

## PAK TELECOM MOBILE LIMITED (PTML)

### Analyst:

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### RATING DETAILS

Ratings category	Preliminary Sukuk Rating
Short-term Sukuk - 1	A1 (plim)
Rating Action	Preliminary
Rating Date	June 22, 2026

### Shareholding (5% or More)

Pakistan Telecommunication Company Limited - 100%

### Other Information

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>

#### Instrument Rating

<https://docs.vis.com.pk/Methodologies-2025/IRM-Apr-25.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.

PTML plans to issue a rated, unsecured, and privately placed Short-Term Sukuk (STS-1) of up to PKR 5 billion (inclusive of a green-shoe option of PKR 2 billion), under a Shariah-compliant structure with a six-month tenor and pricing at 3 Month KIBOR plus 0.15%, to support working capital needs.

## 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.

## Sukuk Details

- PTML plans to issue a rated, unsecured, privately placed Short Term Sukuk (STS-1), PKR 5 billion (inclusive of a green-shoe option of PKR 2 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.
- The tenor of the instrument is up to six (06) months from the date of issuance, with a call option exercisable after one month 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 0.15%.
- Profit is payable at the time of the maturity of the Sukuk along with the principal payment.

## 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
<b>Telecom Revenue (Rs. Bn)</b>	644.1	694	850	957	1074
<b>Cellular Subscribers (mil)</b>	184.3	194.6	190.9	192.5	197.8
<b>Tele-density (%)</b>	81.73%	84.60%	81.40%	80.50%	81.06%
<b>3G/4G Subscribers (mil)</b>	99.8	115.7	124.4	134.78	146.04
<b>Broadband Penetration (%)</b>	44.93%	50.96%	53.68%	57.00%	60.61%
<b>Mobile Data Usage (Petabytes)</b>	6,855	8,970	10,850	13,021	14,153
<b>ARPU/Subscriber (Rs.) (month)</b>	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.

During 1QCY26, revenue reached Rs. 29.71 billion, reflecting continued topline growth compared to the corresponding period last year. Gross margin remained stable at 32.1%, supported by sustained revenue growth and ongoing cost-optimization initiatives. However, net profit margin declined to -4% due to high finance costs.

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 benefit from financial support provided by its parent company, which injected PKR 8.0bn during CY25. This support contributed to maintaining total equity at PKR 4.3bn as of end-CY25. However, equity declined to PKR 3.8bn by end-1QCY26 due to losses incurred during the period. Despite the equity support, capitalization

indicators remained elevated, with gearing and leverage ratios increasing further in 1QCY26, primarily due to higher borrowings. 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 improved during CY25, supported by stronger operating cash flow generation. The current ratio increased to 0.64x (CY24: 0.58x), although it moderated to 0.52x in 1QCY26. Liquidity has also benefited from periodic equity injections and subordinated debt support from the parent company. Coverage indicators strengthened, driven by higher funds from operations (FFO), which increased to PKR 25.7bn in CY25 (CY24: PKR 7.5bn), while FFO stood at PKR 5.9bn in 1QCY26. The Company's liquidity position continues to be supported by available credit facilities, sponsor support, and access to external funding sources. Going forward, maintaining adequate liquidity and sustaining operating cash flow generation will remain important.

