Event ID: 2145690
Event Title: Meeza's Third Quarter 2026 Financial Results Call
Date: October 29, 2026
Audio Duration: 00:23:36

Executives:
Mohamed Ali Al-Ghaithani - Chief Executive Officer
James Corby - Chief Financial Officer
Yaman Al-Jundi - Director of Investor Relations

Operator: Hello and thank you for standing by. My name is Glaiza, and I will be your conference operator today. At this time, I would like to welcome everyone to the Meeza Conference Call.

All lines have been placed on mute to prevent any background noise. After the speaker's remarks, there will be a question-and-answer session. If you would like to ask questions during this time, simply press star followed by the number one on your telephone keypad. If you would like to withdraw your question, press star one again. Thank you.

I would now like to turn the call over to Phibion. Please go ahead.

Phibion Makuwerere: Thank you, Glaiza. Good morning to you all, and I welcome you all to the Meeza QSTP Earnings Conference Call for 3Q and 9M 2026.

From Meeza's management team, we have the CEO, Mohamed Al-Ghaithani; the CFO, James Corby; and the Investor Relations Director, Yaman Al-Jundi. And as usual, they'll first give us an overview of the third quarter, and then we'll have a Q&A session immediately afterwards.

Let me turn over the call to Yaman to begin. Over to you, sir; you can go ahead.

Yaman Al-Jundi: Thank you, Phibion, and thank you all for joining us. A few items before we begin. The investor presentation is also available on the Investor Relations section of our website. And I call your attention to the disclaimer on slide 2, which is an important part of this presentation regarding any information provided and any forward-looking statements made.

Before we turn to the quarter's results, a quick note on an event that we are looking forward to. Meeza will hold its first Capital Markets Day, Inshallah, during MWC Doha Week on the 10th of November.

Our executive team will take you through our strategy, the market, our technology, and our financials, followed by a live Q&A. The presentation will be broadcast online on Microsoft Teams and is open to everyone on this call. Seats are limited, so in-person attendance will be by invitation. So to register, please email investors@meeza.net, and we will send the joining details and full agenda.

Now on to our third quarter results and our CEO, Mr. Mohamed Ali Al-Ghaithani.

Mohamed Ali Al-Ghaithani: Good morning, everybody. Can you hear me? I want to check because I'm on the phone. I couldn't log in to the system. I have some technical issue. IT stuff happens at the last minute. So I would like to see if you can hear my voice clearly and loudly.

Yaman Al-Jundi: Yes.

Mohamed Ali Al-Ghaithani: Okay. So, I would like to thank all of you for joining us today. This is the call for our Q3 results. We had, Alhamdulillah, a very good result this quarter, and we are building on our financial and net profit, our operations going to the right direction, inshallah.

So, our revenue, we achieved QR 364.9 million, which is 27% year-on-year. Our EBITDA increased by 19%. Our net profit attributable to Meeza was QR 49 million, which is 16% year-on-year. Year-to-date CapEx, around QR 300 million. We have a record sales order of QR 1 billion from a hyperscaler for 8 MW in MV7. We are partnering with the AI company, backed by the government. We have signed a sovereign agreement with Microsoft. And all of our data center constructions are going as planned to achieve, Inshallah, more than 62 MW in the coming [indiscernible]. Commercial position, we have contracted TCV at QR 1.5 billion, and then a pipeline around QR 1.3 billion, and a current backlog of QR 4.1 billion.

For data centers, I'll just state what they said. We have four sites under construction, one already handed over, which is MV4, a 4 MW expansion last June, and we are handling and commissioning MV8; it's another 4 MW. It will be very soon operational, talking about maximum end of next month, or before that, inshallah, is the plan. MV6 is progressing very well. We are finishing the civil work and we started the work and set out very soon, inshallah, within two to three months from now, inshallah. MV7, we are mobilizing and starting the projects as planned. This will be the 18 MW data center. So these are going to the right direction.

We are achieving what we have planned for the last few years, and we are looking forward, inshallah, to bringing all the good news going forward, inshallah. James, I'll hand over to you.

James Corby: Thank you, Mohamed, and good morning, everyone. I'm James Corby, the CFO of Meeza. I will now give you a brief overview of our Q3 financial results.

