

## Meeza QSTP LLC (MEZA)

Recommendation	OUTPERFORM	Risk Rating	R-3
Share Price	QR3.295	Target Price	QR4.009
Implied Upside	21.7%		

### Slight 3Q Beat; Hyperscaler-Fueled Expansion On Track; Reiterate Outperform

Meeza delivered a robust 3Q2025 as net profit rose 13.3% YoY to QR13.7mn, moderately above our forecast by 2.1%. Revenue came in at QR99.3mn (+24.1% YoY), and +9.1% ahead of our estimate. This was primarily driven by a surge in solutions & systems integration segment revenue (nearly 4x YoY) that far outpaced expectations. Weaker-than-modeled margins largely offset the surprise top-line growth and brought the bottom-line almost in-line with our estimates. Notwithstanding outsized growth from solutions, **MEZA's datacenter (DC) business continues to be the primary driver of growth and profitability. Utilization of existing capacity is ~97% (of 14.4MW IT load) as of 3Q, effectively full. This means near-term DC revenue growth is naturally capped (3Q DC revenue grew +6.2% YoY via higher utilization).** Managed/cloud/workplace services segment is exhibiting mature growth trends as expected. While the solutions services (project-based revenues) provided an outsized boost this quarter, this business is lumpy and can fluctuate considerably with each quarter. Meanwhile, **MEZA's expansion story remains firmly intact – and is accelerating. It recently inked a QR750mn DC long-term leasing agreement of 6MW with a hyperscaler and construction of the MV6 (with planned 24MM total capacity including the 6MW in question) is expected to commence before the end of this year. Moreover, execution is on track with previously announced expansion plans: 84% of the 4MW M4 build-out is complete and is on track to go live in 1H2026.** MEZA's ability to quickly ink big-name clients (two hyperscalers contracts signed in 2025) indicates excellent execution of its growth strategy. These developments materially bolster Meeza's medium- to long-term outlook. MEZA has gone beyond the narrative as an increasingly credible, execution-driven play on secular digital infrastructure growth in Qatar, with attractive operating leverage unfolding as new capacity comes online. The fact that hyperscale cloud providers are committing to multi-year, large-scale deals is a strong testament to MEZA's capabilities and the strategic importance of its local data center capacity. **We maintain a positive outlook on MEZA. With the datacenter expansion pipeline on track and being largely de-risked by long-term leases, we expect double-digit revenue and earnings growth to resume in 2026/27 as new capacity comes online.** Near-term (4Q2025–1H2026), growth will likely remain modest given maxed current capacity and the volatile solutions segment. Any interim weakness is transitory, in our view, given the strong backlog of DC demand. We expect potential valuation re-rating as the expansion pipeline turns into tangible less-volatile earnings. We also note MEZA has just launched new niche services (GPU-as-a-Service for AI, advanced cloud offerings), which could create complementary growth avenues. **Consequently, we reiterate our QR4.009 PT and Outperform rating.**

#### Highlights

- **Solid top-line as solutions services weigh margins:** The datacenter (DC) segment remains the growth engine, contributing >38% of 3Q revenue and expanding +6.2% YoY to QR37.8mn. Managed, workplace & cloud services (recurring IT services) were broadly flat (+1.9% YoY, QR39.1mn), reflecting a mature business. Solutions services (incl. system integration) spiked to QR22.4mn (+277% YoY), recovering from a weak 3Q2024 – though this is a lumpy, lower-margin segment. As a result, the revenue beat did not fully translate into a profit beat: gross profit (QR27.9mn, +10.1% YoY) was in-line vs. our estimate, implying gross margin normalized to 28.1% (vs. 30.7% modeled) from 31.7% last year. 3Q2025 net profit margin was 13.8%, down from 15.1% a year ago, due to the revenue mix shift towards lower-margin solutions. YTD (9M2025) net profit stands at QR42.4mn, with a net margin of 14.7% vs. 16.2% last year. However, management highlighted that excluding last year's one-off cost benefit, underlying 9M net profit is up ~19% YoY and the net margin is one percentage point higher, showing an improvement in operations.

