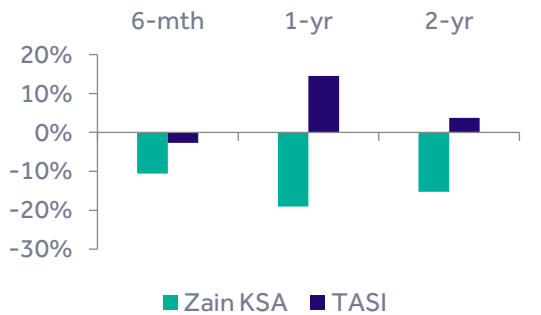


Market Data	
52-week high/low	SAR 15.18/10.30
Market Cap	SAR 9,706 mln
Shares Outstanding	899 mln
Free-float	62.95%
12-month ADTV	3,626,918
Bloomberg Code	ZAINKSA AB



■ One-Offs Elevate Profits

October 30, 2024

Upside to Target Price11.1%RatingBuy

Expected Dividend Yield4.6%Last PriceSAR 10.80

Expected Total Return15.7%12-mth targetSAR 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.

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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

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