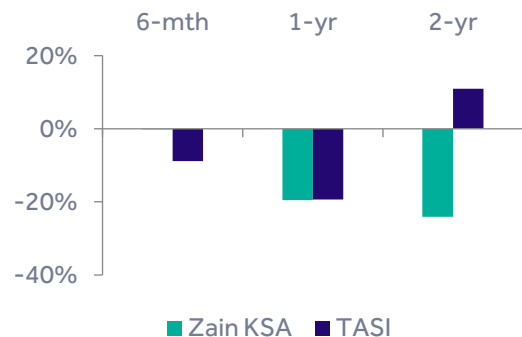


Market Data	
52-week high/low	SAR 14.38/9.86
Market Cap	SAR 10,641 mln
Shares Outstanding	899 mln
Free-float	62.93%
12-month ADTV	3,228,120
Bloomberg Code	ZAINKSA AB



2022 Net Profit at All Time High

March 27, 2023

Upside to Target Price	1.4%	Rating	Neutral
Expected Dividend Yield	4.2%	Last Price	SAR 11.84
Expected Total Return	5.6%	12-mth target	SAR 12.00

Zain KSA	4Q2022	4Q2021	Y/Y	3Q2022	Q/Q	RC Estimate
Sales	2,404	2,083	15%	2,287	5%	2,348
Gross Profit	1,452	1,166	25%	1,376	5%	1,321
Gross Margins	60%	56%		60%		56%
Operating Profit	379	193	97%	246	54%	271
Net Profit	251	71	251%	85	194%	87

(All figures are in SAR mln)

- For the year, Zain's top line increased by +15% Y/Y to SAR 9.1 bln, marking the highest top-line in the Company's history on the back of growth in B2B, 5G revenues, the return of international visitors and the growth in Tamam revenue. Net profit also set a record, hitting SAR 550 mln compared to SAR 214 mln in 2021. Besides the growth in the top-line, the telecom tower disposal plan's resultant lower depreciation had a significant positive impact on net profit.
- For the quarter, revenue came in at SAR 2.4 bln, up +15% Y/Y and +5% Q/Q. Gross Profit followed the same direction as the revenue to increase by +25% Y/Y and +5% Q/Q to SAR 1.45 bln.
- EBIT increased strongly by +97% Y/Y and +54% Q/Q to SAR 379 mln. Although there was an increase in Opex & Dep, we assume EBIT was helped by a reversal in impairment AR loss of SAR 153 mln (as per our calculations).
- Net Income came in above both our and market consensus at SAR 251 mln (+251% Y/Y, 194% Q/Q) due to the higher than expected growth in the top-line as well as the reversal of impairment AR loss.
- Zain KSA announced its first ever dividends distribution of SAR 0.50 per share for the year 2022. However, we expect the company will also distribute dividends for the year 2023, aided by the capital gains from the sale of the towers that are anticipated to be recognized during this year.

Khalid Obaid Al-Obaid

khalid.al-obaid@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.