FINANCIAL SUMMARY		(Rs. in millions)			
<b>BALANCE SHEET</b>	<b>CY22</b>	<b>CY23</b>	<b>CY24</b>	<b>CY25</b>	<b>1QCY26</b>
Property, plant and equipment	96,397	108,483	117,743	117,590	116,369
Stock-in-Trade	904	975	678	564	671
Trade Debts	2,129	3,790	4,200	5,512	5,459
Cash & Bank Balances	2,086	3,056	4,074	4,472	4,861
Total Assets	211,208	233,072	247,162	273,321	315,787
Trade Payables	-	6,838	12,456	7,093	6,492
Long Term Debt	140,583	149,771	161,698	156,368	196,495
Short Term Debt	5,707	7,020	4,062	8,316	10,717
Total Debt	146,290	156,791	165,760	164,684	207,212
Total Liabilities	204,756	225,708	249,759	268,968	311,953
Paid Up Capital	39,500	65,000	65,000	65,000	65,000
Total Equity	6,452	7,363	(2,596)	4,353	3,834
<b>INCOME STATEMENT</b>	<b>CY22</b>	<b>CY23</b>	<b>CY24</b>	<b>CY25</b>	<b>1QCY26</b>
Net Sales	60,074	75,423	94,265	113,177	29,716
Gross Profit	8,348	11,677	23,374	37,417	9,538
Operating Profit	(3,472)	(1,577)	10,692	21,296	5,115
Profit Before Tax	(28,186)	(34,519)	(13,901)	(4,002)	(852)
Profit After Tax	(18,884)	(24,509)	(9,928)	(1,050)	(1,185)
<b>RATIO ANALYSIS</b>	<b>CY22</b>	<b>CY23</b>	<b>CY24</b>	<b>CY25</b>	<b>1QCY26</b>
Gross Margin (%)	13.9%	15.5%	24.8%	33.1%	32.1%
Operating Margin (%)	-5.8%	-2.1%	11.3%	18.8%	17.2%
Net Margin (%)	-31.4%	-32.5%	-10.5%	-0.9%	-4.0%
Funds from Operation (FFO)	2,104	(5,407)	7,511	25,680	5,965
FFO to Total Debt*	0.01	-0.03	0.05	0.16	0.12
FFO to Long Term Debt*	0.01	-0.04	0.05	0.16	0.12
Gearing (x)	22.67	21.29	(63.84)	37.83	54.05
Adjusted Gearing (Sub debt in equity)	5.44	4.38	3.33	1.65	2.01
Leverage (x)	31.74	30.65	(96.19)	61.78	81.37
Adjusted Leverage (Sub debt In equity)	8.64	7.37	6.63	4.25	4.97
Debt Servicing Coverage Ratio* (x)	0.23	0.21	0.42	0.65	0.21
Adjusted DSCR	0.24	0.22	0.44	0.70	0.53
Current Ratio (x)	0.57	0.61	0.58	0.64	0.52
(Stock in trade + trade debts) / STD (x)	0.53	0.68	1.20	0.73	0.57
Return on Average Assets* (%)	-9.4%	-11.0%	-4.1%	-0.4%	-1.6%
Return on Average Equity* (%)	-200.7%	-354.8%	-416.5%	-119.5%	-115.8%
Cash Conversion Cycle (days)	-37	0	-30	-14	-10

REGULATORY DISCLOSURES		Appendix II	
Name of Rated Entity	Pak Telecom Mobile Limited		
Sector	Communication		
Type of Relationship	Solicited		
Purpose of Rating	Short-term Sukuk 1 Rating		
Rating History	<b>Rating Type: Short Term Sukuk 1</b>		
	<b>Rating Date</b>	<b>Ratings</b>	<b>Rating Action</b>
	06/22/2026	A1 (plim)	Preliminary
Instrument Structure	Pak Telecom Mobile Limited ("PTML" or the "Company") intends to issue a Rated, Unsecured, Callable after one month from issue date and Privately Placed Short Term Sukuk (STS-1) of PKR 5 billion (inclusive of a green-shoe option of PKR 2 billion), based on Shariah compliant Structure. The funds will be utilized for fulfilling the working capital requirements of the Company. The issue has a tenor of six (06) months from the Issuance Date. Profit will be payable at maturity, calculated at a base rate of 3-Month KIBOR plus 0.15%.		
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	<b>Name</b>	<b>Designation</b>	<b>Date</b>
	Ramish Siddique	Corporate Finance & Treasury	15 June 2026