So first of all, looking at the year-to-date financial position versus FY25, the consolidated revenues grew 26.7% with strong growth in all of our segments. As a result of this higher revenue, EBITDA increased by QR 16.3 million or 19% to QR 102.3 million. Net profit attributable to Meeza shareholders for the nine months reached QR 49 million, a QR 6.6 million increase or 15.6% increase year-on-year, due to that EBITDA flow-through partially offset by lower finance income, as well as higher finance costs and higher depreciation. Looking at the year-to-date for Meeza standalone, the results are also very positive, with EBITDA growth exceeding total revenue growth year-on-year. Total revenue grew QR 16.2 million or 5.6%, driven by the data center revenue increasing by QR 16.1 million year-on-year from the MV4 extension and fit-out revenue, as well as managed services growing by QR 8.3 million from higher volumes and an increase in customers. EBITDA reached QR 94.3 million, increasing by QR 8.3 million, primarily due to this higher revenue and OpEx control, with EBITDA margin improving 1.2 percentage points year on year. Net profit increased from QR 42.3 million to QR 44.7 million.

Moving to the quarter performance, quarterly revenue increased substantially by 48.6% to reach QR 147.6 million, driven by organic growth and the impact of Black Arrow. As a result, EBITDA and net profit increased by 40.4% and 37.7%, respectively.

Moving now on to the quarter-on-quarter results, quarterly revenue increased 31.1%, driven by the new data center capacity in MV4 and an increase in Meeza Solutions revenue, as well as a small increase in Black Arrow. As a result, EBITDA and net profit increased by 13.3% and 15.9%, respectively. You will note the decline in managed services revenue quarter-on-quarter; this is due to reallocation of Black Arrow managed services revenue to Black Arrow solutions revenue. This is subsequent to a review of the nature of Black Arrow contracts by the parent, and the year-to-date position has also been updated.

Moving to the gross margin by service, the absolute gross margin improved 29.5% to QR 107.6 million, and the consolidated margin increased 0.6 percentage points to 29.5%. This is primarily due to higher managed services margin from higher volumes and cost optimization, marginally offset by lower DC margin, and this is due to lower margin fit-out revenue in FY26, with an underlying DC gross margin of 38.3%. We also had lower solutions margin from the mix of deals and increased competition.

Profitability margin trends, EBITDA margin, and net profit margin in Q3 declined because of an increase in solutions revenue at lower margins. Net profit was further impacted by higher depreciation and financing costs. Consolidated year-to-date net profit margin is relatively flat at 14.6% compared to 14.7% in FY25, despite a QR 3.6 million decline in finance income in FY26.

Moving to CapEx, as you would expect, CapEx has been ramping up due to the data center builds. CapEx intensity increases to 78% with MV4 extension completed in Q2 FY26 and the builds of MV6, MV7, and MV8 ongoing as detailed by Mohamed. Year-to-date CapEx reaches QR 283 million, with an expectation of CapEx to exceed QR 600 million this year. Annualized return on capital employed, excluding construction financing, is increasing to near double digits as operations scale.

Ending with cash flow, cash flow from operations has declined by QR 94.3 million year-on-year. This is mainly due to the regional conflict and a slowdown in collections from government entities. Net debt position closed at QR 273 million, with QR 125 million in cash and QR 398 million in financing. As you know, QR 55 million in dividends were distributed this year for FY25. The net debt-to-annualized EBITDA ratio stands at [2.0x].

That brings the presentation to a close, and we will now have a Q&A session.

Operator: Thank you. We will now begin the question-and-answer session. If you have dialed in and would like to ask a question, press star one on your telephone keypad to raise your hand and enter the queue. If you would like to withdraw your question, press star one again. For web questions, you may type them in the box below the Q&A session.

Phibion Makuwerere: Thank you, Glaiza. I think while we wait for people to call in for their questions, we do have a few questions in the chat. And I will read them out for the Meeza management team to respond to. The first question is from Phani Kanumuri from HSBC. The question is: Can you discuss the scope of the Qai project? How many megawatts are committed, and does Meeza expect higher engagement with Qai?

Mohamed Ali Al-Ghaithani: Can you hear me?

James Corby: Yeah.

Mohamed Ali Al-Ghaithani: Qai is a client. The commitment is less than 1 megawatt. This is just beginning with them. Qai they have their own strategy; they have much bigger plans than Meeza for AI investments. Their mandate is totally different than [indiscernible] the plans. But we will partner for some time until they will be ready for a data center, as they announce their meetings with investors and the market. So I would consider this a good… one of the good deals that we have that will tie up with Qai for a while to provide some services, and we will build on this deal. It's not big, but it's a good deal.

Phibion Makuwerere: Okay, thank you. Another question again from Phani. Can you elaborate on the reallocation of revenues between managed services and solutions?

