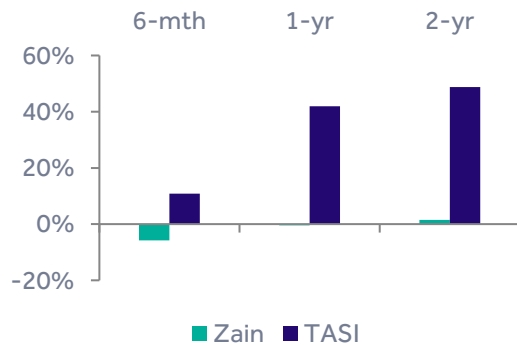


Market Data	
52-week high/low	SAR 15.42/11.66
Market Cap	SAR 12,025 mln
Shares Outstanding	899 mln
Free-float	62.96%
12-month ADTV	5,288,961
Bloomberg Code	ZAINKSA AB



## 2021 Ends on a Positive Note

February 01, 2022

Upside to Target Price	12.1%
Expected Dividend Yield	-
Expected Total Return	12.1%

Rating	Neutral
Last Price	SAR 13.38
12-mth target	SAR 15.00

Zain KSA	4Q2021	4Q2020	Y/Y	3Q2021	Q/Q	RC Estimate
Sales	2,083	2,061	1%	1,984	5%	2,042
Gross Profit	1,167	1,351	(14%)	1,244	(6%)	1,276
Gross Margins	56%	66%		63%		63%
Operating Profit	193	210	(8%)	188	3%	184
Net Profit	71	36	98%	60	18%	59

(All figures are in SAR mln)

- Zain posted revenues of SAR 2.1 bln (+1% Y/Y, +5% Q/ Q) for 4Q2021. Although revenues were affected by the minimal number of pilgrims, the growth in the Business-to-Business (B2B) segment helped revenues to stabilize.
- For the fiscal year, gross margin contracted from 69% to 62% as there was a reversal of government fees of SAR 484 mln in FY2020. On a quarterly basis, gross margin contracted by almost -670 bps which we assume is due to higher sale of devices in this quarter compared to the previous quarter.
- Net income for the fiscal year 2021 was recorded at SAR 214 mln. Although this is a -18% Y/Y decline, however, in FY2020 Zain was helped by the reversal in provisions. For FY2021, Zain benefitted from the decrease in finance cost by SAR 409 mln on the back of a decline in Sibor and Libor rates, along with the reduction in OPEX by SAR 247 mln.
- We maintain our target price at SAR 15.00 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](mailto:research@riyadcapital.com)

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