker postpaid momentum, fixed broadband saturation, or renewed price competition with e& could pressure revenue growth.

Margin and cost-execution risk

du's EBITDA margin expanded to 46.1% in FY25, supported by strong revenue growth, mix improvement and cost discipline. If interconnect costs, commissions, network maintenance, staff costs or customer acquisition costs rise faster than expected, or if lower-margin ICT / device-related revenue grows faster than high-margin service revenue, EBITDA margin expansion could slow or reverse.

Digital-adjacency execution risk

du's medium-term growth story increasingly relies on scaling ICT, cloud, data centres, AI infrastructure, cybersecurity and fintech. These businesses have different competitive dynamics and operating models from traditional telecoms. If du fails to convert investments into recurring contracted revenue, the diversification story could disappoint.

Capex and ROIC dilution risk from data centres

du's move into hyperscale data centres, AI infrastructure and cloud could dilute group returns, particularly because the existing telecoms business generates very high ROIC.

Regulatory and government-take risk

du remains exposed to changes in federal royalty, corporate tax, TDRA fees, ICT Fund charges, spectrum costs and licence terms. Any adverse revision to the royalty or regulatory framework could affect earnings, valuation and dividend capacity.

Geopolitical / tourism-linked risk

Regional disruption could reduce tourist inflows, inbound roaming, visitor SIM demand and prepaid usage. This would most directly affect mobile roaming, prepaid revenues and parts of the Wholesale segment. Additionally, the regional conflict could also weigh on population growth, expat mobility and enterprise discretionary spend, which may affect prepaid net additions, business activations and selected ICT project timing.

Board of Directors and management profiles

Figure 50: du Board of Directors

	Board of Directors
	**H.E. Malek Al Malek** is the Chairman and independent non-executive director. He is one of the leading business figures in the UAE and has held several prominent leadership positions. He is currently also the Chairman of TECOM Group, Group CEO of Dubai Holding Asset Management, and Director General of Dubai Development Authority. He also serves as Chairman of Dubai Institute of Design and Innovation (DIDI), Chairman of Dubai Residential REIT Investment Committee, and Vice Chairman of HCT Investment Management Company (Capital H). He holds Board roles at Higher Colleges of Technology, Mohammed Bin Rashid Library, and Emirates Foundation. He also holds council roles at the Supreme Committee of Dubai Urban Plan 2040, Higher Committee for Future Technology and Digital Economy, Dubai Freezone Council, and Dubai Media Council. He holds a bachelor's degree in business management from the Higher Colleges of Technology.
	**Mr. Ahmad Abdulkarim Julfar** is the Vice Chairman and executive director of du. He has held several prominent leadership positions in the UAE. He brings extensive experience across telecommunications, economics, banking, and community development. He also serves as Chairman of Knowledge Fund and Commercial Bank of Dubai. He holds additional roles as Advisory Council Member at Dubai Chamber of Digital Economy, Vice Chairman of Union Coop, and Chairman of the Audit Committee of Dubai Holding. Previously, he served as Director General of the Community Development Authority. Mr. Ahmad Julfar holds a bachelor's degree in civil engineering and computer science from Gonzaga University and has participated in Sheikh Mohammed Bin Rashid Al Maktoum's Leaders Programme.
	**H.E. Abdulla Albasti Almarri** is an independent non-executive board member of du. He is a leading figure in Dubai's government sector, serving as Secretary General of The Executive Council of Dubai since 2017 and as a member of its Strategic Affairs Council. He plays a key role in supporting Dubai's strategic decision-making, public policy development, and major government initiatives aligned with the UAE's broader vision. He also serves as Chairman of the Dubai Government Excellence Program and Chairman of the Board of Trustees of the Mohammed bin Rashid Al Maktoum Humanitarian and Charity Establishment, and is a member of Mohammed bin Rashid Al Maktoum Global Initiatives. His wider public-sector experience includes senior roles such as Executive Director of the Government Development Division in the Prime Minister's Office, Director General of the Executive Office of H.H. Sheikh Mohammed bin Rashid Al Maktoum, and Secretary General of the UAE Cabinet. H.E. Abdulla Albasti holds a Master's degree in Total Quality Management from the University of Wollongong, Australia, and a Bachelor's degree in Information Systems Programming from the University of Dubai. He is also a graduate of the Sheikh Mohammed bin Rashid Leadership Development Programme.

Mr. Abdulla Khalifa Belhoul is an independent non-executive board member of du and CEO of TECOM Group PJSC, where he has led strong growth since the company's 2022 listing. He has extensive leadership experience across business districts, real estate, asset management, industrial development, infrastructure, and retail, having held senior roles at Dubai Holding Asset Management, TECOM Group, Dubai Industrial City, Dubai Holding, Dubai World Trade Centre, and Dubai Civil Aviation. He has also served on several UAE boards, including Dubai Hills Estate Retail, Axiom, Empower, and Dubai Creek Harbour. Mr. Belhoul holds an MBA and a Bachelor's degree in Engineering Management from the Higher Colleges of Technology, and has completed executive programmes including INSEAD's Executive Development Programme.

Mr. Ziad Abdulla Galadari is a non-executive board member of du and the Founder and Chairman of Galadari Advocates & Legal Consultants, with extensive experience in law, legal consultancy, and investments. He is also Chairman of Galadari Investments Group and has contributed to Dubai's ability to host international events and global conferences. He serves on the boards of Dubai World Trade Centre, Dubai World Trade Centre Authority Free Zone, and Dana Gas PJSC, and also chairs the Higher Committee for Dubai's International Arabian Horse Championship and the Jebel Ali Racecourse Council. Mr. Galadari holds a Bachelor's degree in Law from United Arab Emirates University.

Ms. Hassa Abdulrazzaq Balouma is an independent non-executive board member of du and Executive Director for Strategic Assets at Emirates Investment Authority, where she leads value generation across portfolio companies, strategic corporate investments, and direct investments in key sectors. She has extensive experience in investment strategy, private assets, portfolio management, and shareholder value creation, including leading the setup of Oumolat, the Gulf region's first currency printing facility. She also serves on the board of Emirates Post Group (7X) and has held board roles at Oumolat, Emirates Transport, and Arab Mining Company. Ms. Balouma holds an MSc in Finance and Investments and a BA in Accounting and Finance from the University of Aberdeen.

Mr. Wesam Alabbas Lootah is an independent non-executive board member of du and a leading digital transformation executive with over 25 years of strategic leadership experience across UAE government and major private-sector entities. He currently leads Gov Digital Abu Dhabi within the Department of Government Enablement, and previously served as CEO of Corporate Support Services at Dubai Municipality and CEO of Dubai Smart Government Establishment, where he played a key role in shaping Dubai's smart city and digital government agenda. He has also held leadership roles with entities including Emaar and Dubai World Trade Centre, and serves on several boards including Dubai Financial Market, Dubai Clear, and Mada Media Company. Mr. Lootah holds a Master's degree in Computer Science and Engineering from Pennsylvania State University and a Bachelor's degree from Ohio State University.

	**Mr. Khalifa Al Mheiri** is an independent non-executive board member of du and Executive Director of the Fixed Income Department at ADIA, where he oversees investment strategy, performance, risk, and organizational development. He has extensive investment leadership experience across fixed income, alternative investments, hedge funds, information technology, portfolio management, and investment analysis, having joined ADIA in 1995 and later held senior roles in its London Office and Alternative Investments Department. He is also a member of ADIA's Investment Committee and Chairman of ADIA Hong Kong Limited, and serves as Chairman of ADIB Egypt and board member of Abu Dhabi Islamic Bank UAE. Mr. Al Mheiri previously served on the board of Ooredoo Group in Qatar and holds a BSc in Business Administration with a focus on Management Information Systems from the University of Arizona, a Master's in Finance from London Business School, and is a CFA charterholder.
	**Mr. Serkan Sabri Okandan** is an independent non-executive board member of du with over 30 years of finance and leadership experience across major international telecom groups, including Turkcell, Etisalat/e&, and VEON. He has held senior roles including Group CFO and acting CEO, and has served on boards across the UAE, Saudi Arabia, Morocco, Ukraine, Russia, Pakistan, and Bangladesh. He has also held audit committee and independent board roles at listed companies including Maroc Telecom, Mobily, and PTCL. Mr. Okandan currently serves on boards including Jazz and Banglalink, and chairs the Audit Committee of Unifonic FZE Dubai Branch. He holds a degree from the Faculty of Economics and Administrative Sciences at Bosphorus University in Istanbul, Turkey.
	**Mr. Matar Al Blooshi** is an independent non-executive board member of du and a senior investment professional with over 30 years of experience across financial services, fund management, treasury, capital markets, and institutional investing. He is currently Group Chief Investment Officer at DAS Holding Group, and has previously held senior roles at the Central Bank of the UAE, Abu Dhabi Investment Company, First Gulf Bank, National Bank of Abu Dhabi, and Abu Dhabi Financial Services. He also serves on several boards, including Al Salam Bank, Air Arabia, Etisalat Misr and Sayacorp, and is Chairman of Alliance Insurance. Mr. Al Blooshi holds a Bachelor's degree in Banking and Financial Management from the University of Arkansas in the United States.

Figure 51: du Management team

	Management team
	**Mr. Fahad Al Hassawi** is the Chief Executive Officer of du, having been appointed CEO in June 2021 after serving as Acting CEO from September 2020. He has been with du since 2006 and has held several senior leadership roles, including Chief Commercial Officer and Deputy CEO overseeing telecom operations across du and Virgin Mobile. He has led du's transformation agenda, with a focus on digital innovation, customer experience, commercial strategy, and operational growth. Before joining du, he held several roles at Emirates Airline, mainly across industrial engineering, performance development, recruitment, and human resources. Mr. Al Hassawi holds a Master's degree in Industrial Engineering from the University of Miami and completed the Global Business Consortium Programme at London Business School.

	**Mr. Saleem AlBlooshi** is the Chief Technology Officer of du, where he leads the company's technology division and drives its network transformation strategy. He has extensive telecom and ICT experience, with responsibility for emerging technologies, network performance, infrastructure development, and technology strategy. Before joining du, he spent 13 years with Etisalat and its international subsidiaries in various managerial roles, and also served as Chief Technology Officer at SmartWorld. Mr. AlBlooshi holds a Global Executive MBA from INSEAD Business School and a Bachelor of Engineering from Khalifa University.
	**Mr. Kais Ben Hamida** is the Chief Financial Officer of du, appointed in July 2019, with extensive experience across telecommunications, ICT, corporate finance, investments, private equity, M&A, financing, strategy, and operations. Before joining du, he served as CFO of Mobily in Saudi Arabia and CFO of Orange Egypt, and held senior roles at Valiance Capital, Orange Group, Société Générale, and the World Bank. He brings strong international experience across Europe, the Middle East, North Africa, and the US, with a track record in finance leadership, transformation, and strategic transactions. Mr. Ben Hamida holds a BSc in Statistical Modelling and Financial Engineering from École Polytechnique, an MSc in Engineering from École des Ponts et Chaussées, and an MSc in Economics from Sorbonne University in Paris.
	**Mr. Karim Benkirane** is the Chief Commercial Officer of du since 2020. He brings more than 25 years of experience in the telecommunications sector across consumer and enterprise businesses. Prior to this, he served as Executive Vice President, Head of Digital Transformation at du. He previously held senior leadership roles including CEO of Virgin Mobile Saudi Arabia and Managing Director of Virgin Mobile UAE, and has also served as CEO at KPN and Chief Commercial Officer at Telecom Italia. Mr. Benkirane holds an Executive MBA from HEC Paris and has completed executive education at the Indian Institute of Management Bangalore and the University of California, Berkeley.

Source: Company reports

Summary financial statements

Figure 52: du Income Statement

AEDm	FY24a	FY25a	FY26e	FY27e	FY28e
Total revenue	**14,636**	**15,905**	**16,805**	**18,173**	**19,468**
Direct costs					
Interconnect cost	(2,811)	(2,914)	(2,932)	(3,197)	(3,377)
Commission cost	(596)	(686)	(727)	(769)	(798)
Devices and other direct services cost	(1,411)	(1,659)	(1,751)	(1,996)	(2,257)
Total direct costs	**(4,818)**	**(5,259)**	**(5,411)**	**(5,963)**	**(6,432)**
Gross profit	**9,817**	**10,646**	**11,395**	**12,210**	**13,036**
Gross margin	*67%*	*67%*	68%	67%	67%
Total OPEX before D&A	(3,348)	(3,308)	(3,543)	(3,706)	(3,948)
EBITDA	**6,470**	**7,338**	**7,852**	**8,504**	**9,088**
Depreciation and amortization	(2,154)	(2,168)	(2,264)	(2,448)	(2,623)
Operating profit	**4,316**	**5,170**	**5,588**	**6,056**	**6,465**
Share of loss on equity accounted investments	(2)	(1)	(0.1)	0.0	0.0
Interest income	82	75	72.2	60.0	60
Impairment loss	(0)	(0)	(0.6)	0.0	0.0
Profit before financing, federal royalty & income tax	**4,396**	**5,244**	**5,659**	**6,116**	**6,525**
Interest expense	(90)	(95)	(86)	(80)	(80)
Profit before federal royalty and income tax	**4,306**	**5,149**	**5,574**	**6,036**	**6,445**
Federal royalty	(1,572)	(1,957)	(2,118)	(2,294)	(2,449)
Income tax expense	(247)	(287)	(311)	(337)	(360)
Net Profit for the year	**2,488**	**2,905**	**3,144**	**3,406**	**3,636**
Income tax rate	*-9.0%*	*-9.0%*	-9.0%	-9.0%	-9.0%
Royalty rate on net income before tax and royalty	*-36%*	*-38%*	-38%	-38%	-38%
Net Profit attributable to shareholders	**2,494**	**2,899**	**3,144**	**3,406**	**3,636**
Earnings per share, AED	0.55	0.64	0.69	0.75	0.80
Shares outstanding, m	4,533	4,533	4,533	4,533	4,533
DPS, AED	0.54	0.64	0.66	0.71	0.80
DPS, YoY	59%	19%	3%	8%	13%
Payout ratio	98%	100%	95%	95%	100%

Source: Company reports, ADCB estimates

Figure 53: du Balance Sheet

AEDm	FY24a	FY25a	FY26e	FY27e	FY28e
Non-current assets					
Property, plant and equipment	9,838	10,289	10,647	11,400	12,156
Total non-current assets	**13,379**	**13,822**	**14,157**	**14,910**	**15,666**
Current assets					
Inventories	176	175	196	214	213
Trade receivables and contract assets	2,129	2,223	2,456	2,671	2,128
Term deposits	1,299	1,784	-	-	-
Cash and bank balances	984	466	1,874	2,062	2,245
Total current assets	**5,314**	**5,554**	**5,675**	**6,095**	**5,734**
Total assets	**18,693**	**19,376**	**19,832**	**21,006**	**21,400**
EQUITY AND LIABILITIES					
EQUITY					
Share capital	4,533	4,533	4,533	4,533	4,533
Share premium	232	232	232	232	232
Other reserves	2,250	2,266	2,266	2,266	2,266
Retained earnings	2,863	3,117	3,251	3,736	4,007
Total equity	**9,878**	**10,148**	**10,283**	**10,767**	**11,039**
LIABILITIES					
Non-current liabilities					
Lease liabilities	1,437	1,347	1,307	1,307	1,307
Total non-current liabilities	**2,097**	**2,005**	**1,968**	**1,968**	**1,968**
Current liabilities					
Trade and other payables	3,666	3,711	4,080	4,597	4,570
Lease liabilities	562	592	559	559	559
Total current liabilities	**6,717**	**7,223**	**7,581**	**8,270**	**8,392**
Total liabilities	**8,815**	**9,227**	**9,549**	**10,238**	**10,361**
Total equity and liabilities	**18,693**	**19,376**	**19,832**	**21,006**	**21,400**

Source: Company reports, ADCB estimates

Figure 54: du Cashflow Statement

AEDm	FY24a	FY25a	FY26e	FY27e	FY28e
Operating profit	4,316	5,170	5,588	6,056	6,465
Adjustments for:					
Depreciation and amortization	2,154	2,168	2,264	2,448	2,623
Changes in WC	(208)	(470)	(98)	284	517
Cash generated from operations	6,587	7,131	7,754	8,789	9,605
Net cash generated from operating activities	4,637	5,230	5,514	6,331	6,946
Cash flows from investing activities					
Purchase of property, plant and equipment	(1,536)	(2,039)	(2,201)	(2,522)	(2,636)
Purchase of intangible assets	(385)	(315)	(275)	(274)	(324)
Others	(412)	1,784	(20)	(20)	(20)
Net cash used in investing activities	(1,816)	(2,765)	(691)	(2,815)	(2,980)
Cash flows from financing activities					
Dividend paid	(1,858)	(2,629)	(3,010)	(2,921)	(3,365)
Net cash used in financing activities	(2,446)	(2,983)	(3,415)	(3,327)	(3,783)
Net increase in cash and cash equivalents	374	(518)	1,409	188	183
Cash and cash equivalents BOP	608	982	463	1,872	2,060
Cash and cash equivalents EOP	982	463	1,872	2,060	2,243

