



Unsolicited Entity Rating Summary

**Mobile Telecommunications Company Saudi Arabia
(Zain KSA)**

(Saudi Joint Stock Company)

September 2025

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- 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.

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Mobile Telecommunications Company Saudi Arabia (Zain KSA)

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Rating Summary

1.1 TASSNIEF Opinion:

<i>Mobile Telecommunications Company Saudi Arabia (Zain KSA) – Entity Rating</i>	
<i>Domicile</i>	<i>Saudi Arabia</i>
<i>Long-Term Rating</i>	<i>A (pi)</i>
<i>Outlook</i>	<i>NA</i>
<i>Short-Term Rating</i>	<i>T2</i>
<i>Rating Watch</i>	<i>N/A</i>
<i>Action Type</i>	<i>Maintained</i>
<i>Initial Rating</i>	<i>August 2023</i>
<i>Rating Type</i>	<i>Unsolicited</i>

Tassnief has maintained long-term entity rating of “(A(pi))” (Single A unsolicited rating) and a short-term entity rating of “T-2” to Mobile Telecommunications Company Saudi Arabia. The Single A ratings reflect robust credit profile. Tassnief considers the rated issuer or issuance to hold high creditworthiness and thus low credit risk. The risk profile may vary with changes in economic or sector conditions.

1.2 TASSNIEF Rating Rationale:

The rating action reflects Mobile Telecommunications Company Saudi Arabia’s (‘Zain KSA’ or ‘Company’) current market position, customer base, satisfactory network infrastructure, and reasonable business and financial risk characteristics. The ratings further reflect the company's robust governance structure, underpinned by effective internal controls, comprehensive strategic planning capabilities, and a commitment to transparent operations and disclosure practices.

Zain KSA has experienced revenue growth in 2024 and ongoing year. Revenue expansion is expected to maintain its positive trajectory moving forward. Healthy gross margins continue to support operating profitability. Net margins have normalized given the absence of one-off gains, and remain satisfactory. The company's financial risk assessment shows reasonable capital adequacy and cash reserves. Free cash flow generation has recovered, resulting from higher operating cash flows (CFO) combined with lower capital investments made this year.

The telecommunications industry in Saudi Arabia exhibits a relatively stable risk profile characterized by several key features. Its revenue streams are less affected by economic cycles, akin to utility companies, thanks to consistent demand for communication services. Demographic factors, such as a young population with high smartphone and social media usage, support ongoing growth. Despite