#### Catalysts

- **Catalysts: (1)** Successful execution of planned expansion plans, **(2)** Announcement of new leasing contracts, **(3)** Margin expansion, **(4)** Hyperscalers choosing Qatar as a DC host, **(5)** Sustained AI adoption, and **(6)** Favorable regulatory developments.

#### Recommendation, Valuation and Risks

- **Recommendation and Valuation:** *We maintain our Outperform rating and QR4.009 PT, implying 21.7% upside.* Our PT is a weighted average of various valuation models: DCF, EBITDA Exit Multiple and Relative-Valuation. Our primary thesis is that Meeza's previous and ongoing DC investments are intersecting with a secular opportunity in the global data economy. Meeza's unique strong local market positioning in the DC market (#1 market share) puts it in a prime position to benefit from the demand expected from hyperscalers, corporates and smart cities.
- **Risks: (1)** Execution risk **(2)** Perennial tail risks related to tech of either incurring exorbitant costs to stay ahead of the technology curve or, on the other extreme, the costs of trailing the technology curve **(3)** High capex **(4)** Customer concentration risk & margin-squeeze by hyperscalers **(5)** Electricity availability/cost/renewables requirements **(6)** Cyber-attacks **(7)** National data sovereignty laws **(8)** Geopolitics.

#### Key Data

Current Market Price	QR3.295
Dividend Yield (%)	2.4
Bloomberg Ticker	MEZA QD
ADR/GDR Ticker	N/A
Reuters Ticker	MEZA.QA
ISIN	QA000PK2KD10
Sector*	Consumer Goods
52wk High/Low (QR)	3.805/2.879
3-m Average Vol.	946,344
Mkt. Cap. (\$ bn/QR bn)	0.6/2.1
EV (\$ bn/QR bn)	0.6/2.3
Shares O/S (mn)	649.0
FO Limit* (%)	49.0
FO (Institutional)* (%)	13.3
1-Year Total Return (%)	3.9
Fiscal Year-End	December 31

*Source:* Bloomberg (as of November 02, 2025), \*Qatar Exchange (as of November 02, 2025); Note: FO is foreign ownership

#### Key Financial Data and Estimates

GROUP	FY2024	FY2025E	FY2026E
EPS (QR)	0.093	0.097	0.123
P/E (x)	35.39	33.98	26.71
EV/EBITDA (x)	17.31	18.67	15.73
DPS (QR)	0.08	0.08	0.11
DY (%)	2.4%	2.5%	3.2%

*Source:* Company data, QNBFS Research; Note: All data based on current number of shares; These estimates may not reflect the most recent quarter

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## Financial Statements and Forecasts

### 3Q2025 Condensed Income Statement vs. Estimates (QR'000)

Metric	3Q24	2Q25	3Q25	3Q25e	YoY	QoQ	Vs. Exp.
<b>Revenue</b>	<b>80,057</b>	<b>102,827</b>	<b>99,321</b>	<b>91,000</b>	<b>24.1%</b>	<b>-3.4%</b>	<b>9.1%</b>
Datacenter	36,800	40,900	37,800	40,900	6.2%	-7.6%	-7.6%
MS+WS+CS	38,369	36,557	39,100	36,679	1.9%	7.0%	6.6%
SS+MSI	5,955	25,457	22,421	13,421	276.5%	-11.9%	67.1%
<b>GP</b>	<b>25,367</b>	<b>28,449</b>	<b>27,926</b>	<b>27,982</b>	<b>10.1%</b>	<b>-1.8%</b>	<b>-0.2%</b>
GPM	31.7%	27.7%	28.1%	30.7%			
EBIT	13,649	16,763	14,837	14,663	8.7%	-11.5%	1.2%
EBITDA	27,608	30,519	28,159	28,419	2.0%	-7.7%	-0.9%
<b>NP</b>	<b>12,113</b>	<b>15,537</b>	<b>13,730</b>	<b>13,449</b>	<b>13.3%</b>	<b>-11.6%</b>	<b>2.1%</b>
NPM	15.1%	15.1%	13.8%	14.8%			

