

PAK TELECOM MOBILE LIMITED (PTML)

Analyst:

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RATING DETAILS

Ratings category	Latest Rating		Previous Rating	
	Long Term	Short Term	Long Term	Short Term
Entity	AA-	A1	AA-	A1
Rating Outlook	Stable		Stable	
Rating Action	Reaffirmed		Reaffirmed	
Rating Date	May 08, 2026		January 27, 2025	

Shareholding (5% or More)

Other Information

Pakistan Telecommunication Company Limited - 100%	Incorporated in 1998
	Private Limited Company
	President & CEO: Mr. Hatem Mohamed Bamatraf
	External auditors: Ernst & Young

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Corporates

(<https://docs.vis.com.pk/docs/CorporateMethodology.pdf>)

Rating Scale

<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

Rating Rationale

The assigned ratings of Pak Telecom Mobile Limited (PTML), operating with the brand name Ufone, reflect its strong sponsor profile as a wholly owned subsidiary of Pakistan Telecommunication Company Limited and ongoing strategic support. The ratings highlight PTML's strengthened market position following the merger with Telenor Pakistan, which will increase its combined market share to 35% and create the country's second-largest mobile operator. This scale expansion enhances competitive positioning, broadens the subscriber base, and creates significant opportunities for operational synergies, including site rationalization, cost optimization, and network integration, which are expected to support long-term growth and improved profitability.

The Company's financial profile is underpinned by improving cash flows, operational efficiencies, and continued sponsor support, providing strong financial flexibility. Profitability strengthened in CY25, with topline growth of 20% and a substantial narrowing of losses, while further margin expansion is expected as synergies from the merger are realized, including cost savings from consolidated network operations. Liquidity is supported by established banking relationships, sponsor support, and a negative cash conversion cycle.

Looking ahead, disciplined financial management and the successful integration of Telenor operations are expected to drive sustainable growth, with significant improvement in coverage metrics and overall credit quality.

Company Profile

Pak Telecom Mobile Limited (PTML) was incorporated in Pakistan on July 18, 1998 as a public limited company. The Company operates the Ufone cellular mobile telephony brand and commenced commercial operations in January 2001. Since then, PTML has established itself as a key participant in Pakistan's telecommunications sector, providing mobile voice and data services across the country. The registered and head office of the Company is located at Ufone Tower, Plot No. 55-C, Jinnah Avenue, Blue Area, Islamabad. PTML is a wholly owned subsidiary of Pakistan Telecommunication Company Limited, and operates under licenses issued by the Pakistan Telecommunication Authority.

In a significant consolidation within Pakistan's telecom sector, Pakistan Telecommunication Company Limited, the parent of Pak Telecom Mobile Limited, completed the acquisition of Telenor Pakistan (Private) Limited and Orion Towers (Private) Limited on December 31, 2025. During the transition period, Telenor Pakistan continues to operate as a separate legal entity pending operational integration with PTML.

Sponsor's Profile

The Company benefits from the strong sponsor profile of Pakistan Telecommunication Company Limited, its parent entity, which holds 100% shareholding in Pak Telecom Mobile Limited. At the PTCL level, the Government of Pakistan holds a majority equity stake of 62%, while e& (etisalat and) holds a strategic shareholding of 26%, e& (etisalat and) retains management control rights at PTCL, providing technical expertise, governance oversight, and strategic direction. e& (etisalat and) is an established international telecommunications operator with a diversified presence across the Middle East, Asia, and Africa and a long operating track record. The Group is rated AA- by S&P Global Ratings and Aa3 by Moody's Investors Service.

Management and Governance

The Board of Directors of Pak Telecom Mobile Limited (PTML) comprises nine members representing both the strategic shareholder and the Government of Pakistan. The Board is chaired by Mr. Khalifa Al Shamsi, a senior executive associated with e& (etisalat and), who has extensive experience in procurement, contracts, and supply chain management within the telecommunications sector. The Board includes representatives from the strategic investor as well as government nominees, reflecting the ownership structure of Pakistan Telecommunication Company Limited, PTML's parent entity. Other board members bring diverse expertise across regulatory affairs, legal compliance, finance, telecommunications strategy, public administration, and technology development, providing balanced oversight and governance.