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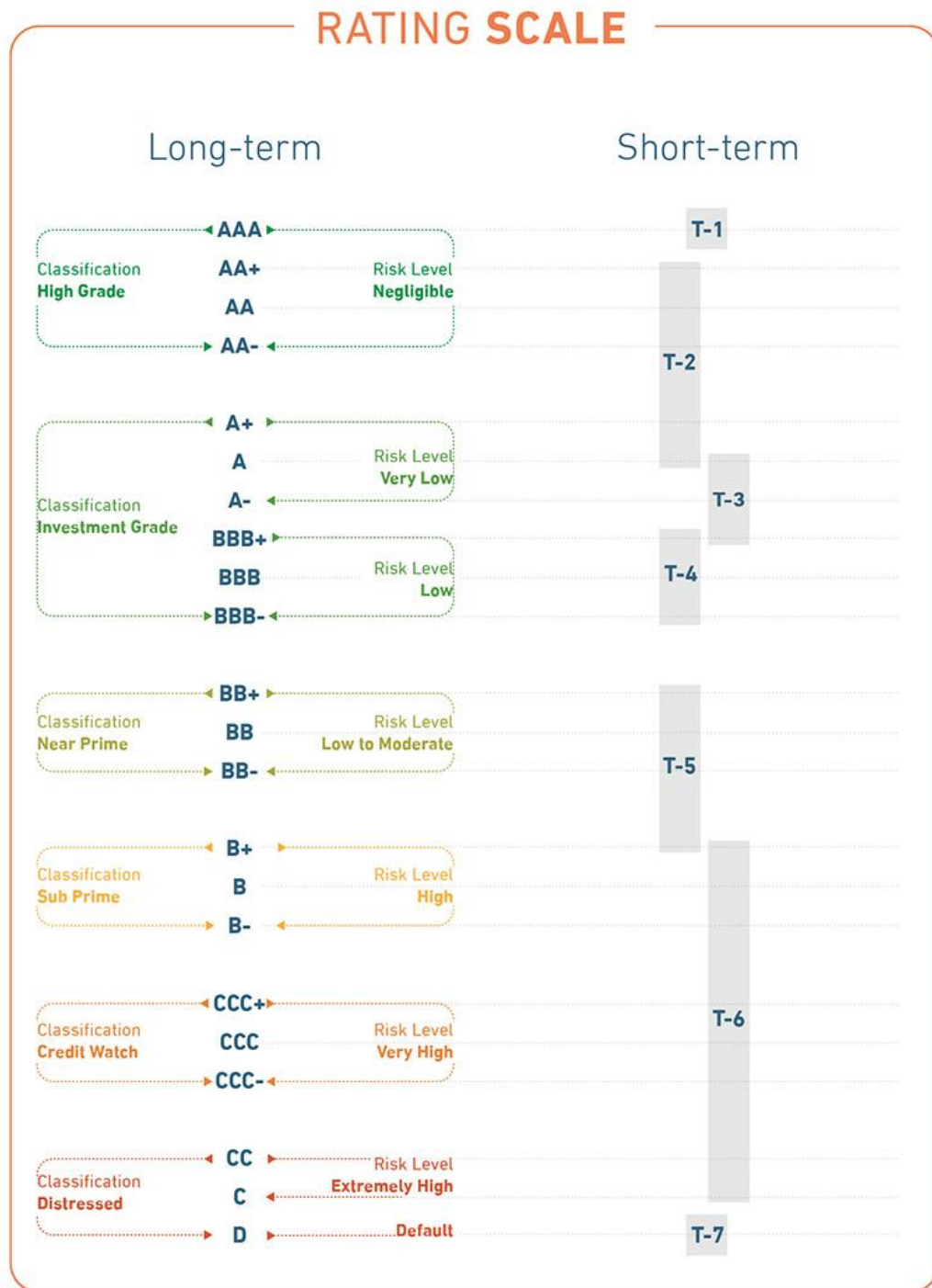
a high level of competition due to saturated mobile penetration, the industry structure remains balanced with a dominant three-player market. Over the past two years, the mobile subscriber base has continued to grow, a trend expected to persist throughout the rating period. This growth is fueled by population increases driven by new city developments, regional headquarters relocating to KSA, and efforts to attract more pilgrims. The regulatory environment, guided by the Communication and Information Technology Commission (CITC), emphasizes stability, predictability, and maturity, which are critical for fostering sustained sector growth and attracting investment. Looking ahead, the telecom sector is well-positioned to maintain its expansion trajectory, supported by strong non-oil GDP growth, ongoing deployment of 5G infrastructure, and expanding opportunities in related non-telecom markets. These factors collectively underpin the sector's resilience and growth prospects in the coming years.

1.3 Rating Triggers

The ratings will continue to be influenced by the company's ability to expand its market share and effectively implement its strategic business plan while maintaining enhanced profit margins. Additionally, positive rating adjustments could result from higher free cash flow generation and strengthened cash flow coverage metrics.

About the Company: Zain KSA holds a significant position as the third largest company in the telecommunication sector in the Kingdom of Saudi Arabia. The majority shareholding of the Company is controlled by Kuwait-based public Company 'Mobile Telecommunications Company KSCP ('Zain Group'). Zain Group itself is a prominent player in the mobile telecommunications and data services sector throughout the Middle East. Operating not only in Kuwait but also across multiple countries such as Saudi Arabia, Bahrain, Jordan, Oman, UAE, Sudan (North and South), and Iraq, the Group serves an extensive customer base of 46.6million across eight markets.

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****