Source: Company reports, ADCB estimates

du — Key financials and ratios

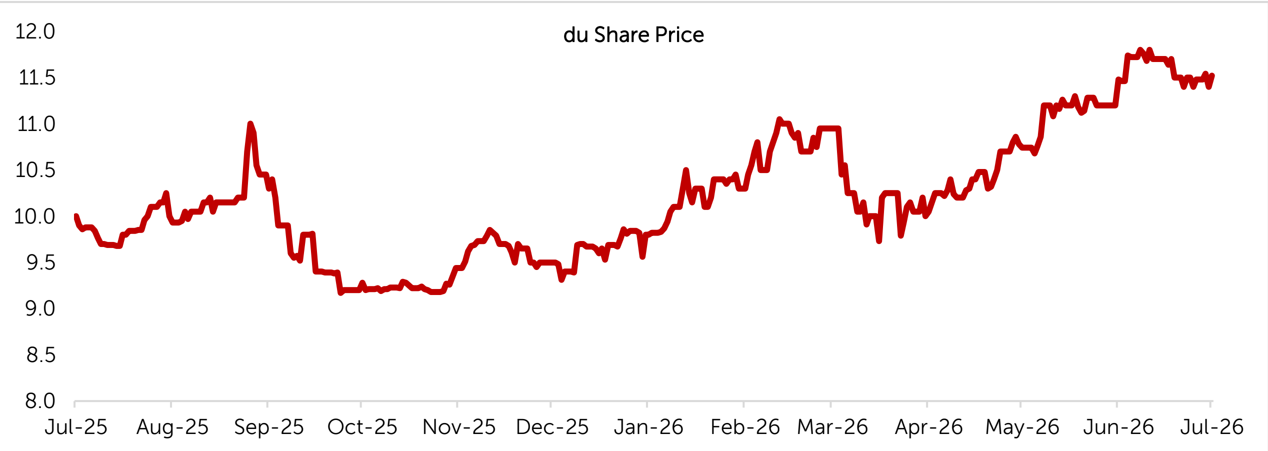
Year	2025A	2026E	2027E	2028E
Profit & loss summary (AEDm)				
Revenue	15,905	16,805	18,173	19,468
EBITDA	7,338	7,852	8,504	9,088
D&A	2,168	2,264	2,448	2,623
EBIT	5,170	5,588	6,056	6,465
Net interest	(95)	(86)	(80)	(80)
PBT	5,149	5,574	6,036	6,445
Net profit	2,899	3,144	3,406	3,636
Adjusted net profit	2,899	3,144	3,406	3,636
Balance sheet summary (AEDm)				
Tangible assets/PPE	10,289	10,647	11,400	12,156
Non-current assets	13,822	14,157	14,910	15,666
Cash	2,250	1,874	2,062	2,245
Current assets	5,554	5,675	6,095	5,734
Total assets	19,376	19,832	21,006	21,400
Current liabilities	7,223	7,581	8,270	8,392
Total debt	-	-	-	-
Net debt	(2,250)	(1,874)	(2,062)	(2,245)
Total liabilities	9,227	9,549	10,238	10,361
Shareholders' equity	10,148	10,283	10,767	11,039
Cash flow summary (AEDm)				
Cash from operations	5,230	5,514	6,331	6,946
Capex	(2,353)	(2,475)	(2,795)	(2,960)
Free cash flow[1]	2,877	3,039	3,535	3,985
Cash from investment	(2,765)	(691)	(2,815)	(2,980)
Dividends	(2,629)	(3,010)	(2,921)	(3,365)

Year	2025A	2026E	2027E	2028E
Growth				
Revenue	8.7%	5.7%	8.1%	7.1%
EBITDA	13.4%	7.0%	8.3%	6.9%
EBIT	19.8%	8.1%	8.4%	6.8%
Net profit	16.2%	8.5%	8.3%	6.8%
Adjusted net profit	16.2%	8.5%	8.3%	6.8%
Margin				
EBITDA	46.1%	46.7%	46.8%	46.7%
EBIT	32.5%	33.3%	33.3%	33.2%
Net profit	18.2%	18.7%	18.7%	18.7%
Adjusted net profit	18.2%	18.7%	18.7%	18.7%
Return metrics				
ROIC[2]	28.2%	29.4%	30.8%	32.3%
ROCE[3]	22.7%	24.3%	25.7%	26.6%
ROE	29.0%	30.8%	32.4%	33.4%
ROA	15.2%	16.0%	16.7%	17.2%
Leverage ratio				
Net debt/EBITDA	(0.3)	(0.2)	(0.2)	(0.2)
Interest coverage ratio[4]	77.2	91.8	106.3	113.6
Per share data				
EPS, AED	0.64	0.69	0.75	0.80
DPS, AED	0.64	0.66	0.71	0.80
BVPS, AED	2.2	2.3	2.4	2.4

Year	2025A	2026E	2027E	2028E
Valuation ratio				
EV/Sales	3.4	3.2	3.0	2.8
EV/EBITDA	7.4	6.9	6.4	6.0
P/E	18.8	17.5	16.0	15.0
P/B	5.4	5.3	5.1	4.9
FCF yield	5.3%	5.6%	6.5%	7.3%
Dividend Yield	5.3%	5.5%	5.9%	6.6%

Market data	
Company name	du
Bloomberg ticker	DU UH
Share price (AED)	12.04
Fair value (AED)	13.50
Upside/(Downside)	12%
Rating	Buy
Market value (AED m)	54,576

Source: Company data, ADCB estimates, priced at close of 3 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



Source: Bloomberg

e&

- One of the most attractive telecoms plays in the MENA region
- Solid cash flow generation leaves room for DPS upside; geographic diversification and higher postpaid mix in the UAE provide a cushion against geopolitical risks
- Initiate with a Buy rating and target price of AED22.80

EAND UH

INITIATE AT BUY

Fair Value (AED)	Previous Fair Value (AED)
22.80	N/A
Current Price (AED)	**Upside/ (Downside)**
19.66	+16.0%

Investment thesis

e& is one of the most attractive telecoms plays in the MENA region. The company has sector-leading EBITDA margin and solid free cash flow generation. e& generates the majority of its EBITDA and cash flows from its UAE operation, which has one of the lowest capex intensities and highest FCF conversion in the region. The company is geographically well-diversified across telecoms markets in Asia, Africa, and CEE regions, providing e& scale and exposure to an emerging markets growth profile. In the international portfolio, we note: (i) impressive EBITDA margin and cash conversion profiles at Maroc Telecom and PPF, and (ii) stronger growth trends at Maroc Telecom, PPF, Egypt and Pakistan assets. At the same time, the international operation also exposes the company to volatile FX (e.g., Egypt), higher capex requirements, emerging market regulation uncertainty, intense competition, and integration risks (e.g., CEE and Pakistan). A combination of geographic diversification and a higher postpaid mix in the UAE make e& the least impacted telecoms stock in the region amidst the geopolitical uncertainty. We like e&'s solid free cash flow profile, which implies a FY26-27e FCF yield of c. 7%-9%, on our estimates. We think this leaves ample room for the company to grow its DPS and/or execute M&A to expand inorganically, which is more likely in the non-telco/TechCo space, in our view.

Figure 55: e& Shareholdings, December 2025

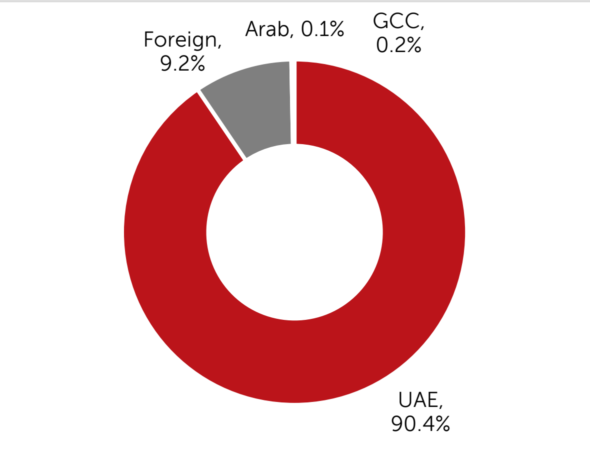
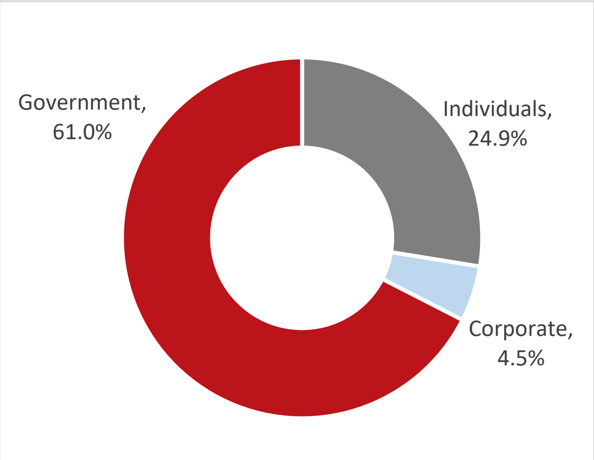


Figure 56: Share split amongst UAE entities of 90.4%



Source: Company reports, Bloomberg

Ownership

e& maintains a sovereign-backed ownership structure, with the Emirates Investment Authority (EIA), which is the UAE's federal sovereign wealth fund, holding 60% of the company's shares, positioning e& as a strategically important national asset. The remaining shareholding is widely distributed among institutional (25.1%) and retail (13.9%) investors, at the end of 2025. In terms of geographic mix, 90.4% of ownership is held within the UAE, with limited foreign participation (9.2%), indicating a largely domestic investor base with selective international institutional exposure. International institutional holdings are fragmented, with no single investor holding a material stake. The largest positions include Vanguard (c. 1.8%) and BlackRock (c. 1.2%), while other global asset managers such as Norges Bank and State Street each hold less than c. 0.3%. The shareholder base is relatively concentrated, with large holders (>5 million shares) accounting for c. 80.5% of total shares, supporting long-term stability and strategic continuity.

Company history and business overview

e&, formerly Emirates Telecommunications Corporation or Etisalat, was established in Abu Dhabi in 1976 as the UAE's national telecommunications company. The company played a foundational role in building the country's communications infrastructure. Over the following decades, it introduced several regional firsts, including the Middle East's first mobile network in 1982, GSM services in 1994, internet services in the UAE in 1995, and 3G services in 2003. The company later expanded beyond the UAE through international telecoms investments, including Mobily in Saudi Arabia, Maroc Telecom, Egypt, Pakistan and Afghanistan, gradually transforming from a domestic incumbent into a regional telecoms group.

In 2022, Etisalat Group rebranded as e&, marking a strategic shift from a traditional telecoms operator into a broader global technology group. The business is now organized around five main verticals, covering telecoms connectivity, digital consumer services, fintech, cloud, cybersecurity, IoT, enterprise solutions and venture investments:

- e& UAE, the core domestic telecom business and primary earnings generator
- e& international, which includes global telecom subsidiaries and associates across emerging and developed markets
- e& life, which houses consumer digital platforms such as fintech, media and super-app ecosystems
- e& enterprise, focused on B2B services including cloud, AI, cybersecurity and digital infrastructure,
- e& capital, the Group's investment arm targeting strategic and venture investments

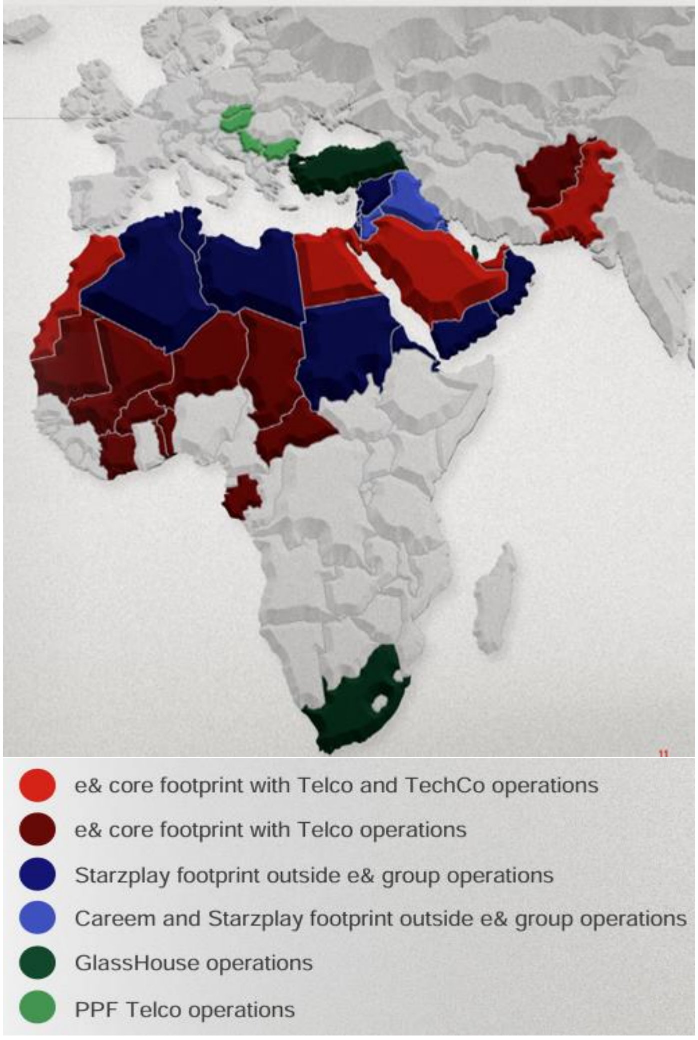
The UAE business remains the group's core cash-flow engine, while international telecoms assets and digital platforms provide growth diversification. By FY2025, e& had expanded to a subscriber base of 244.7mn, with consolidated revenue of AED72.9bn and net profit of AED14.4bn, reflecting its evolution into one of the region's largest telecoms and technology groups.

From a geographic standpoint, e&'s footprint has expanded materially in recent years, reaching 38 countries and spanning the Middle East, Asia, Africa, and Central & Eastern Europe. This geographic diversification is central to the group's strategy as e& aims to reduce reliance on the UAE telecom business over time by increasing revenue contribution from international telecom markets and non-telco digital verticals.

The business mix remains telecoms-heavy, but the group is actively repositioning toward a broader "TechCo" model. e&'s 2030 strategy focuses on three broad themes:

- doubling down on core telecoms,
- diversifying the portfolio toward non-telco revenue, and
- digitalizing operations through data, AI and automation.

Figure 57: e& operates in 38 countries



Source: Company reports

e& in charts

Figure 58: e& total revenue by segment, AEDbn

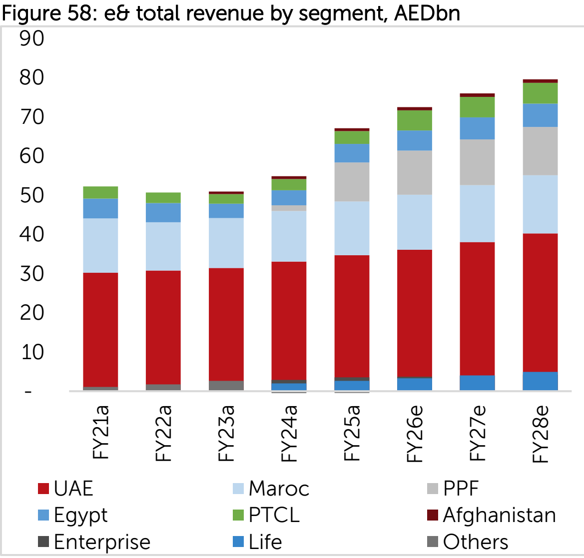
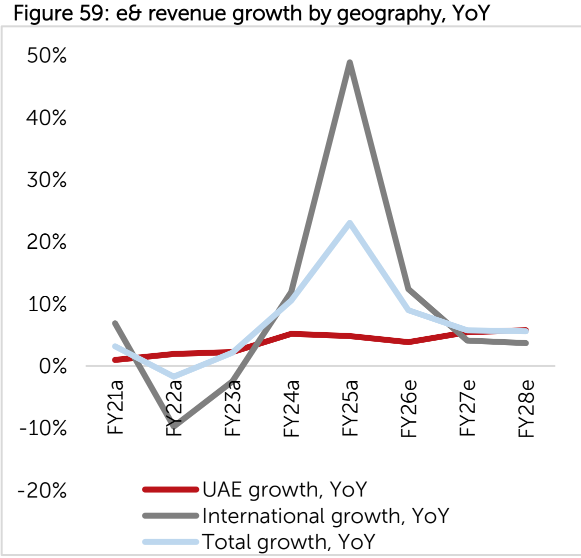