Where: MS = Managed services, WS = Workplace services, CS = Cloud services, SS = Solutions services, MSI = Master system integrator services

Source: Company data, QNBFS Research

### QNB FS Estimates Revision (QR'000)

GROUP	FY2024	FY2025E			FY2026E			FY2027E		
		Current	Previous	▲	Current	Previous	▲	Current	Previous	▲
<b>REVENUE</b>	<b>374,215</b>	<b>417,072</b>	<b>410,082</b>	<b>1.7%</b>	<b>491,231</b>	<b>465,092</b>	<b>5.6%</b>	<b>541,933</b>	<b>515,120</b>	<b>5.2%</b>
Datacenter	145,969	155,209	156,119	-0.6%	193,871	194,841	-0.5%	228,936	229,340	-0.2%
MS+WS+CS	155,994	151,884	170,976	-11.2%	185,883	185,883	0.0%	200,117	200,117	0.0%
SS+MSI	72,252	109,978	82,986	32.5%	111,476	84,368	32.1%	112,880	85,662	31.8%
GROSS PROFIT	118,251	119,143	118,091	0.9%	140,744	140,174	0.4%	161,024	160,256	0.5%
EBITDA	123,188	121,613	123,079	-1.2%	157,881	158,193	-0.2%	221,343	220,606	0.3%
OPERATING PROFIT	66,811	67,189	68,655	-2.1%	84,191	84,502	-0.4%	101,499	100,762	0.7%
<b>NET PROFIT</b>	<b>60,430</b>	<b>62,930</b>	<b>66,115</b>	<b>-4.8%</b>	<b>80,071</b>	<b>80,622</b>	<b>-0.7%</b>	<b>91,739</b>	<b>91,288</b>	<b>0.5%</b>

Source: Company data, QNBFS Research

### Income Statement (QR'000)

GROUP	FY2024	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E
<b>REVENUE</b>	<b>374,215</b>	<b>417,072</b>	<b>491,231</b>	<b>541,933</b>	<b>613,106</b>	<b>740,276</b>
Datacenter	145,969	155,209	193,871	228,936	285,568	442,855
MS+WS+CS	155,994	151,884	185,883	200,117	213,426	226,135
SS+MSI	72,252	109,978	111,476	112,880	114,111	71,287
GROSS PROFIT	118,251	119,143	140,744	161,024	189,814	253,893
EBITDA	123,188	121,613	157,881	221,343	307,752	382,973
OPERATING PROFIT	66,811	67,189	84,191	101,499	124,047	183,582
<b>NET PROFIT</b>	<b>60,430</b>	<b>62,930</b>	<b>80,071</b>	<b>91,739</b>	<b>116,990</b>	<b>177,513</b>