The Board is supported by a professional management team responsible for operational execution and strategic implementation. PTML benefits from the broader governance and operational framework of the PTCL Group, which promotes structured decision-making, internal controls, and regulatory compliance across group entities. The Company also leverages group-wide systems and processes to enhance operational efficiency and transparency in financial and operational reporting.

The PTCL Group, which includes Pakistan Telecommunication Company Limited and Pak Telecom Mobile Limited, is led by Hatem Bamatraf, President and Group Chief Executive Officer. He brings extensive international telecommunications experience, having held several senior leadership roles within the e& ecosystem and other telecom operators. His professional background spans network technology, enterprise services, and strategic business development across multiple markets in the Middle East.

Industry Profile & Business Risk

Pakistan's telecom sector recorded revenue growth from PKR 957 billion in 2024 to PKR 1,074 billion in 2025; The increase reflected a combination of inflationary impact and underlying real growth in the sector. Cellular subscribers increased marginally from ~192.5 million to ~197.8 million, while mobile tele density remained broadly stable at ~80–81%, which remains lower than several regional countries, indicating continued growth potential in the market. The sector's expansion continues to be driven by data adoption, with 3G/4G subscribers rising from 134.8 million to 146.0 million and broadband penetration improving from

57.0% to 60.6%, leading to an increase in mobile data usage from 13,021 petabytes to 14,153 petabytes. Average Revenue Per User (ARPU), which measures the average monthly revenue generated per subscriber, increased from PKR 270 to PKR 306.

Stats of Telecom Sector					
	2021	2022	2023	2024	2025
Telecom Revenue (Rs. Bn)	644.1	694	850	957	1074
Cellular Subscribers (mil)	184.3	194.6	190.9	192.5	197.8
Tele-density (%)	81.73%	84.60%	81.40%	80.50%	81.06%
3G/4G Subscribers (mil)	99.8	115.7	124.4	134.78	146.04
Broadband Penetration (%)	44.93%	50.96%	53.68%	57.00%	60.61%
Mobile Data Usage (Petabytes)	6,855	8,970	10,850	13,021	14,153
ARPU/Subscriber (Rs.) (month)	215	220	249	270	306

From a competitive standpoint, Jazz maintained its leadership position with ~37% market share (73.9 million subscribers), followed by Zong at ~26% (53.1 million subscribers), while the completed acquisition of Telenor Pakistan by Pakistan Telecommunication Company Limited has combined Ufone and Telenor into a larger entity with a consolidated market share exceeding 35%, improving scale. Network modernization efforts, including 4G densification and fiber-to-the-home (FTTH) expansion, continue to support service quality, while enterprise and IoT solutions contribute incremental revenue streams. The completion of the 5G spectrum auction marks another milestone, with Jazz acquiring ~190 MHz, the combined Ufone entity ~180 MHz, and Zong ~110 MHz.

The sector faces key risks including elevated energy costs, and regulatory constraints which may have an impact on the margins and cashflow. Despite these challenges, the sector's business profile remains supported by essential service characteristics, recurring revenue streams, high barriers to entry, and ongoing investment in digital transformation and enterprise solutions, which collectively reinforce resilience and medium-term growth potential.

Operational Performance

	2022	2023	2024	2025
Revenue Market Share (%)	15.60%	16.80%	13.7%	14.0%
Total ARPU/Subscriber (Rs.)	217	258	322	351
Data ARPU/Subscriber (Rs.)	83	105	144	152
Customer Churn Rate (%)	2.43%	2.37%	2.56%	1.96%
Subscriber Acquisition Cost (PKR mn)	6,291	6,657	4,986	4,564
Service Availability (%)	99.66%	99.50%	99.72%	99.71%

In 2025, the Company's operational profile showed continued improvement, supported by a ~10% YoY increase in subscribers to 28.4 million. This led to an improvement in market share to 14.0% (CY24: 13.7%), reflecting a positive trend in the Company's competitive positioning. ARPU continued its upward trajectory, reaching PKR 351 (CY24: PKR 322), driven by higher data usage and ongoing migration to 4G, which now accounts for 49% of the subscriber base. In parallel, the Company has completed the 5G spectrum acquisition and is progressing toward its commercial rollout, which is expected to enhance network capacity and support future data-driven revenue streams, albeit with gradual monetization in the near term. Operationally, customer churn improved to 1.96% (CY24: 2.56%), while subscriber acquisition costs declined to PKR 4.6 billion (CY24: PKR 5.0 billion), reflecting better retention and cost control. Service availability remained strong at 99.71%, supported by prior network investments.