Figure 59: e& revenue growth by geography, YoY



Source: Company reports, ADCB estimates

Figure 60: e& revenue share by segment

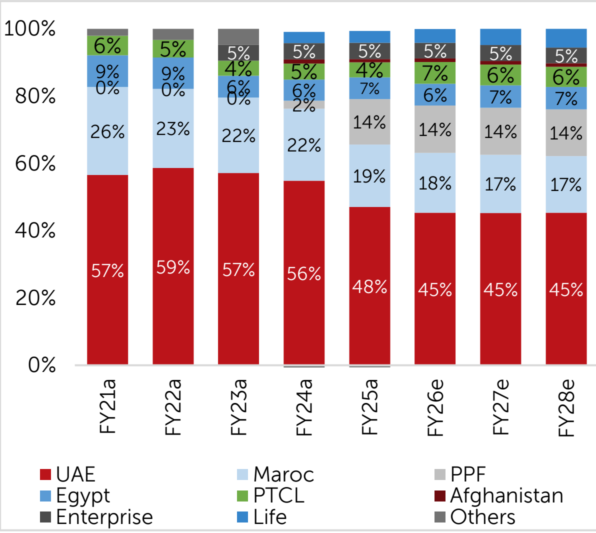
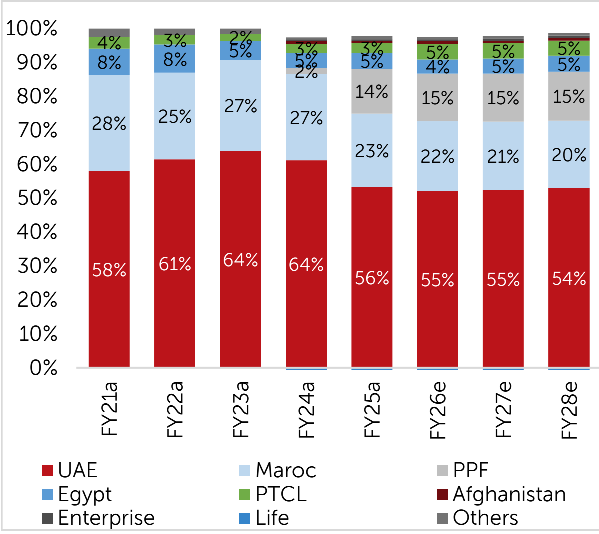


Figure 61: e& EBITDA share by segment



Source: Company reports, ADCB estimates

Figure 62: e& total EBITDA by segment, AEDbn

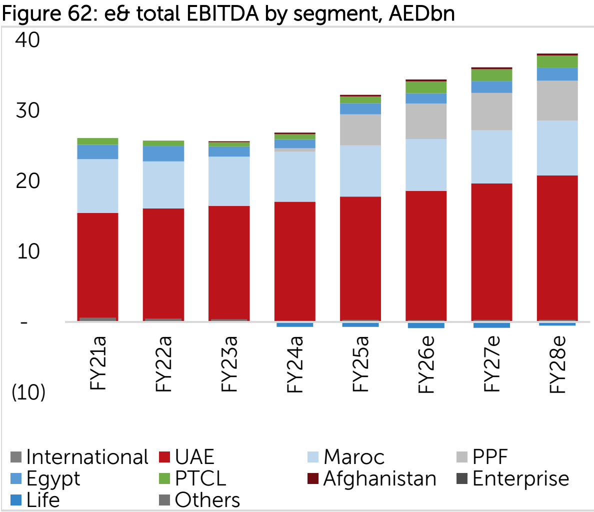
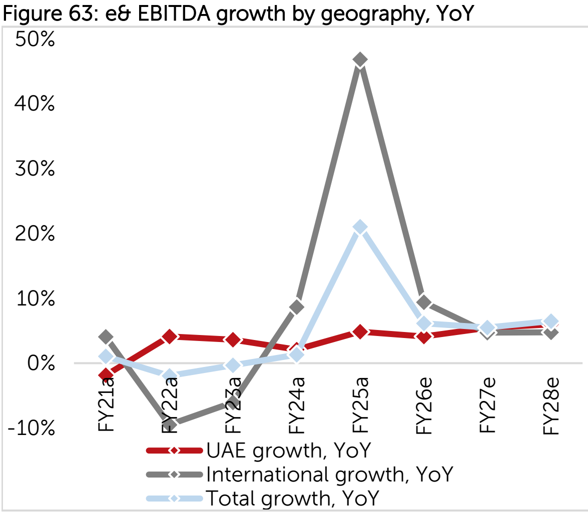


Figure 63: e& EBITDA growth by geography, YoY



Source: Company reports, ADCB estimates

Figure 64: e& capex intensity by segment, %

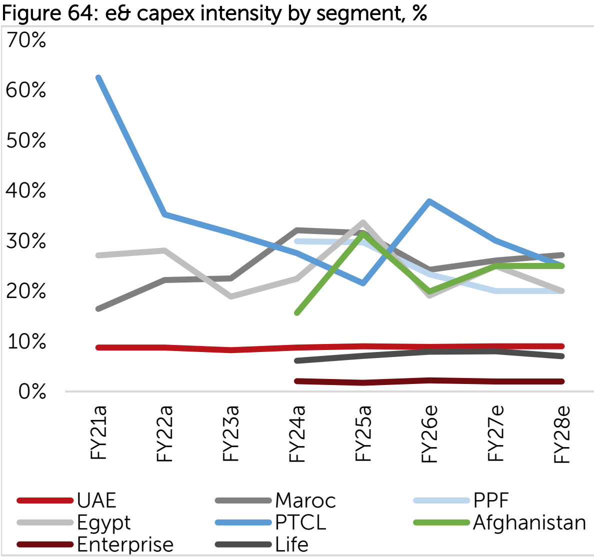
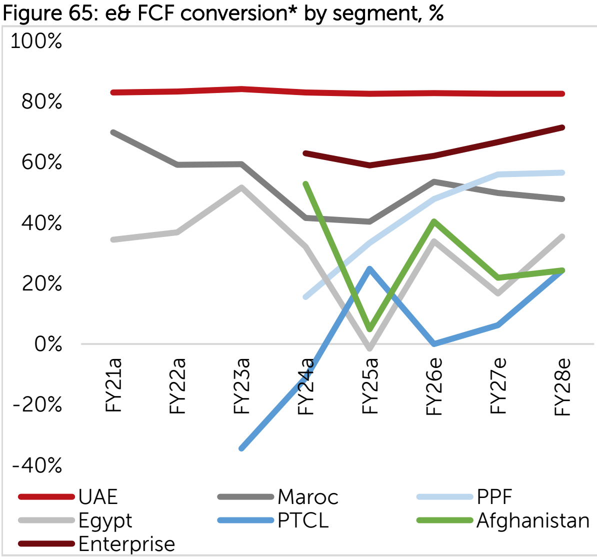


Figure 65: e& FCF conversion* by segment, %



Source: Company reports, ADCB estimates; * FCF conversion = (EBITDA – capex)/EBITDA

e& UAE

The core cash engine (48% of total revenue, 56% of total EBITDA in FY25)

e& UAE represents the company's core domestic franchise and its primary earnings engine, delivering integrated mobile, fixed-line, broadband, and enterprise ICT services across consumer, enterprise, and government segments. It is the most mature and cash generative business within the portfolio, underpinned by extensive nationwide fibre infrastructure and advanced 5G capabilities that enable superior network quality and coverage.

The UAE telco operation accounted for 48% of the company's total revenue in FY25. The revenue share of UAE operations declined from 56% in 2024 primarily because of the higher full year contribution from international operations from PPF Telecom. Revenue growth accelerated to 5% YoY in FY25 mainly due to mobile subscriber growth, which stood at a solid 9.4% YoY. Growth in FY25 was also led by an 11% YoY growth in other revenue, which includes wholesale, ICT and handset sales.

The momentum continued in 1Q26 when revenue improved 5.4% YoY as mobile subscriber growth remained elevated at c10% YoY and positive momentum was observed in fixed and other revenue lines. However, we could not explicitly segregate the impact of the geopolitical situation in 1Q26 results given the likely strong first two months of the quarter, which could have overshadowed any weakness in March 2026. We await management commentary during the 2Q26 quarterly financial results to assess the impact of the regional conflict on e& and the UAE telecom sector in general.

In terms of profitability, the e& UAE business generates sector-leading margins and solid cash flows. The segment accounted for 56% of the company's total EBTIDA in FY25. EBITDA margins in the segment generally remain at 51-52% levels, well ahead of other businesses and peers. Capital intensity has largely been low and flattish at close to 9%, implying limited need for large capex projects and a high level of investment discipline for UAE operations. For our estimates, we assume capex intensity to remain close to the historical level of 9%.

Strong EBITDA margins and broadly capped capex needs result in a very high cash conversion ratio of over 83%. The UAE segment, therefore, is the key contributor at both top-line and bottom-line, as well as cash flow levels.

Figure 66: e& UAE revenue and growth, AEDm

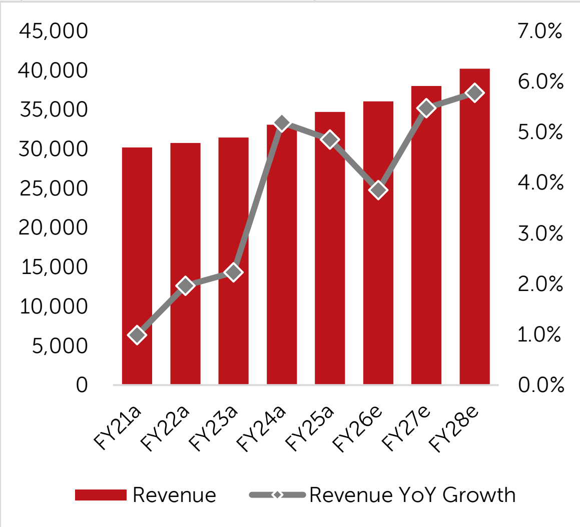
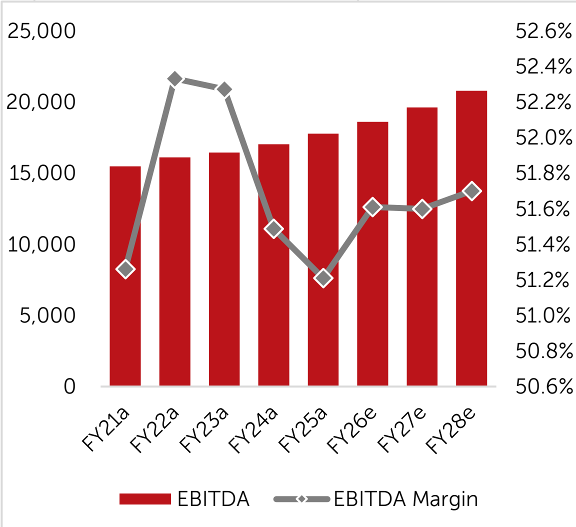


Figure 67: e& UAE EBITDA and margin, AEDm



Source: Company reports, ADCB estimates

Figure 68: e& UAE capex (AEDm) and capex intensity

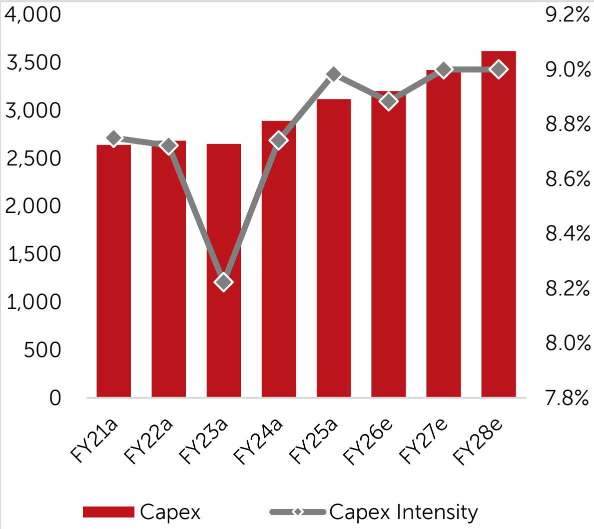
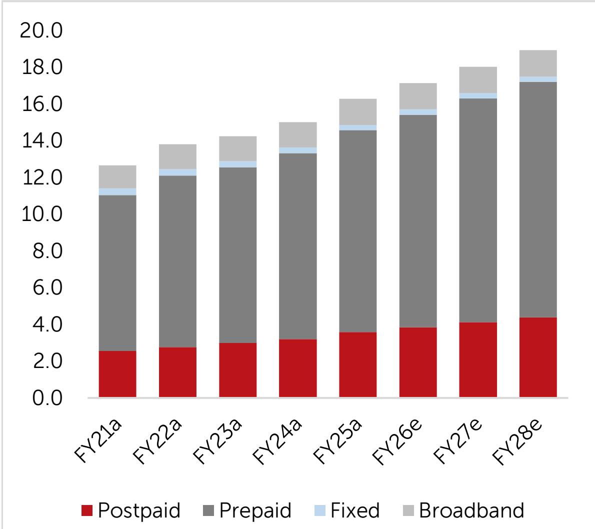


Figure 69: e& UAE mobile and fixed subscribers, millions



Source: Company reports, ADCB estimates

Maroc Telecom

High-quality African incumbent (e& owns 53%, 19% of total revenue, 23% of total EBITDA in FY25)

Maroc Telecom (MT) is one of e&'s most important international assets and remains the group's core exposure to North and West Africa. e& acquired control of Maroc Telecom in May 2014, when Etisalat completed the purchase of Vivendi's 53% stake for EUR4.14bn.

The asset today is materially broader than a Morocco-only telco. Maroc Telecom is listed in Casablanca and Paris, with e& owning 53% and the Moroccan state holding a material minority stake. Its footprint includes Morocco and a portfolio of Moov Africa operations across West and Central Africa, including markets such as Benin, Burkina Faso, Côte d'Ivoire, Gabon, Mali, Mauritania, Niger, Togo, Central African Republic and Chad. This gives e& a rare combination of a mature cash-generative Moroccan incumbent and higher-growth African mobile and data exposure within a single consolidated asset.

Figure 70: Morocco mobile subscription market share

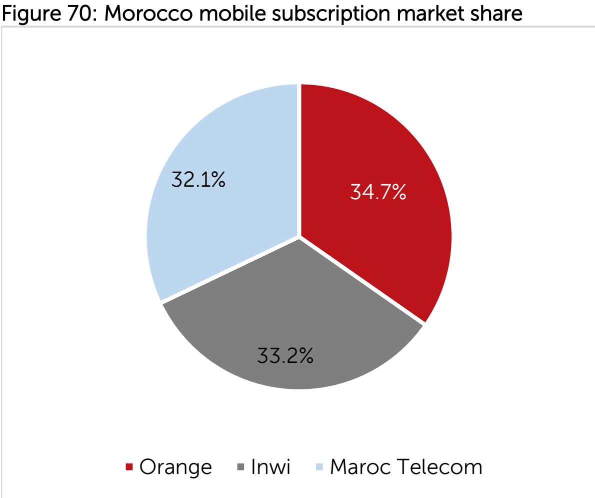
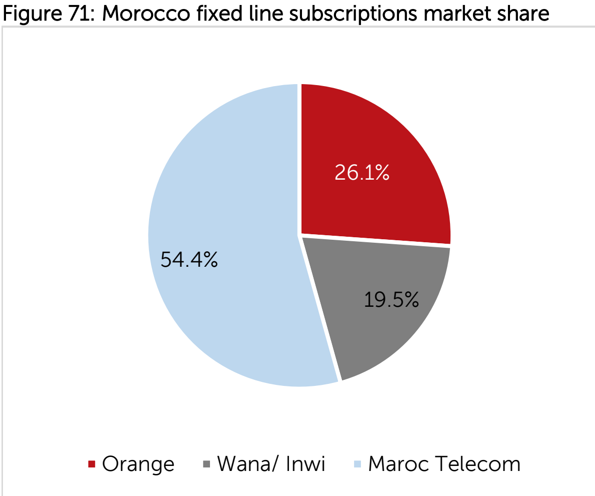


Figure 71: Morocco fixed line subscriptions market share



Source: National Telecommunications Regulatory Agency (ANRT)

A three-way contest

Maroc Telecom remains a key Moroccan operator, although its domestic competitive position has been eroding gradually. Morocco is broadly a three-player mobile market – Maroc Telecom, Orange and Inwi

Latest data shows Maroc Telecom's Morocco mobile subscriber market share is declining, while Orange and Inwi have progressively narrowed the gap. A 2Q25 market update by the regulator, the National Telecommunications Regulatory Agency (ANRT), suggests that the market has become effectively a three-way contest. Orange Morocco reportedly held 34.7% of active mobile subscriptions, Inwi 33.2%, and Maroc Telecom 32.1%, according to ANRT. This indicates that Maroc Telecom has lost its historical subscriber-share leadership in mobile, even though it remains highly relevant in fixed infrastructure and enterprise connectivity.

In fixed services, Maroc Telecom retains a stronger position. ANRT 2024 data cited by local press (Hespress, April 2025) show Maroc Telecom with 54.35% of fixed-line subscriptions, while its internet subscription share was 30.76%, reflecting the shift of Moroccan telecoms growth toward mobile broadband and fibre.

Litigation risk moderated but strict regulatory oversight remains

Regulation is the main investment controversy around the asset. The issue centres on Maroc Telecom's historic dominance in fixed infrastructure and allegations that competitors were impeded from accessing essential infrastructure, particularly local-loop unbundling. In 2020, the Moroccan regulator ANRT fined Maroc Telecom MAD3.3bn (c. AED1.3bn, c.17% of MT's 2020 EBITDA) for practices that delayed or restricted competitors' access to unbundling and the fixed-line market. The larger dispute came from Wana Corporate / Inwi, which sued Maroc Telecom for alleged anti-competitive practices and abuse of its dominant position. In July 2024, the Casablanca Commercial Court of Appeal upheld a damages award of MAD6.38bn against Maroc Telecom, a material amount exceeding the company's 2023 net profit and representing a significant regulatory and competition-law precedent in Morocco.

