VIS
Credit Rating Company Limited

RATING REPORT

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APPLICABLE METHODOLOGY(IES):
VIS Entity Rating Criteria Methodology –Corporates
(https://docs.vis.com.pk/docs/CorporateMethodology.pdf)

Rating Scale:
(https://docs.vis.com.pk/docs/VISRatingScales.pdf)

Instrument Rating
(https://docs.vis.com.pk/Methodologies-2025/IRM-Apr-25.pdf)

RS. MILLION	CY23	CY24	1HCY25
Net Sales	96,267	107,766	58,912
PBT	13,906	6,885	(3,116)
PAT	9,391	4,826	(3,265)
Paid up capital	51,000	51,000	51,000
Equity (incl. surplus on PPE)	117,368	115,108	128,648
Total Debt	76,918	111,581	122,277
Debt Leverage	2.30	2.98	2.77
Gearing	0.66	0.97	0.95
FFO	23,820	22,277	15,328
FFO/Total Debt (x)*	0.31	0.20	0.25
NP Margin (%)	9.8%	4.5%	(5.5%)

PAKISTAN TELECOMMUNICATION COMPANY LIMITED (PTCL)

President & CEO: Mr. Hatem Mohamed Bamatraf

RATING DETAILS

RATINGS CATEGORY	Preliminary Sukuk Rating
SHORT-TERM SUKUK (STS-A)	A1+ (plim)
RATING ACTION	Preliminary
RATING DATE	September 18, 2025

RATING RATIONALE

Pakistan Telecommunication Company Limited ('PTCL' or 'the Company'), Pakistan's leading ICT provider with the country's largest fixed-line network, was incorporated in 1995 following the reorganization of the national telecom sector. Listed on PSX and headquartered in Islamabad, PTCL operates nationwide and owns subsidiaries including PTML (Ufone) and U-Microfinance Bank, with the ongoing acquisition of Telenor Pakistan expected to enhance its market presence.

PTCL plans to issue a rated, unsecured, and privately placed Short-Term Sukuk (STS-A) of up to PKR 5 billion, under a Shariah-compliant structure with a six-month tenor and pricing at 3 Month KIBOR plus 0.05%, to support working capital needs.

COMPANY PROFILE

Pakistan Telecommunication Company Limited ("PTCL", "the Company") was incorporated in Pakistan on December 31, 1995 and commenced business on January 01, 1996. The Company, which is listed on the Pakistan Stock Exchange Limited (PSX), was established to undertake the telecommunication business formerly carried on by the Pakistan Telecommunication Corporation (PTC).

The registered office of the Company is situated at PTCL Headquarters, Ufone Tower, Plot No. 55-C, Main Jinnah Avenue, Sector F-7/1, Blue Area Islamabad. The Company provides telecommunication services in Pakistan. It owns and operates telecommunication facilities and provides domestic and international telephone services and other communication facilities throughout Pakistan. The Company has also been licensed to provide such services in the territories of Azad Jammu and Kashmir and Gilgit-Baltistan.

Profile of CEO

Hatem Bamatraf occupies the position of President & Group Chief Executive Officer at PTCL And PTML Telecommunication Co. Ltd.) and President & Group CEO-PTCL & Ufone at Emirates Telecommunications Group Co. PJSC. He previously was Executive Director-Technology at Etihad Etisalat Co., Chairman for Etisalat Technology Services LLC, and Chief Technology Officer at Emirates telecommunications Group Co. PJSC and Executive Vice President-Enterprise at Emirates Integrated Telecommunications Co. PSJC. He received an undergraduate degree from Etisalat University College.

SHORT-TERM SUKUK ('STS-A):

- PTCL plans to issue a rated, unlisted, unsecured, privately placed Short Term Sukuk (STS-A), up to PKR 5 billion to finance the working capital requirements.
- The Sukuk will be structured using a Shariah-compliant mode, as advised and approved by the Shariah Advisor.
- Tenor of the instrument is up to six (06) months from the date of issuance.

- The Sukuk shall be redeemed in full at maturity through a single bullet repayment at the end of the tenure.
- Profit rate on the instrument will be 3 Month KIBOR plus 0.05%.
- Profit is payable at the time of the maturity of the Sukuk along with the principal payment.

KEY RATING DRIVERS

The rating takes into account Strong Sponsor profile

The assigned rating incorporates the strong sponsor profile, with the Government of Pakistan (GoP) holding a major shareholding of 62.2% while the Etisalat Group owning a 26% equity stake in the Company. Etisalat, with 48 years of operational experience, is one of the world's largest telecom operators, with a presence in 32 countries and 2 continents. Although Etisalat Group, being a significant minority shareholder, also has management rights of PTCL. The ratings also factor in the Government of Pakistan as sponsor, and its past precedent of unwavering financial and logistical support to its entities as well as management and financial expertise of Etisalat Group, which holds credit ratings of AA- from S&P and Aa3 from Moody's.