Source: Company data, QNBFS Research

### Balance Sheet (QR'000)

GROUP	FY2024	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E
<b>Non-current asset</b>						
Property, Plant & Equipment	449,390	596,956	819,766	1,365,589	2,062,860	2,077,652
RoU Assets	133,991	124,915	115,679	106,284	96,729	87,015
Contract Assets	7,387	8,233	9,697	10,698	12,103	14,613
Other	4,970	4,970	4,970	4,970	4,970	4,970
<b>Total non-current assets</b>	<b>595,738</b>	<b>735,073</b>	<b>950,112</b>	<b>1,487,541</b>	<b>2,176,662</b>	<b>2,184,250</b>
<b>Current assets</b>						
Prepayments & other	20,280	20,280	20,280	20,280	20,280	20,280
Due from related parties	52,987	59,055	69,556	76,735	86,813	104,819
Contract assets	129,051	143,830	169,405	186,890	211,434	255,290
Trade & other receivables	81,264	90,571	106,675	117,685	133,141	160,757
Cash & bank balances	278,842	170,835	21,885	66,755	66,361	59,002
<b>Total Current assets</b>	<b>562,424</b>	<b>484,572</b>	<b>387,801</b>	<b>468,345</b>	<b>518,029</b>	<b>600,149</b>
<b>Total assets</b>	<b>1,158,162</b>	<b>1,219,645</b>	<b>1,337,913</b>	<b>1,955,886</b>	<b>2,694,691</b>	<b>2,784,399</b>
<b>EQUITY AND LIABILITIES</b>						
Share capital	648,980	648,980	648,980	648,980	648,980	648,980
Statutory reserve	20,579	26,872	34,879	44,053	55,752	73,504
Retained earnings	56,130	59,275	75,271	86,749	110,298	165,110
<b>Total equity</b>	<b>725,689</b>	<b>735,127</b>	<b>759,130</b>	<b>779,783</b>	<b>815,031</b>	<b>887,594</b>
<b>Non-current liability</b>						
Employees' end of service benefits	12,315	13,200	13,951	14,601	15,176	15,695
Contract liability	33,447	37,277	43,906	48,437	54,799	66,165
Lease	141,292	135,156	128,786	121,853	114,336	106,214
Borrowings	108,192	146,265	219,337	807,410	1,495,483	1,483,555
<b>Total non-current liability</b>	<b>295,246</b>	<b>331,899</b>	<b>405,981</b>	<b>992,302</b>	<b>1,679,794</b>	<b>1,671,629</b>
<b>Current liability</b>						
Contract liability	8,027	8,946	10,537	11,625	13,151	15,879
Lease	9,904	9,474	9,027	8,541	8,014	7,445
Borrowings	13,404	11,926	10,449	8,971	7,493	6,016
Due to related parties	5,976	5,976	5,976	5,976	5,976	5,976
Trade & other payables	99,916	116,297	136,813	148,688	165,232	189,860
<b>Total current liability</b>	<b>137,227</b>	<b>152,619</b>	<b>172,802</b>	<b>183,801</b>	<b>199,867</b>	<b>225,176</b>
<b>Total liabilities</b>	<b>432,473</b>	<b>484,518</b>	<b>578,783</b>	<b>1,176,103</b>	<b>1,879,661</b>	<b>1,896,805</b>
<b>Total equity and liabilities</b>	<b>1,158,162</b>	<b>1,219,645</b>	<b>1,337,913</b>	<b>1,955,886</b>	<b>2,694,691</b>	<b>2,784,399</b>

Source: Company data, QNBFS Research

### Cash flow Statement (QR'000)

GROUP	FY2024	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E
<b>Cash Flow from Operating Activities</b>	<b>121,741</b>	<b>104,667</b>	<b>127,663</b>	<b>196,995</b>	<b>275,364</b>	<b>323,336</b>
<b>Cash Flow from Investing Activities</b>	<b>(8,911)</b>	<b>(180,463)</b>	<b>(277,408)</b>	<b>(653,003)</b>	<b>(866,424)</b>	<b>(199,488)</b>
<b>Cash Flow from Financing Activities</b>	<b>(83,963)</b>	<b>(32,210)</b>	<b>794</b>	<b>500,878</b>	<b>590,667</b>	<b>(131,207)</b>
Change in Cash	28,867	(108,006)	(148,950)	44,870	(393)	(7,360)
Cash Beginning of Period	249,975	278,842	170,835	21,885	66,755	66,361
<b>Cash End of Period</b>	<b>278,842</b>	<b>170,835</b>	<b>21,885</b>	<b>66,755</b>	<b>66,361</b>	<b>59,002</b>