The situation has since improved, though not disappeared, in our view. In March 2025, Maroc Telecom and Inwi reached a settlement that reduced the indemnity from MAD6.38bn to MAD4.38bn and, importantly, paired the settlement with a strategic partnership to create two infrastructure JVs: one for passive fibre-optic infrastructure and another for telecoms towers. Maroc Telecom's 2025 results describe this as a strategic turning point, with the settlement, UniFibre/UniTower JVs and the commercial launch of 5G in Morocco opening a path toward more rational infrastructure sharing and faster fibre/5G rollout. We think that while the acute litigation risk has been reduced owing to slight improvement in the regulatory environment post settlement and 5G rollout, but the Moroccan market likely still remains under stricter regulatory and competitive oversight.

A high margin, cash-generative asset

Operationally, Maroc Telecom remains one of e&'s highest-margin and most cash-generative assets. In FY25, Maroc Telecom accounted for 19% of the company's total revenue and 23% of EBITDA. What is even more impressive is the EBITDA margin profile, which has been in the 54-56% range historically but fell to 53% in FY25. This is still very strong and the highest margin in the e& portfolio. The group customer base reached nearly 77mn in 4Q25, down c.3% vs. 4Q24, driven mainly by Moov Africa, while the Moroccan customer base was broadly stable at around 22mn. Maroc Telecom revenue rose 6% in FY25, helped primarily by growth at African assets at Moov Africa.

The trade-off is higher investment intensity. Maroc Telecom's FY25 capex excluding spectrum and licences reached 25% of revenue, consistent with management's 5G and fibre investment agenda but above its historical level. Still, a very solid EBITDA margin profile keeps its cash conversion close to 40%, second only to the company's UAE operations.

The 2026 outlook is more of a stabilization story than return to high growth. For 2026, Maroc Telecom guides for revenue and EBITDA growth, with capex remaining elevated at around 25% of revenue. We view Maroc Telecom to be strategically important to e& given that it is a scale African platform and a meaningful earnings contributor. Secondly, it provides e& with a proven African operating platform, where growth in data, mobile money, fibre and 5G can compound over time, even if domestic Moroccan mobile competition is now much tougher than historically.

Figure 72: Maroc Telecom revenue and growth, AEDm

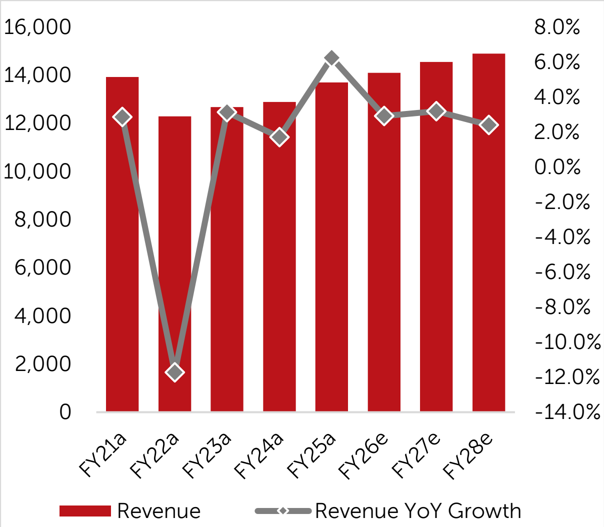
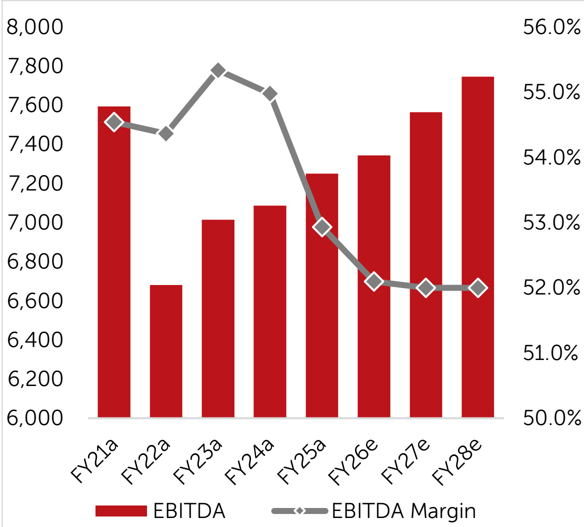


Figure 73: Maroc Telecom EBITDA and margin, AEDm



Source: Company reports, ADCB estimates

Figure 74: Maroc Telecom capex and intensity, AEDm

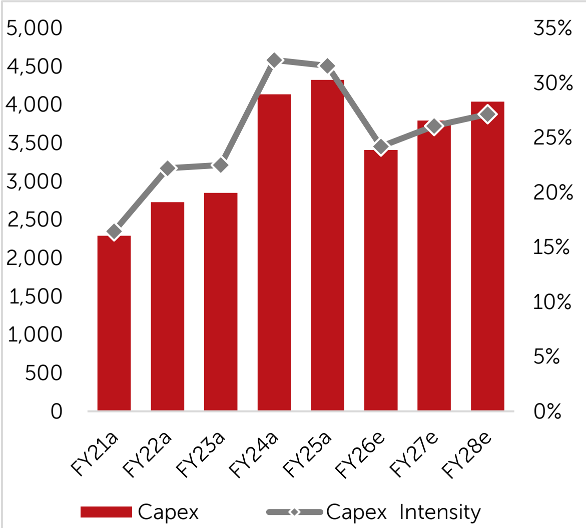
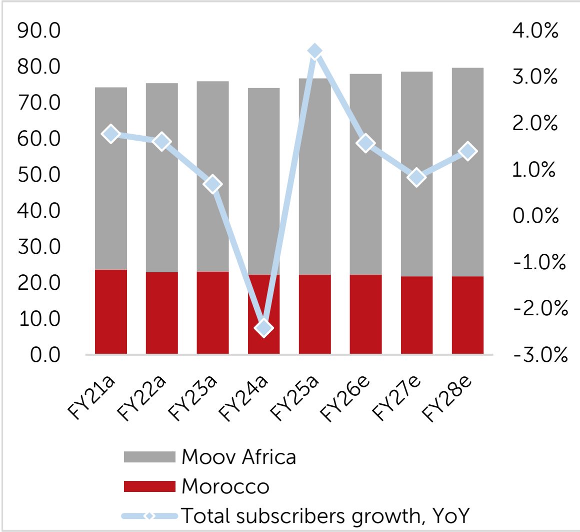


Figure 75: Maroc Telecom subscribers and growth, (m)



Source: Company reports, ADCB estimates

e& PPF Telecom

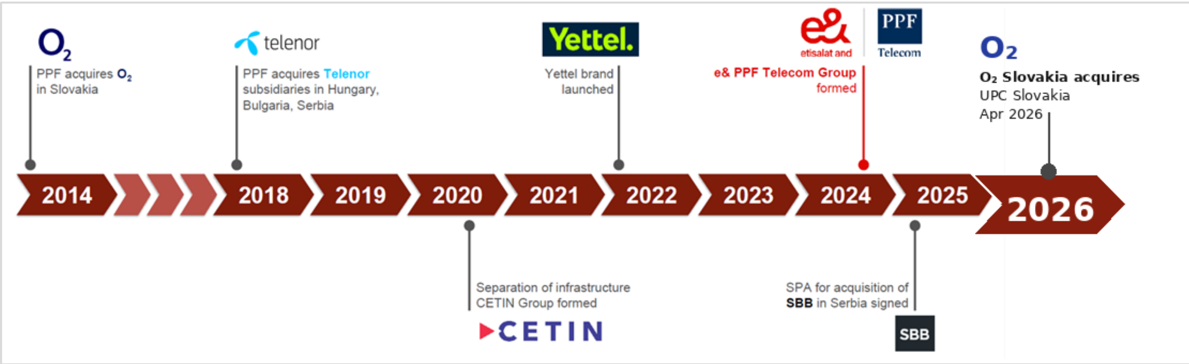
The CEE growth platform (e& owns 50% + 1 share, 14% of total revenue, 14% of total EBITDA in FY25)

e& PPF Telecom is e&'s new Central and Eastern Europe telecoms platform, created after e& completed the acquisition of a controlling 50% + 1 economic share in PPF Telecom's assets in Bulgaria, Hungary, Serbia and Slovakia in October 2024. The deal excluded PPF's Czech operations, but included the service businesses under Yettel in Bulgaria, Hungary and Serbia, O2 Slovakia, and infrastructure assets held through CETIN. For e&, the transaction marked its first major operating telecoms platform in Europe and expanded the group beyond its historic Middle East, Africa and Asia footprint into more stable CEE currencies and regulatory regimes.

The asset has a long operating history before e&'s entry. PPF Group built the portfolio through a series of acquisitions between 2014 and 2018, starting with the purchase of Telefonica's O2 assets in the Czech Republic and Slovakia in 2014, followed by the separation of O2's infrastructure into CETIN in 2015. PPF then acquired Telenor's CEE businesses in Hungary, Bulgaria, Serbia and Montenegro in 2018, later transferring infrastructure assets into CETIN Group in 2019, divesting Montenegro in 2021, selling a 30% stake in CETIN to GIC in 2022, and rebranding Telenor operations in Bulgaria, Hungary and Serbia as Yettel in 2022. This evolution left PPF Telecom as a relatively rare CEE telecom platform with both retail service operations and a separated wholesale/infrastructure model, which e& is now using as the basis for regional expansion. Following e&'s

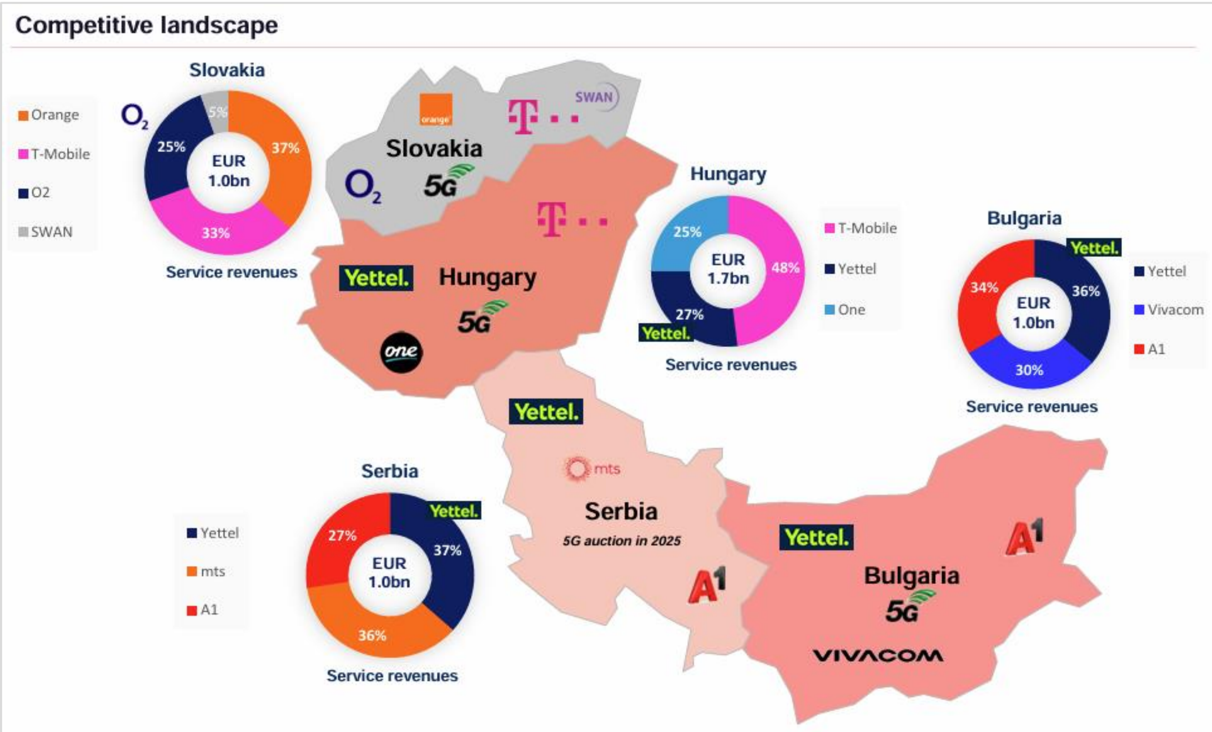
investment in e& PPF Telecom, the company acquired fixed broadband businesses in Serbia through SBB and in Slovakia through UPC. These acquisitions strengthen e& PPF Telecom's competitive position in both markets by enabling a fully converged fixed-mobile service portfolio. They should also support meaningful operational efficiencies through the reduction of overlapping operations and the optimization of capital expenditure.

Figure 76: Timeline of PPF's key events



Source: e& 2025 Capital Markets Day presentation

From a market-share perspective, e& PPF Telecom entered the e& portfolio with credible positions in all four markets. As per e&'s Capital Markets Day presentation held on 26 February 2025, PPF is the number three mobile player in Slovakia with 25% share in 2023 (others: Orange 37%, T-Mobile 33%, Swan 5%), the number two player in Hungary with around 27% share (others: T-Mobile 48%, One 25%), the leading player in Bulgaria with around 36% share (others: Vivacom 30%, A1 34%), and also the leading player in Serbia with 37% share (others: mts 36%, A1 27%). These are relatively rational markets. Slovakia is a four-player mobile market, while Hungary, Bulgaria and Serbia are three-player markets, which should support better pricing discipline than many more fragmented emerging-market telecoms environments.



Source: Company presentation, Analysys Mason, May 2024, Mobile service revenue market shares for FY2023

Financially, e& PPF accounted for 14% of total revenue and 14% of EBITDA in FY25. The asset's EBITDA margin stood at 45%, the third-highest margin profile in the company's portfolio. However, we think that e& PPF is strategically more important as it diversifies e& away from the higher currency risk emerging markets and offers the group a scalable European platform. The capex intensity is relatively high at c. 20% of revenue as the company invests in 5G roll-out, spectrum and licences. While we don't expect this asset to be a high-growth subscriber compounder, we view e& PPF as one with stable ARPU growing in line with inflation.

Figure 77: e& PPF EBITDA and margin, AEDm

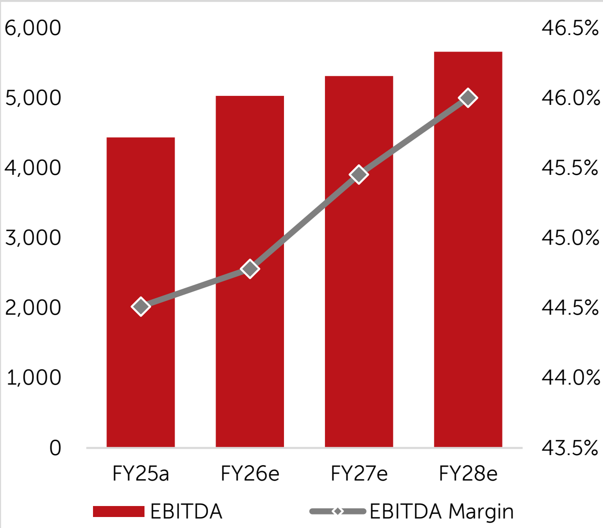
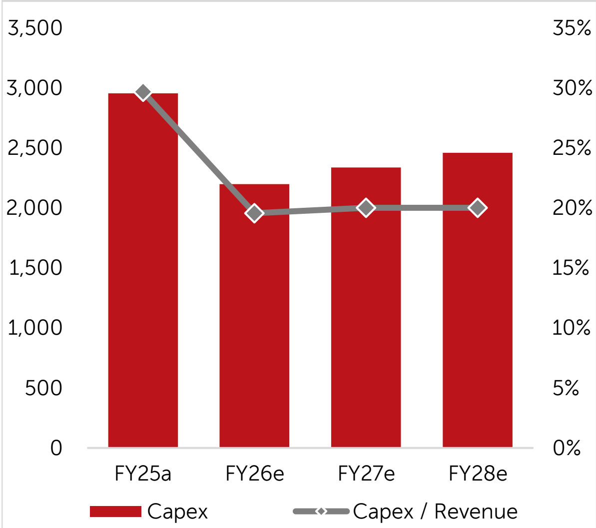


Figure 78: e& PPF capex and capex intensity, AEDm



Source: Company reports, ADCB estimates

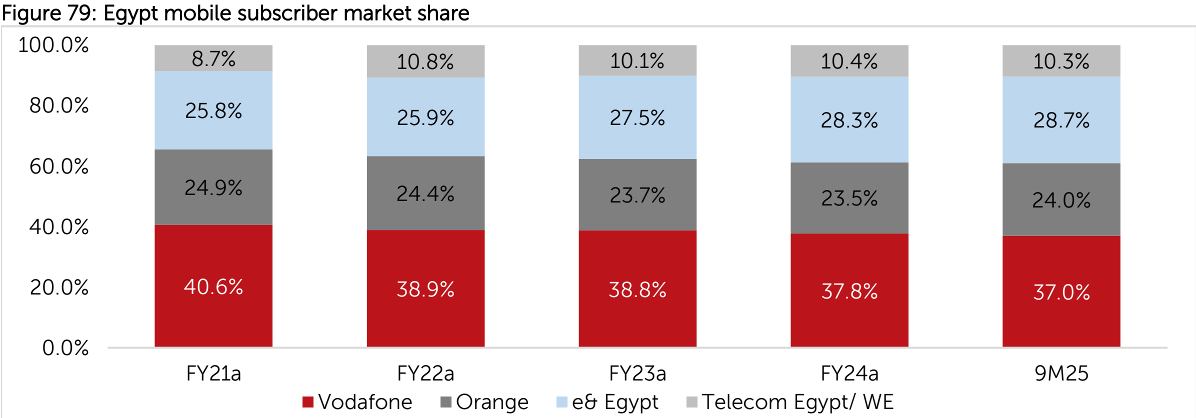
Egypt

High-growth but FX sensitive (e& owns 66.4%, 7% of total revenue, 5% of total EBITDA in FY25)

e& Egypt is e&'s operating telecoms business in Egypt. The company entered Egypt as the country's third mobile operator, starting commercial operations in May 2007, and positioned itself early as a technology challenger by launching 3.5G services and later 4G services without requiring SIM replacement.