Profitability

The Company reported a 20% year-on-year increase in topline to Rs. 113.1 billion in CY25 (CY24: Rs. 94.2 billion), supported by subscriber growth from 25.8 million to 28.4 million. The revenue mix continues to shift toward data, with data services contributing 44.6% of total revenue (CY24: 44.08%), reflecting sustained demand and higher usage intensity, while voice services accounted for 33.2% (CY24: 31.8%). Corporate segment revenues remained modest, contributing approximately 7% to the overall topline.

Gross margin improved notably to 33.1% in CY25, supported by topline expansion and effective cost rationalization, particularly in network utilities, maintenance, and security expenses. Operating costs increased in line with the enlarged scale of operations. Other income declined to Rs. 3.6 billion (CY24: Rs. 6.0 billion), primarily due to the absence of exchange gains recorded in the previous year. Finance costs rose to Rs. 25.3 billion (CY24: Rs. 24.6 billion), driven by higher charges on lease liabilities and adverse exchange rate movements, the Company's bottom line improved significantly, with losses narrowing to Rs. 1.05 billion in CY25 from Rs. 9.93 billion in CY24, reflecting a substantial year-on-year reduction.

Following the formation of the merged entity (MergeCo – PTML & Telenor Pakistan), topline is projected to reach at substantial level by CY26. Gross margins are expected to expand meaningfully, driven by synergies from network integration, particularly reductions in utilities, maintenance, and security expenses as overlapping sites are consolidated. Profitability is anticipated to improve further, supported by a planned rationalization of sites over the next three years.

Financial Risk

Capital Structure

The Company's capitalization profile continued to be supported by financial backing from its parent, which injected PKR 8 billion during CY25. This support has provided stability to the Company's capital structure, with total equity reported at PKR 4.3bn as of CY25 end. However, gearing and leverage indicators continue to remain elevated. While the recent acquisition of Telenor Pakistan by the parent, and its subsequent integration into the merged entity (MergeCo – PTML & Telenor Pakistan) is expected to boost profitability and improve leverage and gearing metrics, we expect the capitalization profile to remain slightly elevated over the medium term, given the funding requirements for network integration, site consolidation, and related capital expenditure. Post-merger the realization of planned synergies, will remain important for the projected streamlining of leverage.

Debt Coverage & Liquidity

PTML's liquidity profile exhibited improvement during CY25, underpinned by enhanced operating cash flow generation. The current ratio improved to 0.64x (CY24: 0.58x). Liquidity profile has been supported by parent injection and sub debt support from time to time. Coverage indicators improved on the back of higher funds from operations (FFO), which increased to Rs. 25.7 billion (CY24: Rs. 7.5 billion). Liquidity remains supported by available credit lines, sponsor support, and continued access to funding. Going forward, maintenance of liquidity indicators will depend on the Company's ability to sustain cash flow generation and effectively manage working capital requirements.

REGULATORY DISCLOSURES Appendix II

Name of Rated Entity	Pak Telecom Mobile Limited				
Sector	Communication				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	RATING TYPE: ENTITY				
	Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
	08-05-2026	AA-	A1	Stable	Reaffirm
	27-01-2025	AA-	A1	Stable	Reaffirm
	22-11-2023	AA-	A1	Stable	Reaffirm
	14-07-2022	AA-	A1	Stable	Initial
Instrument Structure	NA				
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.				
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.				
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Due Diligence Meeting Conducted	Name	Designation			Date
	Asif Imtiaz	Group VP – Treasury & Corporate Finance			09-Mar-2026
	Muhammad Ahmed Hanif	Group Director - Treasury & Corporate Finance			
	Shahid Mehmood	Group Director - Treasury & Corporate Finance			
	Abdul Salam	Senior Manager Budgeting & Planning			
Muhammad Haseeb Alam	Manager Treasury				