The rating incorporates leading market positions of PTCL in Fixed-Line Voice and Wireline Broadband & IPTV and Revenue Base Diversification

The Company offers a diverse range of products and services, including voice services, broadband internet, Fiber to the Home (FTTH), CharJi wireless internet, Smart TV (IPTV), Smart Link App, Touch App, and digital content streaming via Starzplay. It also provides enterprise solutions such as Smart Cloud, Tier-3 Certified Data Centers, and Managed and Satellite Services. The ratings are supported by PTCL's strong market leadership in Fixed-line Voice, Wireline Broadband, and IPTV. With a strategic focus on upgrading its existing customer base to premium FTTH services. PTCL has the largest and state of the art International Submarine Cable network comprising of three diverse routes cables i.e., AAE1, SMW4, IMEWE and one new sea cable (Africa-1) in pipeline, PTCL is well positioned to serve the data needs of the country. The Company is also concentrating on growing its wholesale and corporate business segments to drive future growth.

Corporate Governance Framework

- In accordance with the provisions of Share Purchase Agreement between Government of Pakistan (GOP) and Etisalat Group as well as under the Articles of Associations of PTCL, the GOP has four nominees while strategic investor, Etisalat Group, has five nominees on the Board. All members are non-executive directors.
- A formal and effective mechanism is put in place for an annual evaluation of the Board's own performance and of its committees.
- Management team comprises qualified personnel and is supported by a well-designed organizational structure which has been made significantly leaner through 3 Voluntary Separation Schemes undertaken during the decade.

PTCL has implemented an SAP-based Enterprise Resource Planning system. Detailed and timely annual report disclosures bode well from a transparency perspective and provide important information to stakeholders.

FINANCIAL SUMMARY					(Rs. in millions)
BALANCE SHEET	**CY21**	**CY22**	**CY23**	**CY24**	**1HCY25**
Property, plant and equipment	121,508	131,490	144,018	161,173	170,081
Trade Debts	27,937	39,293	52,587	60,563	66,149
Cash & Bank Balances	2,556	5,685	10,029	12,088	14,078
Total Assets	245,735	305,159	387,602	457,686	485,232
Trade Payables & Other Payables	103,320	125,101	141,424	169,319	172,099
Long Term Debt	1,729	24,068	52,703	64,464	66,295
Short-Term Borrowings	-	93	19,215	27,117	30,982
Short term Sukuk	-	-	5,000	20,000	25,000
Total Debt	1,729	24,161	76,918	111,581	122,277
Total Liabilities	146,082	197,105	270,234	342,579	356,584
Paid Up Capital	51,000	51,000	51,000	51,000	51,000
Total Equity	99,653	108,054	117,368	115,108	128,648
INCOME STATEMENT	**CY21**	**CY22**	**CY23**	**CY24**	**1HCY25**
Net Sales	76,853	83,444	96,267	107,766	58,912
Gross Profit	16,533	18,233	22,500	28,276	16,820
Operating Profit	10,021	15,684	27,335	29,474	7,118
Profit Before Tax	9,682	13,513	13,906	6,885	(3,116)
Profit After Tax	6,874	9,053	9,391	4,826	(3,265)
RATIO ANALYSIS	**CY21**	**CY22**	**CY23**	**CY24**	**1HCY25**
Gross Margin (%)	21.5%	21.9%	23.4%	26.2%	28.6%
Net Margin (%)	8.9%	10.8%	9.8%	4.5%	-5.5%
Net Working Capital	(24,662)	(21,059)	(33,942)	(57,917)	(42,060)
Trade debts/Sales	36%	47%	55%	56%	56%
FFO	25,560	28,195	23,820	22,277	15,328
FFO to Total Debt (%)	1478%	117%	31%	20%	25%
FFO to Long Term Debt (%)	1478%	117%	45%	35%	46%
Current Ratio (x)	0.76	0.83	0.80	0.73	0.82
Debt Servicing Coverage Ratio (x)	33.57	11.25	2.35	1.68	2.07
Gearing (x)	0.02	0.22	0.66	0.97	0.95
Leverage (x)	1.47	1.82	2.30	2.98	2.77
(Stock in Trade + Trade Debts)/STD (%)	NA	42443%	274%	223%	214%
ROAA (%)	3%	3%	3%	1%	-1%
ROAE (%)	7%	9%	8%	4%	-5%

REGULATORY DISCLOSURES	Appendix II
Name of Rated Entity	Pakistan Telecommunication Company Limited
Sector	Telecommunication Industry
Type of Relationship	Solicited
Purpose of Rating	Short-term Sukuk (STS-A) Rating

Rating History

Rating Type: Short Term Sukuk STS-A		
Rating Date	**Ratings**	**Rating Action**
09/18/2025	A1+	Preliminary

Instrument Structure

Instrument Name	STS-A
Nature of Instrument	STS
Tenure of Instrument	6 months
Size of the Issue	PKR 5 billion
Principle Redemption Schedule	Semi Annual
Interest Redemption Schedule	Semi Annual
Issue Date	-
Grace Period	NA
Redemption Date	-
Nature of Security	NA
Rating	A1+
Name of Trustee	Bank of Punjab

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.
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Due Diligence Meetings Conducted

S.No.	Name	Designation	Date
1	Mr. Asif	Head of Treasury	June 11, 2025
2	Ms. Iram Sayed	Manager External Funding	