Egypt is one of the largest mobile markets in Africa and MENA by population and subscriber base, but it is also highly competitive and price sensitive. The market has four mobile operators: Vodafone Egypt, Orange Egypt, e& Egypt and Telecom Egypt's mobile brand WE, which launched in 2017. e& Egypt's subscriber share has been on a rising trend, recovering from about 26% in 2021 to almost 29% in 9M25, making the company the second largest mobile operator in Egypt. Overall, the country has c.143m mobile subscribers, with Vodafone accounting for 37% market share and Orange 24%. The subscriber data trends suggest that WE has primarily grabbed market share from Vodafone and Orange, while e& Egypt not only preserved but also improved its market share over the last five years.

Figure 79: Egypt mobile subscriber market share



Source: Telecom Egypt/ WE Corporate Presentation, February 2026

Regulation is overseen by Egypt's National Telecom Regulatory Authority, or NTRA, and the recent regulatory focus has been on 5G licensing and digital-infrastructure development. Telecom Egypt received the country's first 5G licence in January 2024 for USD150mn, valid for 15 years. In October 2024, the NTRA signed 5G licence agreements with Orange Egypt, Vodafone Egypt and e& Egypt under similar terms, with total licence value for the four operators of c. USD675mn, including 5G licences and renewal of prior-generation licences for 15 years without new frequency allocation. Egypt officially launched 5G services on 4 June 2025.

Over 2023-25, e& Egypt's customer base grew at an impressive low double-digit rate, reaching 42.3m subscribers by the end of 2025. The growth momentum has continued in 1Q26, with the subscriber base rising by 11% YoY. In our valuation, we model some deceleration to high- to mid-single digit growth in subscriber numbers starting from 4Q26.

Financially, revenue grew by a solid 26% in FY25 as the company reported growth in data and voice revenues led by its expanding customer base. Revenue growth was even more impressive at c.40% YoY in constant currency terms, making Egypt the fastest growth asset in e&'s portfolio. EBITDA margin is, however, comparatively weaker at c33%. We expect EBITDA margins to remain close to 30% going forward as the company expands its 5G network and given the highly competitive nature of the Egyptian telecoms market. However, we assume a moderation in capital intensity to the 20-25% range, after it spiked in FY25 to 34% due to the acquisition of the 5G licence for USD 170mn.

It is worth mentioning that for e& Egypt a major caveat is currency. Egypt has experienced repeated EGP devaluation cycles, which can materially dilute reported AED earnings even when local-currency operations are growing strongly. In our view, Egypt is a market where subscriber growth and market-share gains are encouraging, but where FX devaluation puts pressure on near-term reported earnings.

We think that e& Egypt is positioned as a high-growth, high-risk emerging-market asset within EAND. The business is gaining subscribers, growing strongly in constant currency and benefiting from Egypt's large demographic base and 5G transition. However, its valuation contribution remains exposed to FX volatility, high inflation, and intense competition. We view Egypt less as a near-term cash-flow anchor and more as a long-term optionality asset, which becomes attractive if pricing, data monetization and FX stability improve.

Figure 80: e& Egypt EBITDA and margin, AEDm

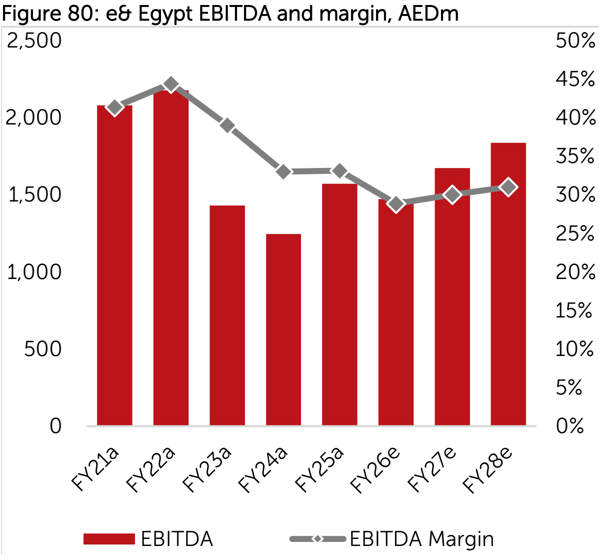
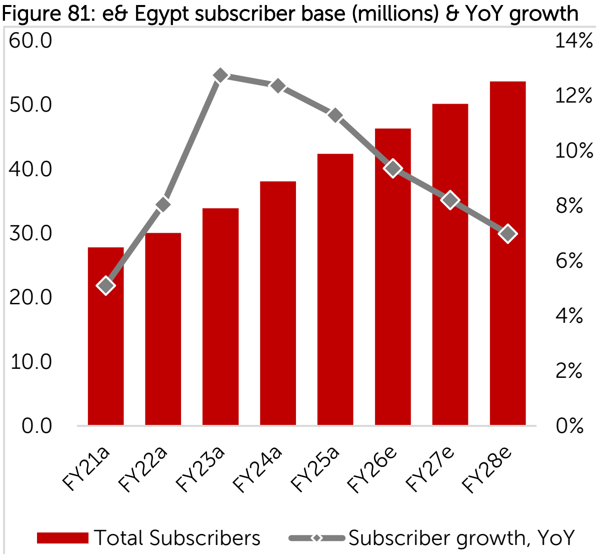


Figure 81: e& Egypt subscriber base (millions) & YoY growth



Source: Company reports, ADCB estimates

Pakistan

Consolidation led turnaround (e& owns 23.4%, 4% of total revenue, 3% of total EBITDA in FY25)

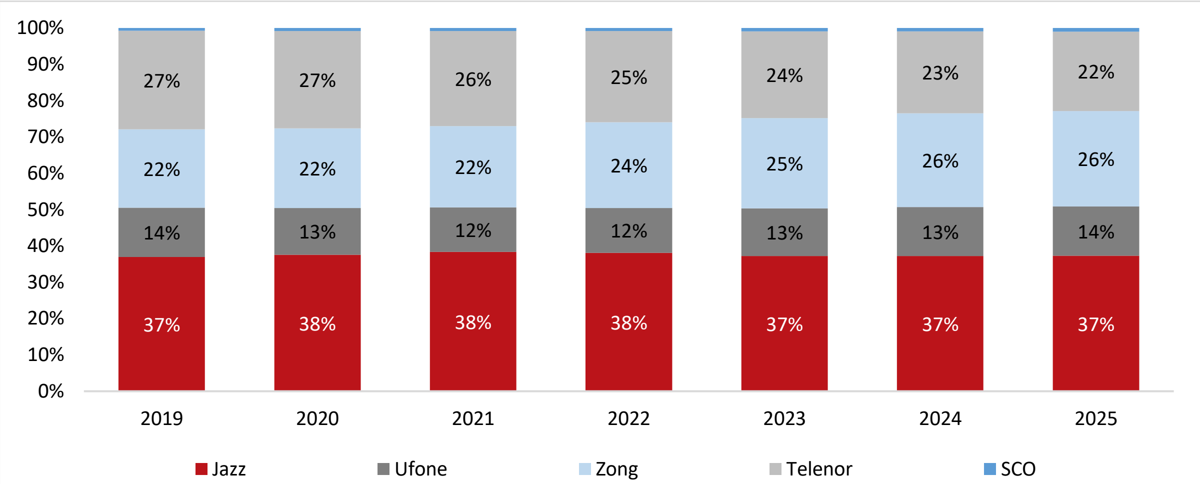
e&'s Pakistan exposure sits through Pakistan Telecommunication Company Limited (PTCL), in which e& has an effective ownership of 23.4%, and through PTCL's mobile subsidiary Ufone / PTML. Pakistan is one of the largest mobile markets in e&'s footprint, but historically it has been a low-ARPU, highly competitive and macro-sensitive market, limiting its contribution to the group's overall earnings and valuation.

Historically, PTCL was Pakistan's fixed-line incumbent, while Ufone became its mobile arm. e&'s involvement dates back to the privatization of PTCL, giving the group exposure to fixed broadband, wholesale, enterprise connectivity, Ufone mobile and U Microfinance Bank. Until recently, Pakistan was a four-player mobile market, with Jazz, Zong, Telenor and Ufone competing in a market where pricing power and FX-adjusted returns were weak.

The key strategic event is the acquisition of Telenor Pakistan, which PTCL completed on 31 December 2025. PTCL acquired 100% of Telenor Pakistan and Orion Towers for PKR108bn on a cash-free, debt-free basis, financed through debt raised by PTCL. Telenor Pakistan will initially operate as a separate legal entity and is expected to be integrated with Ufone / PTML in 3Q26, subject to remaining regulatory approvals for the merger process.

The transaction materially changes the competitive shape of the asset. Before the merger, Ufone was the smallest operator, with around 13–14% subscriber share, while Telenor had around 22–23%, behind Jazz and Zong. Combining Ufone and Telenor creates a much more credible challenger, with a pro-forma market share of over one-third, narrowing the gap with market leader Jazz and moving Pakistan from a four-player to a more sustainable three-player structure. The deal, therefore, provides scale, spectrum depth, tower/network synergies and potentially a path to better economics.

Figure 82: Pakistan mobile subscriber market share



Source: Pakistan Telecom Authority, ADCB estimates

We expect e&'s Pakistan financial performance to improve materially in FY26e owing to consolidation of Telenor. In general, Pakistan's top-line has grown at double-digits over the last two years. However, in terms of scale, the asset contributes a low- to mid-single digit percentage share to e&'s total revenue. EBITDA margins have been below 30% but improved materially to 38% in 1Q26 owing to Telenor consolidation, customer base expansion and operational efficiencies. Capex intensity of the asset has been above 20% and is likely to remain at this level as the company invests in 5G roll out, network densification, Telenor integration and possibly spectrum and licences.

We view e& Pakistan as a small but potentially improving restructuring asset within EAND, with a growing customer base and improving operating margin profile. At the same time, the asset is unlikely to be a near-term valuation driver for e&, given macro volatility, scale, integration risk and continued investment needs.

Figure 83: e& Pakistan EBITDA and margin, AEDm

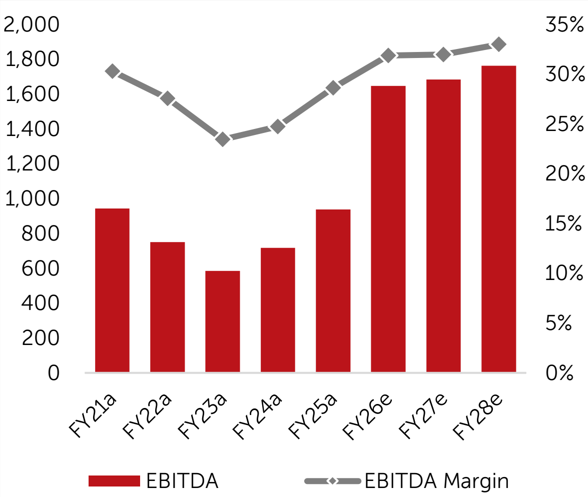
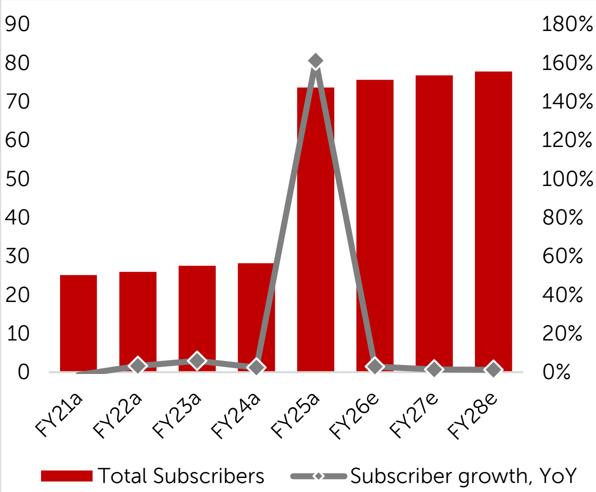


Figure 84: e& Pakistan subscriber base* (mn) and YoY growth



Source: Company reports, ADCB estimates; * FY25a subscriber base includes impact of Telenor Pakistan acquisition

Afghanistan

Frontier-market exposure (e& owns 100%, 1% of total revenue, 1% of total EBITDA in FY25)

e& Afghanistan is one of e&'s smallest telecoms assets but gives the group exposure to a frontier market with low broadband penetration and long-term data upside. The business was launched in August 2007 and is a 100%-owned subsidiary of Etisalat UAE, with cumulative investment of more than USD300m in the country. The company provides mobile voice, data and digital financial services, including mHawala, and operates across 34 provinces, more than 400 districts, and has 4G coverage in 33 provinces.

The Afghan telecom market is structurally underpenetrated, operationally difficult and heavily exposed to security, political and macro risks. The market includes several mobile operators, including Afghan Wireless (AWCC), Roshan, Etisalat Afghanistan, and Afghan Telecom (Salaam), although public market-share disclosure is limited.

According to the International Telecommunication Union (ITU), Afghan Wireless was launched in 2002 and Roshan in 2003. MTN entered after acquiring Areeba, and Etisalat became the fourth mobile operator in 2007, helping create a competitive mobile market in a country where fixed-line infrastructure remained extremely limited.

Strategically, Afghanistan may not be a core valuation driver for e&. The asset is small in scale and exposed e& to an elevated country risk and may not materially change group earnings or valuation. We view Afghanistan more as a frontier-market option, which provides e& a presence in an underpenetrated market where telecoms demand exists, but where political, regulatory, security and repatriation risks justify a very conservative valuation.

Figure 85: e& Afghanistan revenue and YoY growth, AEDm

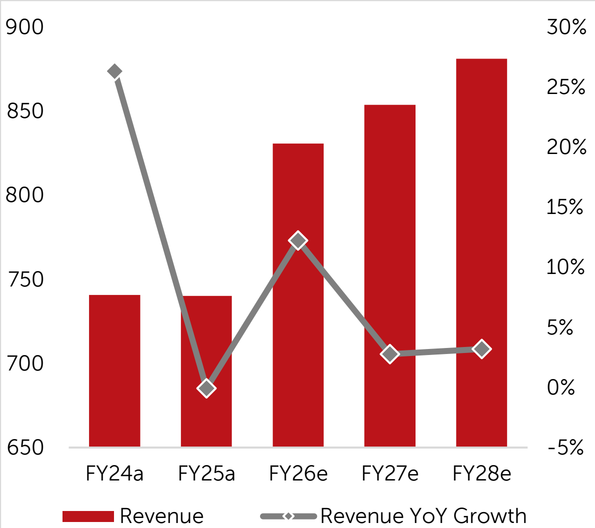
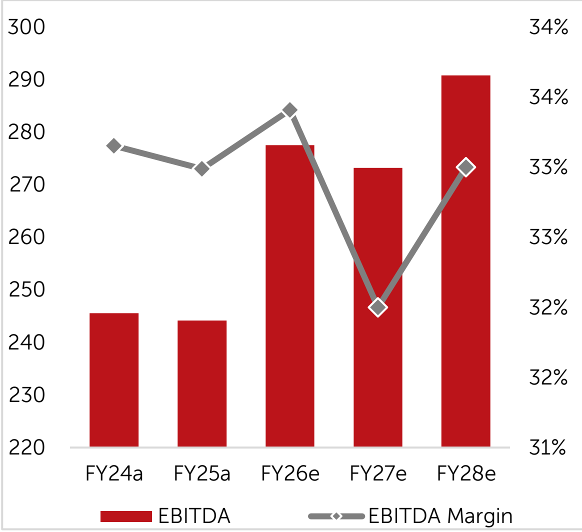


Figure 86: e& Afghanistan EBITDA and margin, AEDm



Source: Company reports, ADCB estimates

e& equity associates: Mobily and Vodafone

e&'s two most important equity-accounted telecom associates are Mobily in Saudi Arabia and Vodafone Group in Europe and Africa. Accounting-wise, e& records its share of their earnings through income from associates, which makes them important for EPS but less visible in reported revenue and EBITDA. Mobily contributed 7-8% of e&'s FY24-25 net income, while Vodafone contributed 6-14%, making these associates meaningful EPS contributors.

