CORPORATE CREDIT RATING
SUMMARY REPORT

(Unsolicited Rating)

Mobile Telecommunications Company Saudi Arabia (Zain KSA)

Saudi Joint Stock Company

September 2026

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Related Criteria and Methodology

The specific rating methodologies and criteria applied in this analysis are available on the Tassnief website. To view or download these documents, please visit www.tassnief.com.

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1. Tassnief's Rating Opinion

SIMAH Rating Agency (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 / sector conditions.

About the Company:

Zain KSA holds a significant position as the third largest company in the telecommunication sector in the Kingdome 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.

Mobile Telecommunications Company Saudi Arabia (Zain KSA) – Unsolicited Entity Rating	
Domicile	Saudi Arabia
Long-Term Rating	A (pi)
Outlook	N/A
Short-Term Rating	T-2
Rating Watch	None
Rating Action	Maintained
Rating Type	Unsolicited
Date of Initial Rating	August 2023
Date of Last Review	September 2025
Deviation from Methodology	None

2. Rating Rationale

Mobile Telecommunications Company Saudi Arabia's ('Zain KSA' or 'Company') is a Saudi joint stock company setup in 2008. While the company maintains a solid customer base, it remains the third-largest operator among Saudi Arabia's three major telecommunications providers, holding approximately 10% of market revenues and 15% of the subscriber base according to Tassnief's analysis. The company's customer portfolio was 8.90 million users at end of June 2026.

The rating action reflects Zain KSA's solid customer base, extensive network infrastructure with ongoing expansion initiatives, and reasonable business and financial risk profile. The rating further incorporates robust backing from the parent, Zain Group, which has provided financial and capital support, together with a sound governance framework underpinned by internal controls, mature strategic planning mechanisms, and a commitment to transparent reporting and disclosure practices.

Zain KSA sustained revenue growth through 2025, although topline momentum softened in 1H26. Healthy gross margins continued to support operating profitability. Net margins remain satisfactory. Financial risk assessment reflects an adequate capital structure and liquidity profile. Cash flow coverage of outstanding debt have been maintained at around 3x while free cash flow relative to outstanding debt has increased on a timeline basis. Leverage is expected to remain a function of planned capex for infrastructure expansion.

The telecommunications sector's industry risk profile is characterized by low revenue cyclicality (stable utility-like demand characteristics), favorable demographics (young population with high smartphone and social media penetration), and a high level of competitive intensity due to saturated mobile penetration. Nevertheless, the mobile subscriber base has experienced growth this year and is projected to continue expanding at a robust pace throughout the rating horizon, driven by population growth resulting from the development of new cities, the relocation of regional headquarters to KSA, and targeted increase in the number of pilgrims. The Communication, Space & Technology Commission (CST) underscores the importance of fostering a supportive regulatory environment characterized by stability, predictability, and maturity in its policies. This approach is essential for promoting sustained growth and attracting investment in the telecommunication sector. The telecom sector is well-positioned to sustain its growth momentum in the coming period, driven by robust non-oil GDP growth, the ongoing expansion of G5 infrastructure, and an increased emphasis on adjacent markets, including complementary non-telecom businesses.

Several key factors influence Zain KSA's rating assessment:

- Solid corporate governance structure featuring robust internal controls, mature strategic planning mechanisms, and commitment to transparent reporting and disclosure practices.
- Robust backing from parent company Zain Group, which has provided financial and capital support.
- Comprehensive network infrastructure with ongoing expansion initiatives.
- Business risk evaluation that reflects limited revenue volatility, positive demographic trends, and intense market competition.

- Adequate capital structure and cash reserves, though these metrics trail behind industry competitors.
- Improving free cashflow relative to outstanding debt.

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 production, decreased debt ratios, and strengthened cash flow coverage metrics.

Tassnief’s Long-Term and Short-Term Rating Scale

<table>
<tr><th>Classification</th><th>Risk Level</th><th>Long-Term Rating</th><th colspan="2">Short-Term Mapping</th></tr>
<tr><td rowspan="4">High Grade</td><td rowspan="4">Negligible Risk</td><td>AAA</td><td>T-1</td><td></td></tr>
<tr><td>AA+</td><td></td><td rowspan="5">T-2</td></tr>
<tr><td>AA</td><td></td></tr>
<tr><td>AA-</td><td></td></tr>
<tr><td rowspan="3">Investment Grade</td><td rowspan="3">Very Low Risk</td><td>A+</td><td></td></tr>
<tr><td>A</td><td rowspan="3">T-3</td></tr>
<tr><td>A-</td><td></td></tr>
<tr><td rowspan="3">Investment Grade</td><td rowspan="3">Low Risk</td><td>BBB+</td><td rowspan="3">T-4</td></tr>
<tr><td>BBB</td><td></td></tr>
<tr><td>BBB-</td><td></td></tr>
<tr><td rowspan="3">Near Prime</td><td rowspan="3">Low to Moderate Risk</td><td>BB+</td><td rowspan="4">T-5</td><td></td></tr>
<tr><td>BB</td><td></td></tr>
<tr><td>BB-</td><td></td></tr>
<tr><td rowspan="3">Sub Prime</td><td rowspan="3">High Risk</td><td>B+</td><td rowspan="8">T-6</td></tr>
<tr><td>B</td><td></td></tr>
<tr><td>B-</td><td></td></tr>
<tr><td rowspan="3">Credit Watch</td><td rowspan="3">Very High Risk</td><td>CCC+</td><td></td></tr>
<tr><td>CCC</td><td></td></tr>
<tr><td>CCC-</td><td></td></tr>
<tr><td rowspan="3">Distressed</td><td rowspan="2">Extremely High Risk</td><td>CC</td><td></td></tr>
<tr><td>C</td><td></td></tr>
<tr><td>Default</td><td>D</td><td>T-7</td><td></td></tr>
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Tassnief's Long-Term Rating Definitions

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 to 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 to 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 or 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 ---