



Rating Rationale

**Saeed Raddad Group
(Limited Liability Company)**

October 2025

1.1 TASSNIEF Opinion

<i>Saeed Raddad Holding Company</i>	
<i>Domicile</i>	<i>Saudi Arabia</i>
<i>Long-Term Rating</i>	<i>A-</i>
<i>Outlook</i>	<i>Stable</i>
<i>Short-Term Rating</i>	<i>T-3</i>
<i>Rating Watch</i>	<i>No</i>
<i>Action Type</i>	<i>Maintained</i>
<i>Rating Type</i>	<i>Solicited</i>
<i>Initial Rating</i>	<i>December 2024</i>
<i>Methodology Deviations</i>	<i>None</i>

Tassnief has maintained long-term entity rating of “A-” (Single A minus) and short-term entity rating of “T-3” to Saeed Raddad Holding Company. The outlook on the long-term rating is “Stable”.

About the company: Saeed Raddad Holding Group is a prominent Saudi conglomerate with a long-standing presence in the Kingdom of Saudi Arabia (KSA) spanning over four decades. The Group began operations in 1979 through its subsidiary, SRACO Company, and formally incorporated Saeed Raddad Holding Company as a limited liability company in February 2005. Registered in Dammam, KSA, under commercial registration number 2050047560, SRG has grown into a significant and diversified player in the market

1.2 Rating Rationale

The rating of Saeed Raddad Group (SRG or the Group) is supported by a combination of strong qualitative and quantitative factors, most notably its above-par governance practices, which reflect recent significant changes in Board composition aligning with best market standards. The ratings also benefit from the Group's large-scale operations and diversification in business lines, which collectively drive increasing top-line revenues. Financially, the Group maintains a solid foundation underpinned by sizeable equity base with manageable leverage indicators and strong operational capacity to generate sizeable cash flow. These strengths are, however, tempered by persistent structural weaknesses, specifically high client concentration risk and a stretched working capital cycle, although these negative factors are partially mitigated by a sizeable backlog of work and cash buffer maintained on the balance sheet.

The Group exhibits a satisfactory governance and management profile, characterized by institutionalized oversight and clearly defined responsibilities. The Board of Directors (BoD) maintains oversight, demonstrated by holding regular quarterly meetings which are adequately documented. The BoD's oversight function is further structured and enhanced by dedicated Board Subcommittees, specifically the Audit & Risk Committee (BAC) and the Nomination and Remuneration Committee. Operational control is supported by an effective Internal Audit function, which ensures independence by reporting directly to the BAC. The Group benefits from an experienced management team with relevant expertise, and its commitment to quality is reinforced by relevant ISO Certifications. Furthermore, the presence of a formal family charter addresses key succession and ownership risks.

Business risk profile is robust, reflecting the fundamental strength derived from the Group's large-scale operations and broad diversification across multiple sectors, including services, manpower, medical, energy, and manufacturing. This diversification enhances resilience across various economic cycles. The primary operating subsidiary, SRACO, remains the leading revenue contributor due to its strong and stable performance in Operation & Maintenance and Manpower Provision. The significant volume of the backlog of outstanding projects provides substantial, multi-year revenue visibility. The primary internal constraint remains elevated client concentration, with the top two clients historically representing a disproportionately large revenue share. However, this risk is being actively mitigated, evidenced by a material decrease in the Top 2 clients' concentration ratio and substantial order backlog.

The financial profile reflects a trend of strengthening cash flow generation and improving leverage metrics. Profitability shows notable strength, characterized by consistent revenue expansion and a material improvement in the net profit margin. Cash flow generation is assessed as sizeable, with Funds from Operations (FFO) and Cash Flow from Operations (CFO) registering substantial year-over-year increases. In terms of leverage and capitalization, the Group maintains a large and stable equity base. Key leverage indicators have strengthened significantly, particularly the total debt/FFO ratio, which has seen a marked improvement. While liquidity is assessed as satisfactory and interest coverage ratios remain strong, the primary constraint remains the working capital cycle risk. Although collection efficiency saw substantial improvement, mitigating the historically elevated average receivable days, the structural, seasonal nature of certain large payments continues to exert periodic pressure on the year-end working capital position.