Figure 87: Mobily and Vodafone contribution to e&, AEDm

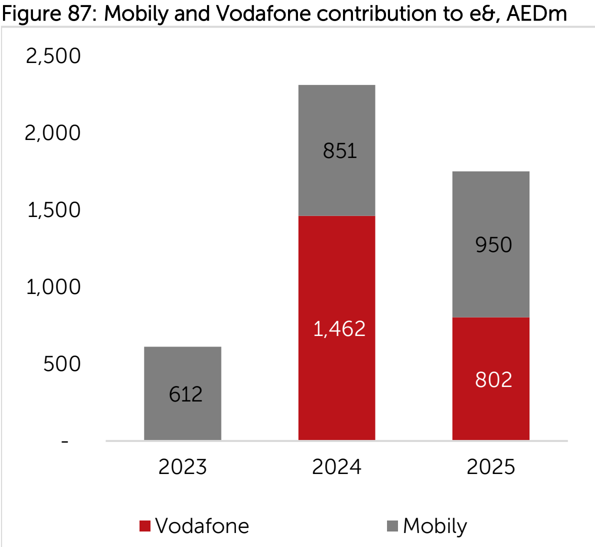
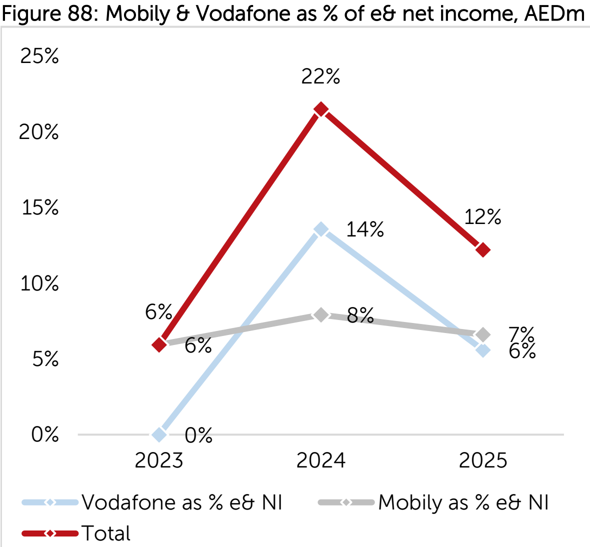


Figure 88: Mobily & Vodafone as % of e& net income, AEDm



Source: Company reports

Mobily

High-quality Saudi associate

Mobily, also known as Etihad Etisalat Company, is e&'s long-standing Saudi telecoms associate. The company was established in 2004, after winning Saudi Arabia's second GSM licence. Mobily launched commercial operations in May 2005, ending the former Saudi mobile monopoly. e& owns approximately 28% of Mobily, while the rest is held by Saudi institutional and public shareholders.

Mobily has evolved into an integrated telecom and ICT operator, serving consumer, business and wholesale segments. It owns 66% of the Saudi National Fibre Network, giving it strong backhaul and fibre infrastructure, and has expanded from mobile into FTTH, enterprise connectivity, data centres, cloud, wholesale and carrier services. The company launched 3.5G in 2006, 4G in 2011 and 5G in 2019, placing it among the key operators supporting Saudi Arabia's digital transformation agenda.

Saudi Arabia is a concentrated but competitive telecoms market, led by stc, Mobily and Zain, with growth increasingly driven by mobile data, 5G, fibre broadband, enterprise cloud connectivity and smart-city programmes. The market share is led by stc, followed by Mobily and Zain.

Financially, Mobily has been growing its top-line by c.7-9% YoY over 2023-25. EBITDA margin has been largely stable in the 39-39.5% range. However, capex intensity spiked to c.30% in FY25, up from a historical average of around 14%. The jump in capex intensity in FY25 reflects investment in network development, 5G, submarine cables, cloud, data centres and spectrum licences. However, net debt to EBITDA remained comfortable at 0.92x in FY25 and the company guided for 0.9-1.0x in 2026. The 2026 guidance, however, points to slightly elevated capex intensity of 18-20%, a healthy EBITDA margin of 37-38%, and a top-line growth of mid- to high-single digit. The company also increased its FY25 dividend to SAR2.8/share, up 27% YoY and implying a payout ratio of 62%.

Strategically, Mobily gives e& exposure to one of the most attractive telecoms markets in the region. It is also one of e&'s cleaner associate assets, which is listed, profitable, dividend-paying, low leverage, and operating in a relatively stable currency and regulatory environment.

Figure 89: Mobily EBITDA and margin, SARm

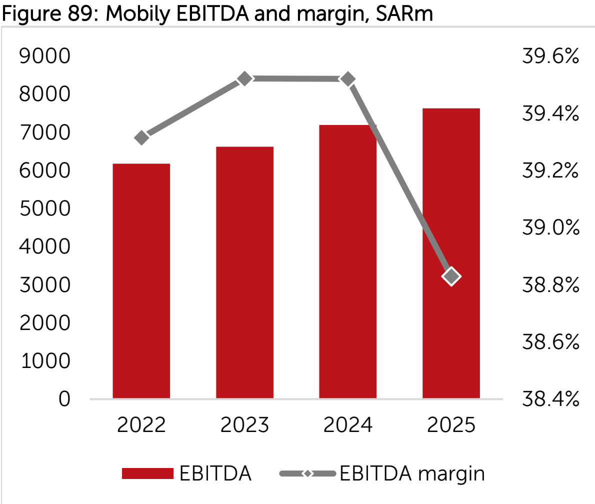
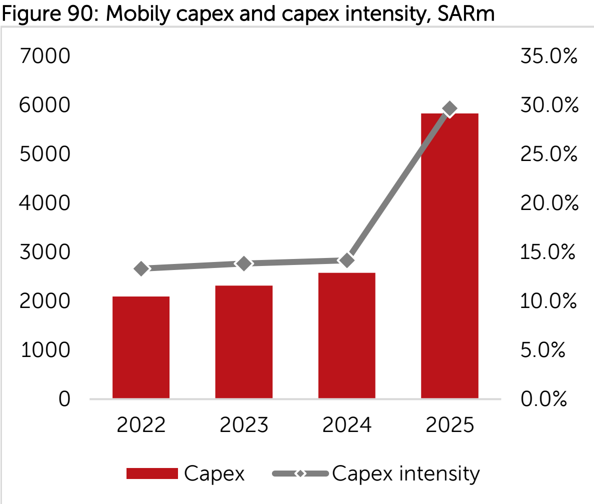


Figure 90: Mobily capex and capex intensity, SARm



Source: Company reports

Vodafone

Strategic financial stake

Vodafone is e&'s largest listed international equity investment. e& first invested in Vodafone in May 2022, later building the position and forming a strategic relationship in May 2023. The relationship agreement positioned e& as a cornerstone shareholder and created collaboration opportunities across enterprise services, procurement, carrier/wholesale/roaming and technology, including OpenRAN.

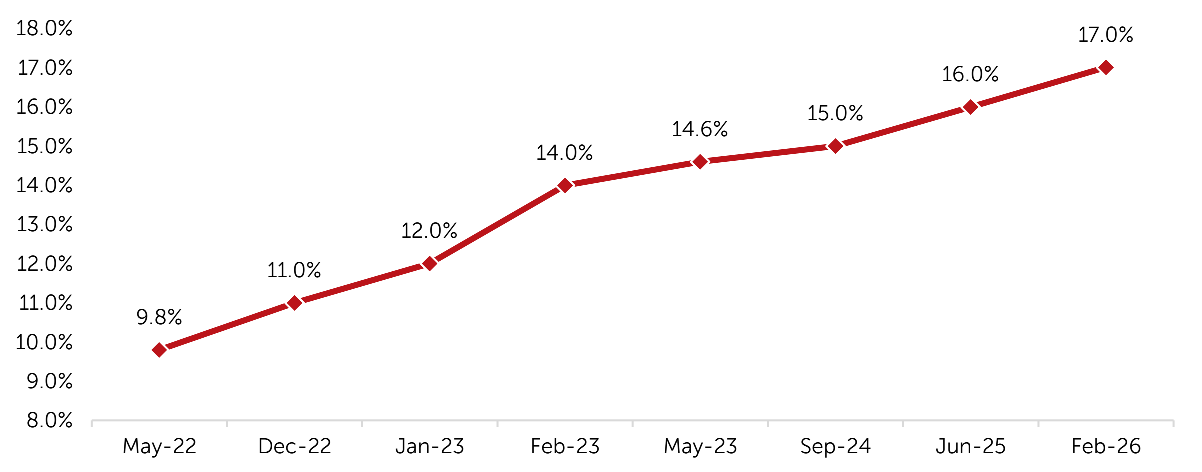
e& originally held 14.6% of Vodafone when the strategic relationship was announced, with the right for e&'s Group CEO to join Vodafone's board as a non-executive director, subject to regulatory approvals. Vodafone's share buybacks subsequently increased e&'s percentage ownership without e& buying additional shares - e& disclosed that its stake had risen to 15.01% in September 2024, to around 16% by June 2025 and to 17.01% in February 2026.

Vodafone itself has been undergoing a major portfolio reshaping. The group sold Vodafone Spain and Vodafone Italy, monetized Vantage Towers, simplified its India exposure, and completed the merger of Vodafone UK with Three UK on 31 May 2025. The UK merger created VodafoneThree, 51% owned by Vodafone and 49% by CK Hutchison, with a planned £11bn investment over 10 years and expected annual cost/capex synergies of £700m by year five. The UK Competition and Markets Authority approved the merger in December 2024 subject to legally binding commitments. In Q2 2026, Vodafone announced the plan to acquire the remaining 49% from CK Hutchison (company press release, 5 May 2026).

For e&, Vodafone's importance changed materially in 2024 because of accounting. Before 2024, e& mainly recognized Vodafone income when dividends were announced. After gaining significant influence through the board relationship, e& began accounting for Vodafone as an associate from 19 February 2024, recognizing its share of Vodafone net income rather than only dividend income.

Strategically, Vodafone is different from Mobily. Mobily is a regional telecom associate with clear operating adjacency and dividend visibility, while Vodafone is a global financial/strategic stake designed to provide exposure to Europe and Africa, commercial collaboration, enterprise scale, procurement benefits and optionality around Vodafone's turnaround.

Figure 91: e&'s stake in Vodafone



Source: Company reports, Bloomberg

Financial outlook

Expect revenue growth at mid- to high-single digits over the next three years

For e& group, we forecast revenue to grow at a 3-year CAGR of 6.8% over FY25-28e. Our revenue forecast is primarily driven by a combination of growth in the company's subscriber base and revenue per user. In terms of individual segments, the key top-line growth contributors should be e& PPF, Egypt and Pakistan, while we expect UAE to maintain a stable growth of 4-6%. For FY26e, our revenue growth estimate of 9% is largely in line with the company's guidance of 8-10% YoY growth.

We expect major growth in the subscriber base to come from consolidation of Telenor in Pakistan, Egypt, and the normalization in the UAE market. Overall, we expect e&'s total subscriber base to grow at a 3-year CAGR of 3.4% over 2025-28e. In terms of average revenue per customer, we forecast this metric to grow at a 3-year CAGR of 2.3% over FY25-28e.

Figure 92: e& revenue by segment, AEDm

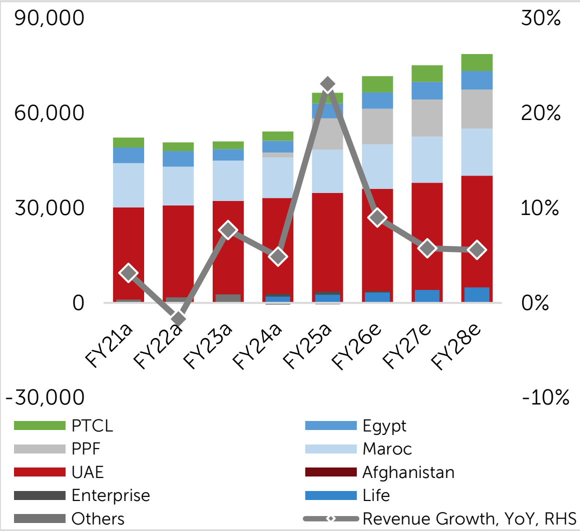
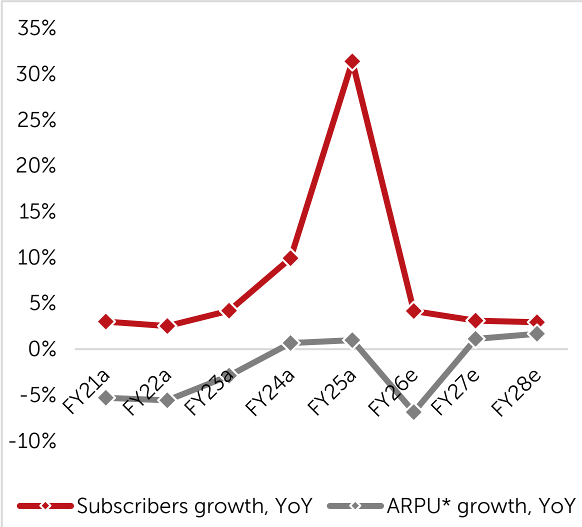


Figure 93: e& subscribers and ARPU* growth, YoY



Source: Company reports, ADCB estimates; *avg. revenue per subscriber per month = (annual telecom revenue)/(avg. no. of subscribers)/12

EBITDA and margin

Some pressure on EBITDA margin

Over FY25-28e, we forecast total EBITDA to grow at a CAGR of 6%, slightly slower than top-line growth as we also expect some erosion in EBITDA margin to c.43% compared with 44-45% over the last two years. This is mainly due to our assumption of some margin pressure in Egyptian and Moroccan assets. For FY26e, the company has guided for an EBITDA growth of 4-5% YoY, compared to our expectation of 6% YoY growth.

We remind that e& reported 16% YoY growth in 1Q26 (12.3% in constant currency). However, despite a particularly strong 1Q26, the company decided to keep its 2026 guidance unchanged at the previous level announced during the 4Q25 quarterly financial results. We note the likelihood of weakness in the company's UAE business due to geopolitical uncertainty. At the same time, there is a possibility that a strong 1Q26 could offset 2Q26 weakness. However, we don't rule out the possibility of a guidance cut if the regional conflict is prolonged for the rest of the year.

Figure 94: e& EBITDA by segment, AEDm

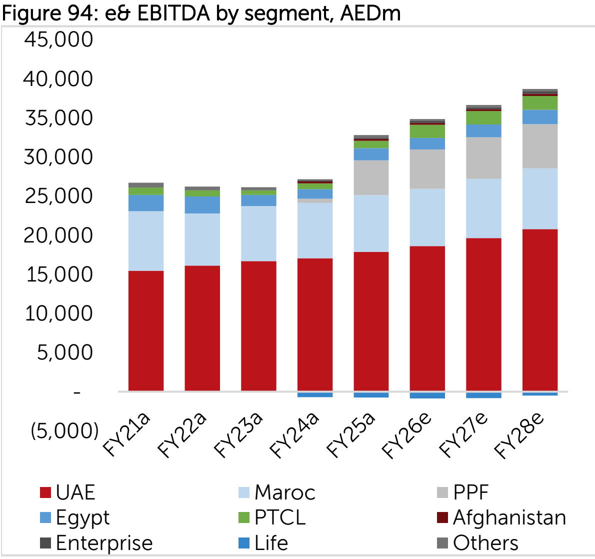
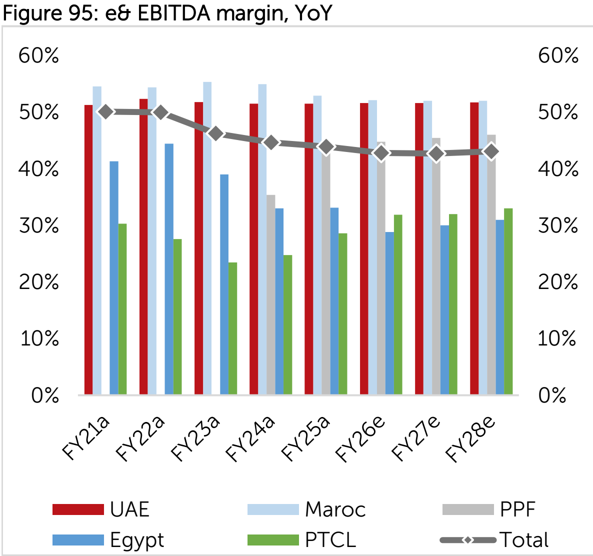


Figure 95: e& EBITDA margin, YoY



Source: Company reports, ADCB estimates

Capex, FCF, leverage

FY26-28e capex to remain elevated, but not uncontrolled

e&'s capex has moved from a relatively low level in 2022-23 to a higher investment cycle in 2024-25. The capex intensity in 2022 and 2023 stood at 15% and 13%, respectively. The decline in 2023 reflected a relatively mature UAE network cycle and disciplined capital allocation after earlier fibre/4G/5G investments.

