EDISON

Omantel

Q126 results

Domestic growth and investment; Zain robust

Technology

1 June 2026

Omantel's unaudited Q126 results were broadly supportive of the key themes from our initiation note, although geopolitical events and restructuring actions over the quarter make trends difficult to identify at this early stage. The company's investment in its network and capturing value share are reflected in robust domestic telecom revenues growth of 8.4% y-o-y. ICT growth moderated to 10.2%, but, following the creation OTECH during the quarter, we expect momentum to pick up from here. Domestic margins were suppressed by investment costs and depreciation, offset at the group level by robust performance from Zain. Supported by exceptional investment gains registered by Zain, net income attributable to Omantel increased by 23%. We leave our estimates unchanged at this stage.

Year end	Revenue (OMRm)	EBITDA (OMRm)	PBT (OMRm)	EPS (OMR)	DPS (OMR)	P/E (x)	Yield (%)	EV/EBITDA (x)
12/24	3,030.1	1,028.1	336.5	0.10	0.06	13.9	3.8	3.4
12/25	3,413.1	1,155.4	425.7	0.12	0.06	12.3	3.8	3.1
12/26e	3,825.0	1,267.9	483.1	0.13	0.05	11.4	3.5	2.8
12/27e	4,122.3	1,367.8	529.5	0.14	0.05	10.7	3.7	2.6

Note: PBT and EPS are reported.

Domestic revenues increased 8.5% y-o-y to OMR178.0m in Q126 (vs our FY26 6% estimate), driven by strong performance across telecoms, particularly wholesale (+14.5%) and devices (+19.2%), while fixed-line (+5%) and mobile (+1.1%) remained resilient. ICT and emerging technology revenues increased c 10% y-o-y to OMR10.5m, a slow quarter versus longer-term ambitions. However, this was understandable given both the completion of the OTECH establishment process (combining Oman Data Park and Tadoom) and the onset of the Middle East conflict during the quarter, both of which may have slowed decision cycles. With OTECH now established, management appeared optimistic around a pick-up in momentum through the remainder of the year. Domestic EBITDA was broadly flat at OMR41.7m, requiring a catch-up to achieve our OMR197m (+9% y-o-y) FY26 forecast, although seasonal margin suppression from elevated expected credit losses appears to have been more significant than usual this year. Normalised net profit attributable to shareholders declined 8.7% y-o-y to OMR30.6m, primarily reflecting higher depreciation charges.

Performance at Zain remained robust despite greater exposure to regional geopolitical disruption. Revenues increased 6% y-o-y to KWD569m and EBITDA rose 6% to KWD182m, with margins stable at 32%. However, the 51% increase in net income was materially supported by investment gains within Zain Ventures, primarily relating to holdings in SpaceX and xAI. Management commentary around ZOI remained encouraging. ZOI, in which Omantel has an effective economic interest of c 42%, delivered revenue growth of 16% y-o-y, albeit moderating from exceptionally strong prior growth rates. However, at this stage of development, we would expect growth to remain relatively lumpy given the timing of large infrastructure contracts and capacity deployments.

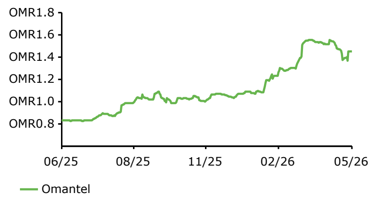
Overall, we view this as a solid start to the year given the number of moving parts across the business and region in Q1. Domestic telecom revenue growth was particularly encouraging, although we would look for stronger ICT momentum and margin progression as the year develops. Meanwhile, the continued strength of Zain reinforces the diversification benefits of Omantel's regional exposure.

Price	**OMR1.45**
Market cap	**OMR1,093m**

OMR/KWD:0.80; OMR/US$:2.60

Net cash/(debt) at 31 December 2025	OMR(2,443.0)m
Shares in issue	750.0m
Free float	46.0%
Code	OTEL
Primary exchange	MUS
Secondary exchange	N/A

Share price performance



Business description

Omantel is a leading provider of telecommunications and related services in Oman and a strategic investor in the MENA region. The company is driving digital transformation through innovation and strategic global partnerships.

Analyst

Dan Ridsdale +44 (0)20 3077 5700

tmt@edisongroup.com

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Omantel is a research client of Edison Investment Research Limited

London | New York | Frankfurt
20 Red Lion Street
London, WC1R 4PS
United Kingdom