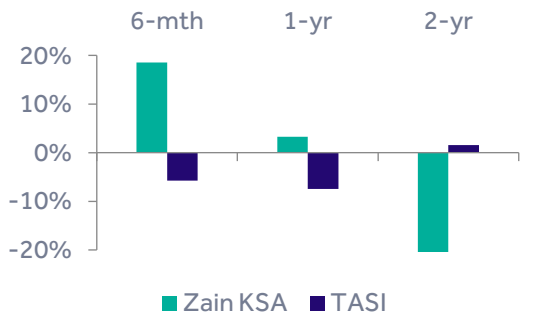


Market Data	
52-week high/low	SAR 13.36/10.14
Market Cap	SAR 11,270 mln
Shares Outstanding	899 mln
Free-float	62.95%
12-month ADTV	3,313,392
Bloomberg Code	ZAINKSA AB



■ Bottomline Falls Short on Weaker Operational Efficiency

May 07, 2025

Upside to Target Price	(4.3%)	Rating	Neutral
Expected Dividend Yield	4.0%	Last Price	SAR 12.54
Expected Total Return	(0.3%)	12-mth target	SAR 12.00

Zain KSA	1Q2025	1Q2024	Y/Y	4Q2024	Q/Q	RC Estimate
Sales	2,690	2,535	6%	2,695	(0%)	2,651
Gross Profit	1,585	1,545	3%	1,672	(5%)	1,604
Gross Margins	59%	61%		62%		61%
Operating Profit	274	251	9%	389	(30%)	336
Net Profit	93	67	39%	274	(66%)	149

(All figures are in SAR mln)

- Zain KSA posted 1Q revenues at SAR 2.7 bln, up +6% Y/Y but down -0.2% Q/Q, in line with our SAR 2.7 bln estimate. This Y/Y increase was due to growth in the consumer segment, driven by 5G services and Tamam (Zain’s fintech arm).
- Gross margin came in lower than our estimate at 59%, compared to 61% last year and 62% last quarter.
- OPEX came in +3.5% above our estimates at SAR 1.31 bln, up +1.3% Y/Y and +2.2% Q/Q, causing the deviation from our estimates. Capitalizing the new spectrum charges resulted in higher depreciation and amortization, up SAR +17 mln Y/Y and SAR +15 mln Q/Q. Consequently, operating margin stood at 10.2% lower than our 12.7% estimate, and compared to 9.9% last year and 14.4% last quarter. However, net other expenses came in at SAR 181 mln, in line with estimates.
- Net income was recorded at SAR 93 mln (+39% Y/Y, -66% Q/Q), below market consensus (SAR 121 mln) and our estimates (SAR 149 mln). Y/Y growth was driven by revenues, while Q/Q decline came from lower margins coupled with a positive Zakat reversal in the last quarter. We maintain our target price and Neutral recommendation.

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■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors
For any feedback on our reports, please contact research@riyadcapital.com

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