The capex step-up began in 2024, when capex jumped 30% YoY and intensity increased to 16%. The like-for-like capex excluding licence renewals was AED8.2bn, or 13.9% of revenue. The key drivers of the capex increase were UAE network and enterprise investments, international network upgrades, and the initial consolidation impact of PPF Telecom.

In FY25, capex increased further, with capital intensity spiking to 19%. This was driven by three main factors: full-year consolidation of e& PPF Telecom, accelerated 5G/network upgrades in international markets, and continued UAE investments in 5G, fibre, enterprise and digital infrastructure. The capex mix is also changing with the incremental spend shifting increasingly towards international.

For FY26, e& is guiding to capex intensity of 16–17% (excluding spectrum and licences), implying that investment intensity will remain above the 2022-23 trough. For 2027-28E, we expect capex intensity to gradually normalize toward the mid-teens, with the key drivers being investment at PPF Telecom (5G rollout), Maroc Telecom (5G rollout and fibre) and Pakistan (5G, Telenor integration).

This should support medium-term revenue growth and network quality, and free cash flow generation. Our estimates indicate robust free cash flow generation over FY26-28e, well above our dividend forecast and leaving room for the company to potentially grow its dividend payout or expand inorganically. At the same time, we estimate e&'s leverage to remain in a healthy zone of 0.5-1.0x over FY26-28e.

Figure 96: e& capex by segment & capex intensity, AEDm

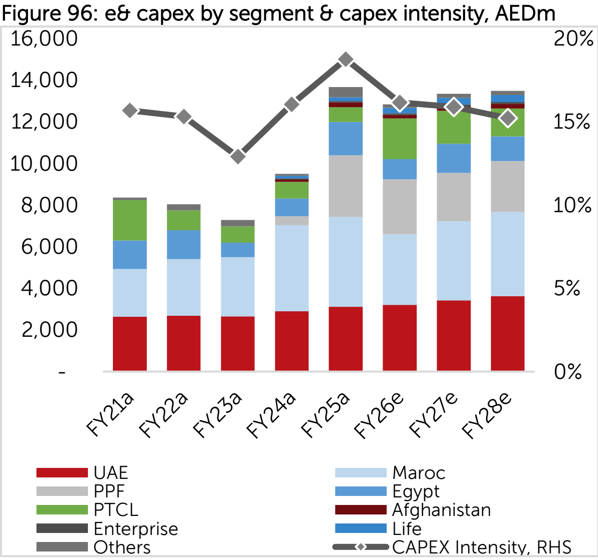
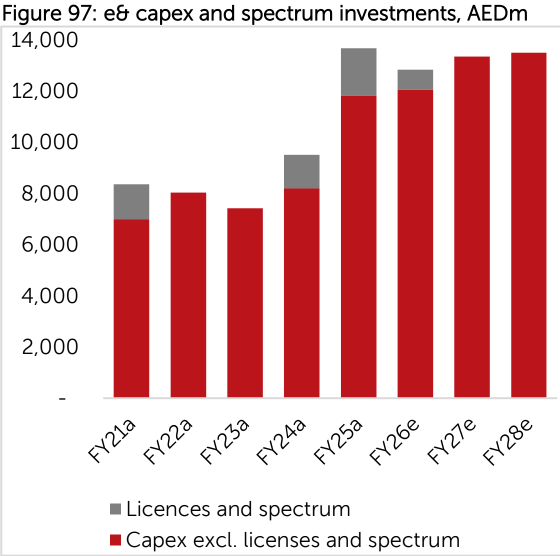


Figure 97: e& capex and spectrum investments, AEDm



Source: Company reports, ADCB estimates; * OCF = operating cash flow, FCF = free cash flow = OCF – capex

Figure 98: e& OCF*, capex and FCF*, AEDm

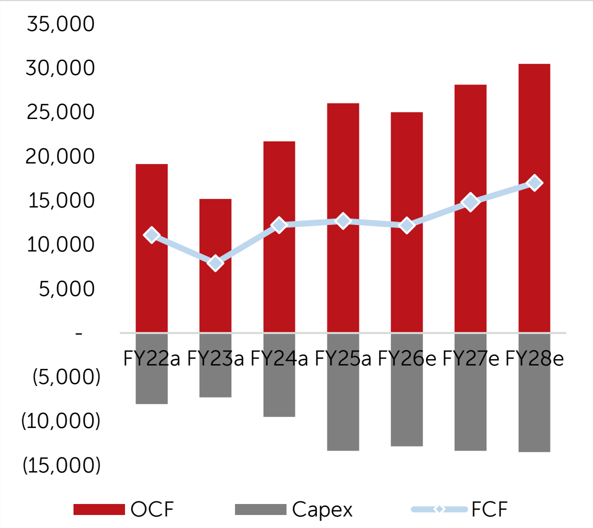
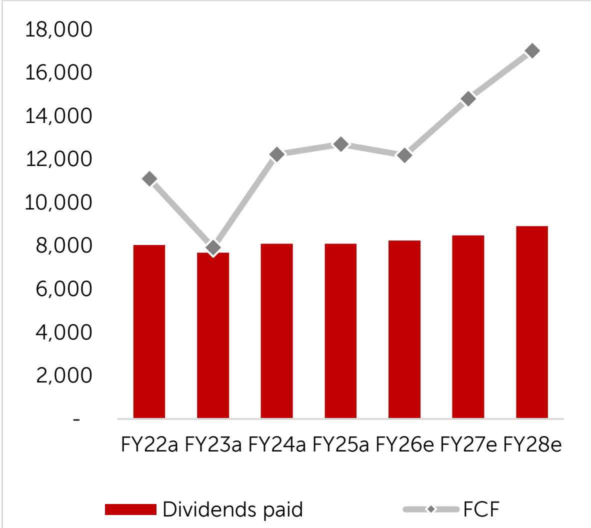


Figure 99: e& dividends and FCF, AEDm



Source: Company reports, ADCB estimates; * OCF = operating cash flow, FCF = free cash flow = OCF - capex

Progressive dividend policy

e& has moved from a flat dividend model to a progressive dividend policy. In 2024, shareholders approved a three-year progressive policy with a 3 fils annual DPS increase, originally implying AED0.83 for FY2024, AED0.86 for FY2025 and AED0.89 for FY2026, with a minimum DPS floor of AED0.80 through 2026. Actual payouts have generally exceeded this guidance, e.g., a DPS of AED0.90 in FY25. Further, e& has stated that the total annual DPS will increase to AED0.95 for FY2026, highlighting continued commitment to shareholder returns.

The dividend remains well covered by earnings and cash flow. Given the level of free cashflow generation, we don't rule the possibility of further improvement in DPS vs. both company guidance and the historical growth trend. Our FY26-27e DPS and FCF estimates imply a dividend yield of 4.8-5.1% and an FCF yield of 7.1%-8.7%.

Figure 100: e& DPS (AED) and payout ratio

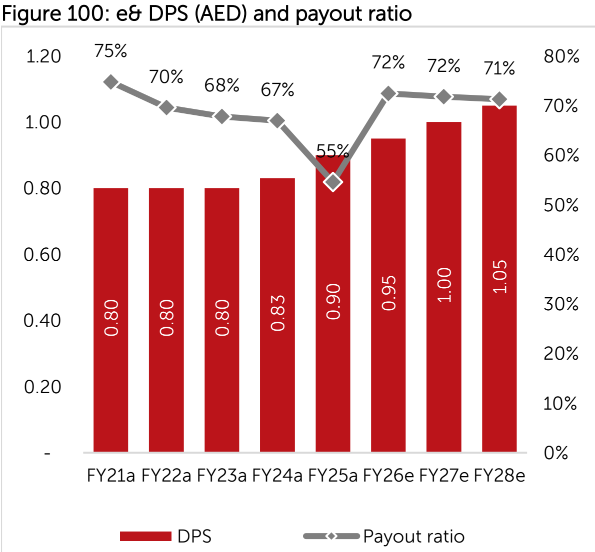
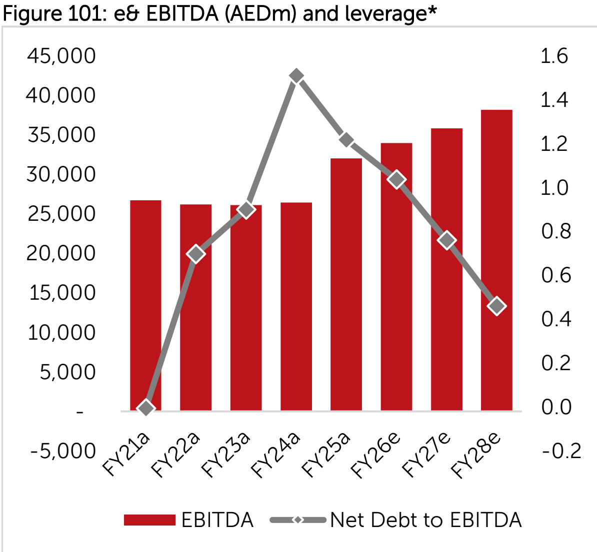


Figure 101: e& EBITDA (AEDm) and leverage*



Source: Company reports, ADCB estimates; * based on net debt including leases

Valuation

We value e& using a DCF-based valuation methodology. Our DCF is based on a WACC of 9.2% and a terminal growth rate of 2%. Our WACC is based on the following assumptions: a beta of 1.42 (in line with five-year Bloomberg adjusted beta), a market risk premium of 5.0%, a country risk premium of 1% and a risk-free rate of 4.5%. This results in a cost of equity of 13.0%. We assume an effective tax rate of 40%, which effectively reflects a combination of the UAE royalty rate of 38% and tax rate in various countries of operation. These assumptions result in our FY26-27e time weighted DCF value of AED19.50 per share (rounded to the first decimal). To this we add the value of e&'s stakes in two associates – Vodafone and Mobily – which is derived based on the market capitalization and e&'s ownership stake in these associates, and adjusting for lack of control and marketability by applying a discount of 15% for Vodafone and 5% for Mobily. This results in our target price of AED22.80 per share (rounded to the first decimal). Our target price implies an upside of 16% vs. last closing price. Therefore, we rate e& as Buy. Our target price of AED22.80 implies 2026e EV/EBITDA multiple of 7.1x and PE of 17.4x.

Figure 102: e& DCF valuation assumptions

Parameter	Assumption
Cost of debt	5.0%
After tax cost of debt	3.0%
Beta	1.423
Market risk premium	5.0%
Country risk premium	1.0%
Risk free rate	4.5%
Cost of Equity	13.0%
Gearing	38.7%
Corporate tax rate	40.0%
WACC	9.2%
Terminal growth rate	2.0%

Source: ADCB estimates

Figure 103: e& DCF valuation table

AEDm		FY26e	FY27e	FY28e	FY29e	FY30e
EBIT	AEDm	20,602	21,696	23,233	24,217	27,349
Income Tax	AEDm	(8,241)	(8,678)	(9,293)	(9,687)	(10,939)
DDA	AEDm	13,386	14,155	14,947	15,561	14,162
Working Capital	AEDm	229	(771)	(563)	1,000	(1,214)
Capex	AEDm	(12,836)	(13,343)	(13,491)	(13,882)	(14,188)
FCF + Terminal Value	AEDm	13,141	13,058	14,833	17,209	231,458
EV	AEDm	213,835	219,065			
Net Debt - prior period	AEDm	(38,985)	(35,220)			
Minority	AEDm	(10,055)	(9,369)			
Equity	AEDm	164,795	174,476			
Shares o/s	m	8,697	8,697			
Period-weighted DCF/sh	**AED**	**19.50**				
Associate: Vodafone						
Market Cap	GBPbn	22.61				
e& stake per share	AED	2.17				
Associate: Mobily						
Market Cap	SARbn	47.70				
e& stake per share	AED	1.49				
Associates after DLOC, DLOM	**AED**	**3.26**				
Target Price	**AED**	**22.80**				

Source: ADCB estimates

Downside risks

UAE growth moderation

e& UAE remains the largest value driver and cash-flow anchor, but the domestic telecoms market is mature and effectively a two-player structure. Growth is likely to be steady rather than high, while e&'s competitor has historically gained share in selected mobile and fixed segments, limiting upside to UAE telecoms growth.

Higher capex cycle could pressure free cash flow

e& has entered a heavier investment phase after the lower-capex period in 2022–23. The capex intensity increased to 19% in 2025, and 2026 guidance points to 16-17% excluding spectrum and licences. This could moderate free cash flow conversion despite EBITDA growth.

Execution risk from recent acquisitions

e& has materially expanded through PPF Telecom in CEE and Telenor Pakistan via PTCL. These deals improve scale and diversification, but they introduce integration risk, synergy delivery risk and potential management distraction. Moreover, any new non-accretive M&A activity could further stress the company's earnings in the short-term.

FX and macro volatility in international markets

Egypt, Pakistan and parts of Africa expose e& to currency devaluation, inflation and macro instability. Egypt in particular has shown strong subscriber and revenue momentum in constant currency, but FX devaluation can pressure reported AED earnings. The company's FX exposure is also partially hedged with e&'s exposure to EUR through e& PPF assets.

Regulatory and litigation risk in Maroc Telecom

Maroc Telecom has faced significant competition-law issues in Morocco, including the Inwi litigation and historical ANRT action around local-loop unbundling. Although the 2025 settlement reduced the indemnity and created fibre/tower JVs, the asset may continue to carry a regulatory discount until the domestic competitive environment stabilises.

Geopolitical and frontier-market exposure risks

e& has exposure to higher-risk markets such as Afghanistan and Pakistan, where security, regulatory, repatriation, energy and supplier-payment risks can be material. The ongoing regional geopolitical situation introduced another risk vector which specifically impacts the company's UAE operations. A prolonged regional conflict could impact the company's profitability in the most significant UAE market.

Profiles of BoDs and management

Figure 104: e& Board of Directors

	Description
	**H.E. Jassem Mohamed Obaid Bu Ataba Alzaabi** is the Chairman of e&. He is a senior UAE government and finance leader, serving as Secretary General of Abu Dhabi's Supreme Council for Financial and Economic Affairs, member of the Abu Dhabi Executive Council, Chairman of the Department of Finance (Abu Dhabi), and member of the Artificial Intelligence and Advanced Technology Council. He is also the CEO of l'IMAD Holding and also chairs Abu Dhabi Pension Fund and Modon Holding PJSC, and serves as Vice Chairman of the UAE Central Bank and ADQ. In addition, he holds board roles at ADIA, ADNOC, First Abu Dhabi Bank, and Tawazun Economic Council, and is a member of the Education and Human Resources Council. H.E. Alzaabi holds a Master's degree in Business Administration from London Business School.
	**H.E. Essa Abdulfattah Kazim Al Mulla** is the Vice Chairman of e& and a prominent UAE financial-sector leader. He serves as Governor of Dubai International Financial Centre, Chairman of Borse Dubai, Chairman of DIFC Authority and DIFC Investments, and holds board roles at Nasdaq Dubai, Nasdaq Inc., the Free Zones Council, Rochester Institute of Technology, and Dubai National University. He has also held senior roles including Director-General and Chairman of Dubai Financial Market and began his career at the UAE Central Bank before joining Dubai's Department of Economic Development. He holds an honorary doctorate from Coe College, a Master's degree in Economics from the University of Iowa, a Master's degree in Total Quality Management from the University of Wollongong, and a Bachelor's degree from Coe College.
	**Mr. Hesham Abdulla Qassim Al Qassim** is a board member of e& and a senior UAE business leader with extensive experience across banking, real estate, asset management, and government-linked entities. He serves as Vice Chairman and Managing Director of Emirates NBD Bank, Chairman of Emirates Islamic Bank, Emirates NBD Egypt and DenizBank, and CEO of Wasl Asset Management Group. He also holds leadership and board roles including Vice Chairman of Dubai Real Estate Corporation, Chairman of Dubai Sports Corporation, and director of DIFC Investments, DIFC Authority, Maroc Telecom, and Dubai Autism Centre. Mr. Al Qassim holds a Bachelor's degree in Banking and Finance, as well as Master's degrees in International Business Management and Executive Leadership Development.
	**H.E. Mansoor Ibrahim Ahmed Al Mansoori** is a board member of e& and Chairman of its Audit Committee. He is a senior UAE government and technology leader, serving as a member of the Abu Dhabi Executive Council, Chairman of the Department of Health – Abu Dhabi, and Chief Executive Officer of G42 International. He has extensive leadership experience across government, health, advanced technology, telecommunications, media and communications, and energy. He also serves as Chairman of Space42, Vice Chairman of Presight, board member of the Advanced Technology Research Council, and trustee of Mohamed bin Zayed University of Artificial Intelligence. H.E. Al Mansoori holds a degree in Computer Science from the University of Toledo and a Master's degree in Strategic Security Studies and National Resources Management from the UAE National Defense College.

