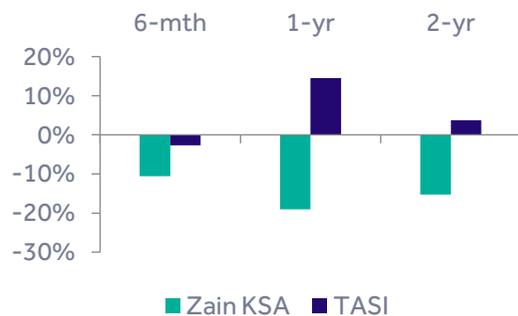


Market Data	
52-week high/low	SAR 15.18/10.30
Market Cap	SAR 9,706 mln
Shares Outstanding	899 mln
Free-float	62.95%
12-month ADTV	3,626,918
Bloomberg Code	ZAINKSA AB



■ One-Offs Elevate Profits

October 30, 2024

Upside to Target Price	11.1%	Rating	Buy
Expected Dividend Yield	4.6%	Last Price	SAR 10.80
Expected Total Return	15.7%	12-mth target	SAR 12.00

Zain KSA	3Q2024	3Q2023	Y/Y	2Q2024	Q/Q	RC Estimate
Sales	2,583	2,525	2%	2,552	1%	2,557
Gross Profit	1,714	1,481	16%	1,540	11%	1,534
Gross Margins	66%	59%		60%		60%
Operating Profit	318	319	(0%)	242	31%	261
Net Profit	150	70	114%	105	43%	73

(All figures are in SAR mln)

- Zain posted 3Q revenues at SAR 2.6 bln, up +2% Y/Y and +1% Q/Q, matching our estimate. The annual increase was driven by growth in B2B segment, 5G services, wholesale segment and Tamam (Zain's fintech arm). Equipment sales growth and "Tamam" business caused the sequential rise. 9M2024 revenues saw a +4.5% growth.
- Gross margin in this quarter expanded to 66.4%, a 3-year high, due to a withholding tax release on international traffic provision amounting to SAR 157 mln. This margin was higher than our 60.0% estimate, more than 58.7% last year and 60.3% last quarter. The Company recorded SAR 1.4 bln in OPEX (up +20% Y/Y and +8% Q/Q), higher than expected due to increased ECL expenses of around SAR 158 mln, as a result of booking additional bad debt provision. Operating margin came in higher than expected at 12.3% from 9.5% in the previous quarter but lower than 12.6% last year.
- Net income was recorded at SAR 150 mln (+114% Y/Y, +43% Q/Q), higher than SAR 85 mln market consensus and our estimate of SAR 73 mln, due to the two one-offs; the withholding tax release, and a onetime gain worth SAR 21 mln related to the sale and leaseback of 199 sites. Without the two one-offs, the bottomline may have gone into the red. We reduce our target price to SAR 12.00 but keep a Buy rating.

**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](mailto: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.