Zain KSA

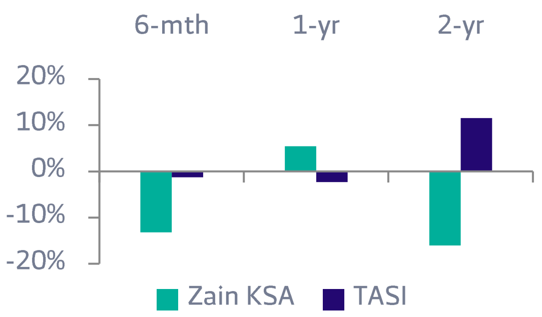
3Q2025 First Look

Revenues Drive Profits Beat

October 26, 2025

Upside to Target Price	6.4%	Rating	Neutral
Expected Dividend Yield	4.4%	Last Price	SAR 11.28
Expected Total Return	10.8%	12-mth target	SAR 12.00

Market Data	
52-week high/low	SAR 13.36/10.02
Market Cap	SAR 10,138 mln
Shares Outstanding	899 mln
Free-float	62.95%
12-month ADTV	3,375,621
Bloomberg Code	ZAINKSA AB



Zain KSA	3Q2025	3Q2024	Y/Y	2Q2025	Q/Q	RC Estimate
Sales	2,751	2,583	7%	2,654	4%	2,678
Gross Profit	1,639	1,714	(4%)	1,625	1%	1,634
Gross Margins	60%	66%		61%		61%
Operating Profit	318	318	0%	305	4%	319
Net Profit	153	150	2%	127	20%	136

(All figures are in SAR mln)

- Zain KSA reported 3Q2025 revenues of SAR 2.75 bln (+7% Y/Y, +4% Q/Q), slightly above our SAR 2.68 bln estimate. The Y/Y growth was driven by expansion in the consumer, wholesale, and Tamam (Zain's fintech arm) segments while sequential growth was supported by higher wholesale revenue.
- Gross margin came in marginally below estimates at 60%, compared to 66% last year (or 60% normalized, excluding the SAR 157 mln withholding tax release) and 61% last quarter. As a result, gross profit declined -4% Y/Y (or rose +5% Y/Y normalized) and increased +1% Q/Q. EBITDA remained stable at SAR 859 mln (+1.0% Y/Y, +0.3% Q/Q), on lower ECL charges and continuous OPEX monitoring. This translated into an EBITDA margin of 31.2%, versus 33% last year and 32% last quarter, also slightly below our 32% estimate.
- OPEX was in line with estimates at SAR 1.32 bln, improving by -5.4% Y/Y and flat Q/Q. Consequently, operating margin stood at 11.6%, compared to 12.3% last year and 11.5% last quarter, marginally below estimates. However, net other expenses came in better-than-expected at SAR 165 mln, reflecting lower finance costs, as the company refinanced its debt in September via a SAR 5.5 bln five-year Islamic Murabaha facility (including 1 year grace period), to repay near-term borrowings and fund operations/investments, with favorable commercial terms, a move positively received by investors.
- Net income reached SAR 153 mln (+2% Y/Y, +20% Q/Q), beating both market consensus (SAR 126 mln) and our estimate (SAR 136 mln). The modest Y/Y growth was affected by last year's withholding tax release and a SAR 21 mln one-off gain from the sale and lease back of 199 sites. We maintain our SAR 12.00 target price and revise our stance to Neutral, following the stock's recent rally.

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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

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