	**Mr. Michel Combes** is a board member of e& and Chair of its Nominations and Remunerations Committee. He is a global telecommunications and technology executive with over 30 years of leadership experience, having served as CEO of major international companies including SoftBank Group International, Sprint, Altice, Alcatel-Lucent, Vodafone Europe, and TDF Group. He also serves as a director and Audit Committee Chair at Philip Morris International, Lead Independent Director at F5, and is a member of the advisory team for McLaren Racing. Mr. Combes holds an engineering-focused degree from École Polytechnique and a doctorate from Paris Dauphine University.
	**Ms. Mariam Saeed Ahmed Ghobash** is a board member of e& with extensive experience in investment, finance, corporate governance, private equity, project finance, and special situations. She previously served as Director of the Global Special Situations Department at Abu Dhabi Investment Council and held investment banking and private equity roles at HSBC Bank Middle East. She also serves on the boards of Mashreq Bank, Emirates Development Bank, Emirates Growth Fund and Gulf Capital, and has previously held board roles at Aldar Properties, National Bank of Abu Dhabi, Al Hilal Bank, Zayed University, Watania and ADNOC Distribution. Ms. Ghobash holds a Bachelor of Science in Economics from The Wharton School, University of Pennsylvania, and completed the General Management Program at Harvard Business School.
	**Mr. Saleh Abdulla Ahmed Saeed Alabdooli** is a board member of e&. He previously served as Group CEO of Etisalat Group, CEO of Etisalat UAE, and CEO of Etisalat Misr. He has also held board and leadership roles at Mobily, Maroc Telecom, Etisalat Misr, Etisalat Services Holding, Thuraya, and Khalifa University. Mr. Alabdooli holds a Master's degree in Telecommunications Engineering and a Bachelor's degree in Electrical Engineering from the University of Colorado Boulder.
	**Sheikh Ahmed Mohd Sultan Al Dhahiri** is a board member of e&. He currently holds roles including Vice Chairman and Managing Director of Abu Dhabi National Hotels, Vice Chairman of Abu Dhabi National Hotels Catering, and board member of First Abu Dhabi Bank and Al Dhafra Insurance. Sheikh Ahmed holds a Bachelor's degree in Civil Engineering from United Arab Emirates University.
	**Mr. Abdelmonem Bin Eisa Bin Nasser Alserkal** is a board member of e& and founder of Alserkal Avenue. He is Managing Director of Nasser Bin Abdullatif Alserkal Co LLC. He is also active across leading cultural institutions, including Art Dubai, the British Museum's Contemporary and Modern Middle Eastern Art Acquisition Group, Tate's Middle East and North Africa Acquisition Committee, Guggenheim's Middle Eastern Circle, and Centre Pompidou International Circle Middle East. Mr. Alserkal holds a Bachelor's degree in Business Administration with an emphasis on Economics from Point Loma Nazarene University in San Diego, California.
	**Mr. Khalid Abdulwahid Hassan Alrustamani** is a board member of e&. He is also Chairman and Group CEO of AW Rostamani Group, a major UAE family-owned conglomerate established in 1954. He also serves on the boards of Commercial Bank of Dubai and Dubai Insurance Company. Mr. Alrustamani holds a Bachelor's degree in Finance from George Washington University in Washington, D.C.
	**Mr. Otaiba Khalaf Ahmed Al Otaiba** is a board member of e& and has served on the board of e& since 2015. He has legal and governance experience, having previously worked as a Partner at Al Otaiba Hamdan Budebes and as Head of the Legal Suits Division at National Bank of Abu Dhabi. He has also served on e& board committees, including risk, compliance, nominations and remuneration-related committees. Mr. Al Otaiba holds a Bachelor of Laws from the University of Damascus and is licenced to practise law in the UAE.

Source: Company reports

Figure 105: e& Management

	Description
	**Mr. Masood M. Sharif Mahmood** is Group CEO of e& and CEO of e& UAE, with over 25 years of experience across communications, investments, and government. He began his career in 2000 as part of the founding team of the Executive Office of H.H. Sheikh Mohammed bin Rashid Al Maktoum, before moving into investment roles at Dubai Holding across financial services, real estate, and technology. He later joined Mubadala Investment Company, where he led asset management for ICT assets including Yahsat, du, and Injazat, before becoming Deputy CEO and then CEO of Yahsat, overseeing its expansion across 50 markets and the acquisition and integration of Thuraya. He also served as Director General of Financial and Strategic Affairs at Abu Dhabi's Department of Finance, before joining Etisalat UAE as CEO in 2021. Mr. Mahmood holds an MBA in Finance from McGill University and a Bachelor's degree in Computer Systems Engineering from Boston University.
	**Mr. Khalifa Al Shamsi** is Managing Director of e& international, with over 30 years of experience across telecom, media, and ICT. He has held several senior leadership roles within e&, including CEO of e& life, Group Chief Strategy and Corporate Governance Officer, and Group Chief Digital Services Officer, and has also led key functions such as mobile networks, marketing, and digital services. He also serves on several boards and committees, including Mobily, UAE International Investors Council, Wio Bank, GSMA's Strategy Committee, eVision, and Etisalat Technology Services. Mr. Al Shamsi holds a Bachelor's degree in Electrical Engineering from the University of Kentucky.
	**Dr. Karim Bennis** is the Group Chief Financial Officer of e&. He has extensive experience across corporate finance, financial control, budgeting, planning, investor relations, restructuring, and strategic financial management. Before joining e&, he held senior finance roles at organisations including Vivendi, Crown Cork & Seal, and Tractafric Motors. He has also served on boards and audit committees across e&'s portfolio companies, including Mobily, Maroc Telecom, Etisalat Egypt, and Atlantique Telecom. Dr. Bennis holds a PhD in Economics from Conservatoire National des Arts et Métiers, along with finance and management qualifications from Sciences Po, SKEMA Business School, École des Ponts ParisTech, and Columbia Business School.
	**Mr. Khalid Murshed** is the Group Chief Operations Officer of e&, with over 26 years of telecoms and technology experience across the UAE, Egypt, and Saudi Arabia. Before this role, he served as CEO of e& enterprise, and previously as Chief Technology & Information Officer of e& UAE. He has held senior technology roles across the Group, including Chief Technology Officer of e& Egypt, and earlier roles at du as Vice President of Mobile Access Network and Mobily as Director of Network Development. Mr. Murshed holds a Bachelor's degree in Telecommunications Engineering from Khalifa University in the UAE.

Source: Company presentation

Summary financial statements

Figure 106: e& Income Statement

AEDm	FY24a	FY25a	FY26e	FY27e	FY28e
Revenue	59,203	72,858	79,409	83,967	88,666
Operating expenses	(39,479)	(50,414)	(58,123)	(62,272)	(65,433)
Impairment loss on trade receivables/ contract assets	(842)	(1,125)	(1,013)	(1,000)	(1,000)
Impairment loss on other assets - net	(1,295)	(27)	(1)	-	
Share of results of associates and joint ventures	2,475	1,948	2,129	2,600	2,500
Operating profit - as reported in income statement	20,061	23,241	22,400	23,296	24,733
Finance and other income	2,733	8,167	2,378	2,308	2,250
Finance and other costs	(5,212)	(4,624)	(3,022)	(2,663)	(2,663)
Profit before federal royalty and corporate tax	17,582	26,783	21,756	22,941	24,320
Federal Royalty	(5,282)	(7,424)	(5,421)	(5,648)	(6,125)
Corporate tax expenses	(1,717)	(3,203)	(2,977)	(3,116)	(3,209)
Blended tax rate	*-40%*	*-40%*	*-39%*	*-38%*	*-38%*
Profit for the period	10,583	16,156	13,359	14,176	14,985
Profit attributable to:	-	-			
Owners of the Company	10,752	14,360	11,419	12,117	12,809
Non-controlling interests	(169)	1,796	1,940	2,059	2,176
Total	10,583	16,156	13,359	14,176	14,985
Earnings per share, AED	1.24	1.65	1.31	1.39	1.47
Number of shares outstanding, m	8,697	8,697	8,697	8,697	8,697
DPS, AED	0.83	0.90	0.95	1.00	1.05
DPS, YoY	*3.7%*	*8.4%*	*5.6%*	*5.3%*	*5.0%*
Payout ratio	*67%*	*55%*	*72%*	*72%*	*71%*

Source: Company reports, ADCB estimates

Figure 107: e& Balance Sheet

AEDm	FY24a	FY25a	FY26e	FY27e	FY28e
Non-current assets					
Property, plant and equipment	44,511	50,392	49,634	49,815	52,632
Right-of-use assets	2,813	3,891	4,009	4,009	4,009
Trade and other receivables	726	774	797	797	797
Total non-current assets	**124,559**	**144,166**	**142,015**	**139,203**	**135,747**
Current assets					
Inventories	1,200	1,302	1,391	1,474	1,454
Trade and other receivables	17,052	19,164	20,861	24,318	24,226
Cash and bank balances	33,628	34,308	37,032	44,997	54,438
Total current assets	**58,768**	**60,893**	**65,478**	**76,983**	**86,311**
Total Assets	**183,327**	**205,059**	**207,493**	**216,186**	**222,058**
	-	-			
Non-current liabilities	-	-			
Trade and other payables	1,582	1,572	1,474	1,474	1,474
Borrowings	33,659	30,751	28,724	28,724	28,724
Total non-current liabilities	**52,502**	**54,865**	**48,919**	**49,147**	**49,624**
	-	-			
Current liabilities					
Trade and other payables	31,382	38,371	46,358	49,126	48,451
Contract liabilities	3,168	3,713	3,542	3,542	3,542
Borrowings	35,536	36,888	37,850	37,850	37,850
Total current liabilities	**76,904**	**88,432**	**96,948**	**99,716**	**99,041**
Total liabilities	**129,406**	**143,297**	**145,867**	**148,863**	**148,665**
	-	-			
Equity					
Share capital	8,697	8,697	8,697	8,697	8,697
Reserves	25,247	24,526	24,519	24,519	24,519
Retained earnings	11,657	18,484	19,041	24,737	30,808
Equity attributable to the owners of the Company	**45,601**	**51,708**	**52,256**	**57,953**	**64,024**
Non-controlling interests	8,320	10,055	9,369	9,369	9,369
Total equity	**53,920**	**61,763**	**61,626**	**67,322**	**73,393**
Total liabilities and equity	**183,327**	**205,059**	**207,493**	**216,186**	**222,058**

Source: Company reports, ADCB estimates

Figure 108: e& Cashflow Statement

AEDm	FY24a	FY25a	FY26e	FY27e	FY28e
Operating profit	20,061	23,241	22,400	23,296	24,733
Adjustments for:					
Depreciation	5,334	7,260	8,664	9,162	9,674
Amortisation	2,042	3,523	4,722	4,993	5,273
Operating cash flows before changes in WC	26,191	32,186	35,665	37,450	39,680
Changes in working capital	3,502	1,420	229	(771)	(563)
Cash generated from operations	29,693	33,606	35,894	36,679	39,117
Net cash generated from operating activities	21,733	26,051	25,010	28,142	30,259
Cash flows from investing activities					
Purchase of property, plant and equipment	(6,708)	(8,080)	(8,716)	(9,343)	(12,491)
Purchase of intangible assets	(2,799)	(5,280)	(4,120)	(4,000)	(1,000)
Net cash from investing activities	(22,983)	(9,554)	(14,517)	(11,343)	(11,491)
Cash flows from financing activities					
Dividends paid	(8,103)	(8,092)	(8,245)	(8,479)	(8,914)
Net cash used in financing activities	392	(17,185)	(10,128)	(8,834)	(9,327)
Net increase in cash and cash equivalents	(858)	(688)	365	7,965	9,441
Cash and cash equivalents at the beg. of period	10,173	7,594	7,106	6,199	14,165
Effect of exchange rate fluctuations on cash held	(1,720)	200	(1,272)	-	-
Cash and cash equivalents at the end of the period	7,594	7,106	6,199	14,165	23,605
Deposits	26,034	27,202	30,833	30,833	30,833
Total Cash	33,628	34,308	37,032	44,997	54,438

Source: Company reports, ADCB estimates

e& — Key financials and ratios

Year	2025A	2026E	2027E	2028E
Profit & loss summary (AEDm)				
Revenue	72,858	79,409	83,967	88,666
EBITDA	32,022	33,988	35,850	38,180
D&A	10,783	13,386	14,155	14,947
EBIT	21,239	20,602	21,696	23,233
Net interest	3,543	(644)	(355)	(413)
PBT	26,783	21,756	22,941	24,320
Net profit	14,360	11,419	12,117	12,809
Adjusted net profit	14,360	11,419	12,117	12,809
Balance sheet summary AEDm)				
Tangible assets/PPE	50,392	49,634	49,815	52,632
Non-current assets	144,166	142,015	139,203	135,747
Cash	34,308	37,032	44,997	54,438
Current assets	60,893	65,478	76,983	86,311
Total assets	205,059	207,493	216,186	222,058
Current liabilities	88,432	96,948	99,716	99,041
Total debt	67,639	66,574	66,574	66,574
Net debt	33,331	29,542	21,577	12,136
Total liabilities	143,297	145,867	148,863	148,665
Shareholders' equity	51,708	52,256	57,953	64,024
Cash flow summary (AEDm)				
Cash from operations	26,051	25,010	28,142	30,259
Capex	(13,360)	(12,836)	(13,343)	(13,491)
Free cash flow[1]	12,691	12,174	14,799	16,768
Cash from investment	(9,554)	(14,517)	(11,343)	(11,491)
Dividends	(8,092)	(8,245)	(8,479)	(8,914)

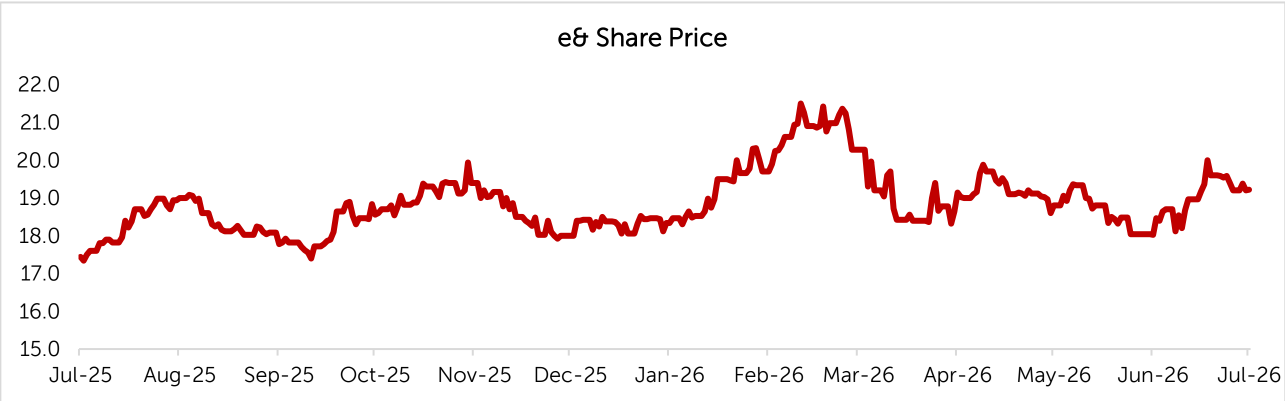
Year	2025A	2026E	2027E	2028E
Growth				
Revenue	23.1%	9.0%	5.7%	5.6%
EBITDA	21.1%	6.1%	5.5%	6.5%
EBIT	11.3%	-3.0%	5.3%	7.1%
Net profit	33.6%	-20.5%	6.1%	5.7%
Adjusted net profit	33.6%	-20.5%	6.1%	5.7%
Margin				
EBITDA	44.0%	42.8%	42.7%	43.1%
EBIT	29.2%	25.9%	25.8%	26.2%
Net profit	19.7%	14.4%	14.4%	14.4%
Adjusted net profit	19.7%	14.4%	14.4%	14.4%
Return metrics				
ROIC[2]	15.1%	14.7%	16.3%	17.7%
ROCE[3]	11.4%	10.9%	11.5%	11.6%
ROE	29.5%	22.0%	22.0%	21.0%
ROA	7.4%	5.5%	5.7%	5.9%
Leverage ratio				
Net debt/EBITDA	1.07	1.09	1.26	1.43
Interest coverage ratio[4]	(9.0)	52.8	101.0	92.4
Per share data				
EPS, AED	1.65	1.31	1.39	1.47
DPS, AED	0.90	0.95	1.00	1.05
BVPS, AED	5.2	5.9	6.0	6.7

Year	2025A	2026E	2027E	2028E
Valuation ratio				
EV/Sales	3.0	2.7	2.5	2.2
EV/EBITDA	6.9	6.3	5.8	5.2
P/E	11.9	15.0	14.1	13.3
P/B	3.3	3.3	3.0	2.7
FCF yield	7.4%	7.1%	8.7%	9.8%
Dividend Yield	4.6%	4.8%	5.1%	5.3%

Market data	
Company name	e&
Bloomberg ticker	EAND UH
Share price (AED)	19.66
Fair value (AED)	22.80
Upside/(Downside)	16%
Rating	Buy
Market value (AEDm)	168,195

Source: Company data, ADCB estimates, priced at close of 3 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



Source: Bloomberg

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بنك أبوظبي التجاري

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