

■ 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

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

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.

Abdulrahman M Barghouth
 abdulrahman.barghouth@riyadcapital.com
 +966-11-203-6815

■ 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

Riyad Capital is a Saudi Closed Joint Stock Company with Paid up capital of SR 500 million, licensed by the Saudi Arabian Capital Market Authority NO.07070-37. Commercial Registration No: 1010239234. Head Office: Granada Business Park 2414 Al-Shohda Dist. – Unit No 69, Riyadh 13241 - 7279 Saudi Arabia. Ph: 920012299.

The information in this report was compiled in good faith from various public sources believed to be reliable. Whilst all reasonable care has been taken to ensure that the facts stated in this report are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable. Riyad Capital makes no representations or warranties whatsoever as to the accuracy of the data and information provided and, in particular, Riyad Capital does not represent that the information in this report is complete or free from any error. This report is not, and is not to be construed as, an offer to sell or solicitation of an offer to buy any financial securities. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this report. Riyad Capital accepts no liability whatsoever for any loss arising from any use of this report or its contents, and neither Riyad Capital nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof. Riyad Capital or its employees or any of its affiliates or clients may have a financial interest in securities or other assets referred to in this report. Opinions, forecasts or projections contained in this report represent Riyad Capital's current opinions or judgment as at the date of this report only and are therefore subject to change without notice. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections which represent only one possible outcome. Further, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified and future actual results or events could differ materially. The value of, or income from, any investments referred to in this report may fluctuate and/or be affected by changes. Past performance is not necessarily an indicative of future performance. Accordingly, investors may receive back less than originally invested amount. This report provides information of a general nature and does not address the circumstances, objectives, and risk tolerance of any particular investor. Therefore, it is not intended to provide personal investment advice and does not take into account the reader's financial situation or any specific investment objectives or particular needs which the reader may have. Before making an investment decision the reader should seek advice from an independent financial, legal, tax and/or other required advisers due to the investment in such kind of securities may not be suitable for all recipients. This research report might not be reproduced, nor distributed in whole or in part, and all information, opinions, forecasts and projections contained in it are protected by the copyright rules and regulations.