Mohamed Ali Al-Ghaithani: Before this question, number two, he said that the reason for reallocation of resources; what does he mean by this question?

James Corby: Yes, I'll take this, Mohamed. Okay.

Mohamed Ali Al-Ghaithani: It's not mentioned anywhere in our presentation. What's the question about it?

James Corby: There's a revenue reallocation on managed services. We, the parent company ourselves, did a review of the Black Arrow contracts.

Mohamed Ali Al-Ghaithani: Okay. That's the accounting... I think that was advised by that.

James Corby: So, essentially, we did a review of the Black Arrow contracts subsequent to Q2, and now there's been a reduction in managed services revenue per the contracts and an increase in solutions.

Mohamed Ali Al-Ghaithani: Okay.

James Corby: Next question, please.

Phibion Makuwerere: Okay. If there are no questions on the line, I will continue with the questions in the chat. Okay. The other question regards operating cash flows. This is from Sid, QIC Asset Management. The question is, operating cash flows turned positive in Q3, but trade receivables continued to increase. What was the actual cash collection trend during the quarter, and do you still expect receivables to normalize by year-end?

James Corby: It's a good question. We're actively monitoring our AR position. Our collections to the end of September were close to QR 200 million, and the target is to collect a further QR 150 to 200 million before the end of the year. Obviously, the regional conflict has had an impact earlier in the year and we're seeing now payments of our receivables improving and increasing in terms of the timely fashion. Next question.

Phibion Makuwerere: Okay, I think there's a question from Mohammed, MRZM Investments. The question is, excluding Black Arrow, how much EBITDA and revenue growth came from core Meeza?

James Corby: Okay, so we presented Meeza standalone, and you can see that in the presentation. So standalone Meeza EBITDA was QR 94.3 million.

Mohamed Ali Al-Ghaithani: The EBITDA is around QR 94.3 million standalone and 5.6% in revenue growth.

Phibion Makuwerere: Okay, the next question from Mohammad Shahid, Franklin Templeton Investments. The question is, can we assume MV8 4 megawatts to start operational and revenues generated from December? And then it goes on to say the rise in higher software, hardware, and license costs by 183% year over year- was it a one-off?

James Corby: Okay, I'll take this question. I've got it. Okay. MV8 4 megawatts; as Mohamed said, we're just finishing the commissioning of that data center. So yeah, we do expect to start recognizing revenue in that data center in Q4. We haven't sold all the capacity yet. I think we've sold close to 2 megawatts of the 4-megawatt capacity as we stand right now. But not all of that is coming online this Q4. But yes, some revenue will be recognized for MV8 in Q4.

In terms of the higher software, hardware and license costs, this is a function of higher solutions revenue. And given that solutions is one-time in nature and relatively unpredictable, it's hard to know whether this is going to be a one-off or not, but we typically see Q4 being a strong solutions quarter. So we expect similar trends in Q4 to Q3 on solutions.

Do we expect receivables improving soon or extending? We expect receivables to improve, as you've seen a significant increase from December in our receivable balance to close to QR 240-250 million. And we target to bring that down to QR 150 million or lower by the end of the year.

Mohamed Ali Al-Ghaithani: For the receivables, we are working directly with the government. We have many promises to settle the payments as soon as possible, but it is only delayed because of the geopolitical issue. And there is no issue. It's only about that for payments from the government.

Phibion Makuwerere: Thank you, Mohamed. The next question is, from Abdullah, MRZM Investments, what is the difference in gross margin for fit-out projects compared to commercial projects?

James Corby: The fit-out projects are approximately 10% margin versus the typical data center margin of closer to 40%.

Mohamed Ali Al-Ghaithani: Those are very generic setup projects like furniture, some non-IT setup projects, small things in it. This is why it is low margin.

Phibion Makuwerere: Thank you. Another question again from Phani HSBC. What is driving the EBITDA margin decline?

James Corby: The EBITDA margin decline is driven by an increase in solutions revenue. That's the primary reason.

Phibion Makuwerere: All right, thank you, James. We don't have questions in the chat. I think we've answered all of them. If we've got questions on the line, I think they can come through.

Operator: I believe there is no questions.

Phibion Makuwerere: On the line. Okay, thank you. In that case, I think it's safe to say that it brings us to the end of our call today. I'd like to take this opportunity to thank the Meeza management team for taking the time to update and respond to questions. Thank you for joining us, and please do join us for future Meeza calls. Enjoy the rest of your day.

Operator: Ladies and gentlemen, that concludes today's call. Thank you all for joining. You may now disconnect.