Source: Company data, QNBFS Research

**Ratios**

GROUP	FY2024	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E
<b>Growth Rates</b>						
Revenue	-11.5%	11.5%	17.8%	10.3%	13.1%	20.7%
Gross Profit	3.1%	0.8%	18.1%	14.4%	17.9%	33.8%
EBITDA	-0.2%	-1.3%	29.8%	40.2%	39.0%	24.4%
EBIT	3.0%	0.6%	25.3%	20.6%	22.2%	48.0%
NP	0.4%	4.1%	27.2%	14.6%	27.5%	51.7%
EPS	0.4%	4.1%	27.2%	14.6%	27.5%	51.7%
DPS	-1.2%	4.1%	27.2%	14.6%	27.5%	51.7%
CFPS	0.0%	-14.0%	22.0%	54.3%	39.8%	17.4%
AFFOPS	0.0%	1.5%	35.0%	40.6%	42.0%	23.9%
FFCF	0.0%	-176.1%	87.6%	185.3%	26.1%	-129.3%
<b>Operating Ratios</b>						
Gross Margin	31.6%	28.6%	28.7%	29.7%	31.0%	34.3%
EBITDA Margin	32.9%	29.2%	32.1%	40.8%	50.2%	51.7%
EBIT Margin	17.9%	16.1%	17.1%	18.7%	20.2%	24.8%
Net Margin	16.1%	15.1%	16.3%	16.9%	19.1%	24.0%
<b>Working Capital Ratios</b>						
Prepayment days	28.9	24.8	21.1	19.4	17.5	15.2
Receivables days	86.9	86.9	86.9	86.9	86.9	86.9
Related Party receivables days	60.8	60.8	60.8	60.8	60.8	60.8
Contract asset days - current	125.9	125.9	125.9	125.9	125.9	125.9
Payable Days	142.5	142.5	142.5	142.5	142.5	142.5
<b>Finance Ratios</b>						
Debt-to-Equity	37.6%	41.2%	48.4%	121.4%	199.4%	180.6%
Net Debt-to-Equity	-0.8%	18.0%	45.5%	112.9%	191.3%	174.0%
Net Debt-to-Capital	-0.3%	6.3%	14.2%	24.3%	30.8%	29.6%
Net Debt-to-EBITDA	(0.05)	1.09	2.19	3.98	5.07	4.03
Interest Coverage	3.97	4.69	7.29	9.57	12.89	21.29
<b>Return Ratios</b>						
ROIC	9.3%	7.7%	7.6%	6.1%	5.2%	7.5%
ROE	8.3%	8.6%	10.5%	11.8%	14.4%	20.0%
ROA	5.2%	5.2%	6.0%	4.7%	4.3%	6.4%
Earnings Yield	2.83%	2.94%	3.74%	4.29%	5.47%	8.30%
Dividend Yield	2.43%	2.53%	3.22%	3.69%	4.70%	7.13%
FCF Yield	5.08%	-3.87%	-7.25%	-20.69%	-26.08%	7.63%
AFFO Yield	4.07%	4.13%	5.58%	7.85%	11.14%	13.81%
<b>Liquidity Ratios</b>						
Current Ratio	1.9	1.5	1.0	0.5	0.3	0.4
Quick Ratio	1.9	1.5	1.0	0.5	0.3	0.4
<b>Valuation</b>						
EV/Sales	5.7	5.4	5.1	5.6	6.0	5.0
EV/EBITDA	17.3	18.7	15.7	13.6	12.0	9.6
EV/EBIT	31.9	33.8	29.5	29.7	29.8	20.1
P/E	35.4	34.0	26.7	23.3	18.3	12.0
P/CF	16.61	16.78	12.95	9.39	6.79	5.44
P/BV	2.95	2.91	2.82	2.74	2.62	2.41

Source: Company data, QNBFS Research

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

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