1.3 Rating Trigger

A significant downward revision of the rating could be triggered by any sustained deterioration in the Company's key financial metrics. Specifically, this includes a substantial decline in the profitability profile, a material deterioration of the liquidity profile (such as a drop in cash reserves or constrained access to funding), or a significant and sustained increase in leverage metrics. These factors, individually or collectively, would indicate a heightened credit risk that is no longer consistent with the current rating level.

RELATED CRITERIA AND METHODOLOGY

Rating Methodology for Corporate (v.2. 2024) can be found on the website: www.tassnief.com

DISCLAIMER

- Simah Rating Agency (“TASSNIEF”) has conducted this exercise in accordance with its approved Rating Methodologies and Policies to develop a credit rating opinion on the rated entity. The credit ratings and observations presented herein are solely opinions and do not constitute statements of fact or recommendations to purchase, hold, or sell any securities, nor do they serve as advice for any other investment decisions.
- Our assessment is based on certain assumptions and limitations, and we verify the information provided by the rated entity to the extent possible. Ratings are subject to change based on new information, assumptions, and judgements made at the time of the rating. No assurance is given regarding future performance or rating stability.
- The credit ratings are provided solely for informational purposes and do not constitute investment advice or recommendations. Investors and stakeholders are encouraged to conduct their own thorough due diligence and consider all relevant factors before making any investment or financial decisions. The ratings should not be construed as an endorsement to buy, sell, or hold any securities or financial instruments.
- TASSNIEF is not legally obliged for any losses or damages resulting by errors received in TASSNIEF’s information, since the rating was based on what the rated client has provided or what is available from third parties. Rating information includes financial and qualitative data provided by the client, as well as minutes and on-site review.
- The analyses and forecasts in this rating report are inherently forward-looking and cannot be verified. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.
- This rating has not been amended following disclosure to the rated entity or its related party(ies). All analyses related to the rating report are merely opinions of TASSNIEF on the rating date.
- This credit rating herein was determined using the above-mentioned methodology which is available on our website at www.tassnief.com. This methodology, including any significant adjustments or deviations from standard procedures, was applied to arrive at the rating.
- The rating scale, meaning of each rating category, default or recovery definitions, and relevant risk warnings – including a sensitivity analysis of key assumptions – are also available on our website.
- TASSNIEF confirms that all rating activities related to this credit rating were not outsourced to any third party.

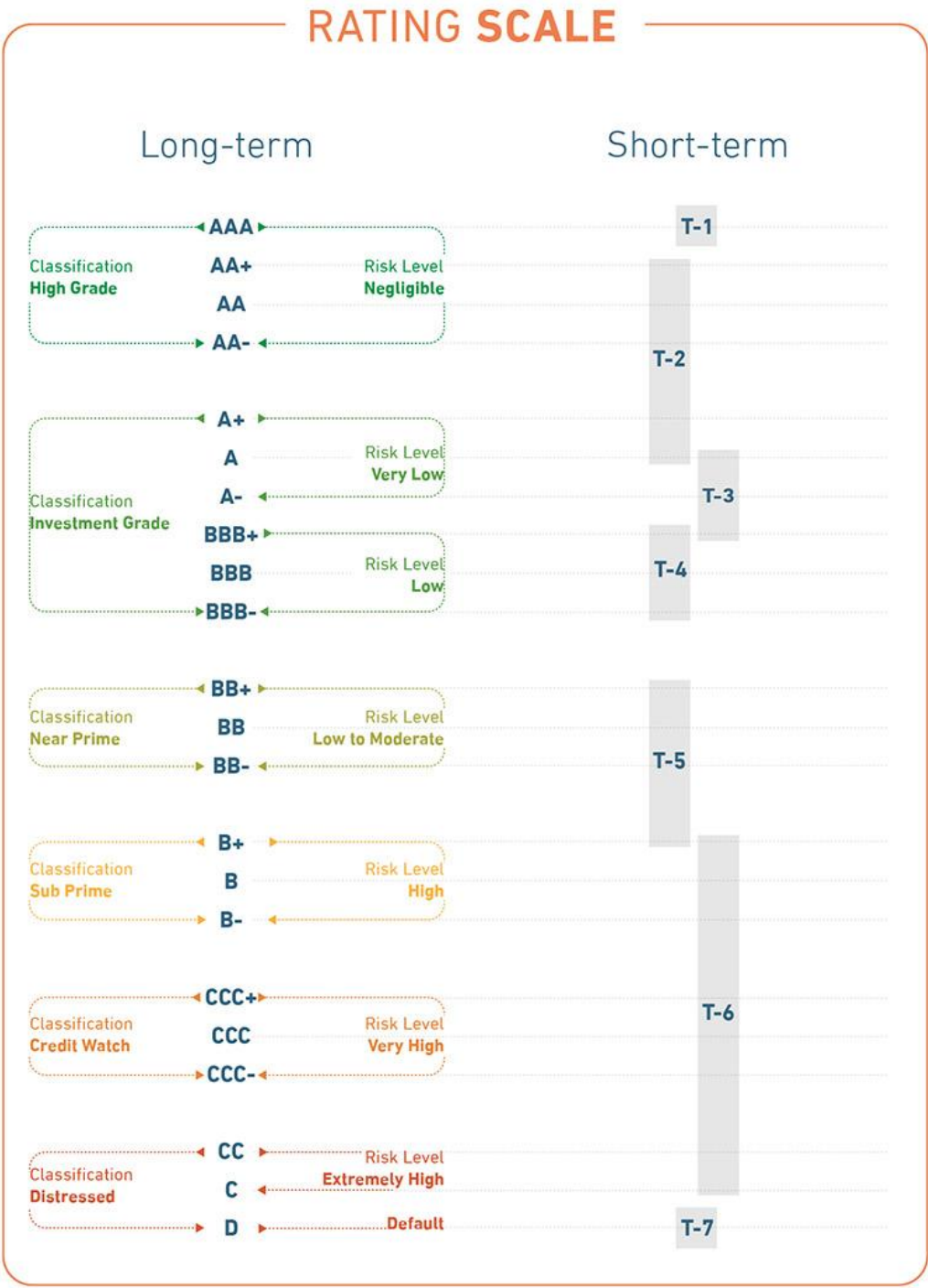
ANALYST:

Talha Iqbal
Senior Rating Analyst
011-250 6627
tiqbal@tassnief.com

ANALYST:

Jazib Ahmed, CFA
Senior Rating Analyst
011-250 2030
jahmed@tassnief.com

TASSNIEF’s Long-term & Short-term Rating Scale



Long-Term Rating Scale	Definitions
AAA	Extremely Robust ; Tassnief considers the rated issuer or issuance hold the highest creditworthiness , thus negligible credit risk
AA+ AA AA-	Very Robust ; Tassnief considers the rated issuer or issuance hold very high creditworthiness , thus minimal credit risk . Risk profile may vary slightly with changes in economic / sector conditions
A+ A A-	Robust ; Tassnief considers the rated issuer or issuance hold high creditworthiness , thus very low credit risk . Risk profile may vary with changes in economic / sector conditions
BBB+ BBB BBB-	Moderate ; Tassnief considers the rated issuer or issuance hold adequate creditworthiness , thus low credit risk . Risk profile may exhibit moderately high variation with changes in economic / sector conditions
BB+ BB BB-	Tassnief considers the rated issuer or issuance hold low to moderate credit risk . Risk profile may exhibit wide variation with changes in economic / sector conditions.
B+ B B-	Tassnief considers the rated issuer or issuance hold very low creditworthiness , thus high credit risk
CCC+ CCC CCC-	Tassnief considers the rated issuer or issuance hold extremely low creditworthiness , thus very high credit risk
CC C	Highly speculative credit profile , and the default is imminent
D	Tassnief considers the rated issuer or issuance have defaulted or may default soon .

****End of Report****