PAK TELECOM MOBILE LIMITED (PTML)

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RATING DETAILS	
Ratings category	Preliminary Sukuk Rating
Short-term Sukuk - 2	A1 (plim)
Rating Action	Preliminary
Rating Date	November 26, 2026

Shareholding (5% or More)	Other Information
Pakistan Telecommunication Company Limited – 100%	Incorporated in 1998
	Private Limited Company
	CEO: Mr. Hatem Bamatraf
	External auditors: Ernst & Young

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology –Corporates
https://docs.vis.com.pk/Methodologies-2026/Corporate-Rating-2026.pdf

Instrument Rating
https://docs.vis.com.pk/Methodologies-2026/IRM-2026.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, unlisted, unsecured, and privately placed Short-Term Sukuk (STS-2) of up to PKR 3 billion, under a Shariah-compliant structure with a six-month tenor and pricing at 3 Month KIBOR plus 0.15% per annum, to support working capital needs.

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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. Telenor Pakistan operated as a separate legal entity until June 2026, subsequent to which it has amalgamated into PTML.

Sponsor's Profile

The Company benefits from the strong sponsor profile of Pakistan Telecommunication Company Limited (PTCL), 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 Etisalat holds a strategic shareholding of 26% and retains management control rights, providing technical expertise, governance oversight, and strategic direction. Etisalat is an established international telecommunications operator with a diversified presence across the Middle East, Asia, and Africa, supported by 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. Khaled Abdulrahman Ahmed Kulaib Alteneji, a senior executive associated with Etisalat, who has extensive experience legal, compliance, governance, ethics, and regulatory affairs functions across its international footprint, 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 Pak Telecom Mobile Limited is led by Hatem Bamatraf as Chief Executive Officer. He brings extensive international telecommunications experience, having held several senior leadership roles within the Etisalat ecosystem and other telecom operators. His professional background spans network technology, enterprise services, and strategic business development across multiple markets in the Middle East.

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Sukuk Details

- PTML plans to issue a rated, unlisted, unsecured, privately placed Short Term Sukuk (STS-2), PKR 3 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 0.15% per annum.
- 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 continued to demonstrate growth during FY26, supported by increasing data consumption, expanding broadband penetration and ongoing investments in digital infrastructure. Telecom industry revenues increased by 12.3% to PKR 1,075 billion in FY25, compared to PKR 957 billion in FY24, reflecting a combination of inflationary impact, tariff adjustments and underlying growth in demand. During 9MFY26, sector revenues amounted to PKR 837 billion. The sector also attracted investments of USD 567 million during the period, while its contribution to the national exchequer stood at PKR 285 billion.

The expansion in the sector was primarily driven by increasing adoption of mobile broadband services. Total telecom subscriptions (mobile and fixed) reached 207.2 million by March 2026, while broadband subscribers increased to 160.9 million, compared to approximately 150 million in FY25. Broadband penetration consequently improved to 64.2% from 60.6%. Cellular mobile subscriptions increased to 200.3 million, with mobile tele density reaching 81.6%. Mobile data consumption increased to an estimated 15,851 petabytes in FY26, compared to 14,153 petabytes in FY25, highlighting the continued shift towards data-centric services. Furthermore, Average Revenue Per User (ARPU), which measures the average monthly revenue generated per subscriber, increased to PKR 326 in December 2025 from PKR 306 in FY25, reflecting improved monetization amid rising data adoption and tariff adjustments.

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 leading position in the cellular market, while Ufone (including Telenor Pakistan following consolidation) ranked second, closely trailing Jazz, with Zong in third position, as of October 2026. Jazz held a market share of 36.36%, followed by Ufone at 36.03% and Zong at 26.62%. During FY26, the regulatory approval process for PTCL's acquisition of Telenor Pakistan progressed, with PTA granting conditional approval for the transfer of Telenor's licences to PTML and subsequent amalgamation in March 2026, followed by issuance of the NOC in April 2026. The consolidation is expected to enhance the combined entity's subscriber base, network scale and competitive positioning. Meanwhile, the completion of Pakistan's first 5G spectrum auction in March 2026 marked a significant development for the industry. Jazz acquired 190 MHz of spectrum, Ufone 180 MHz and Zong 110 MHz, with total proceeds of approximately USD 509.6 million. The additional

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spectrum is expected to support network capacity enhancement, improve service quality and facilitate the gradual introduction of next-generation mobile services. The sector's growth prospects remain supported by increasing digital adoption, enterprise connectivity requirements, expansion of fibre-optic infrastructure and the development of emerging services, including Internet of Things (IoT) and cloud-based solutions. However, the transition towards 5G and continued network modernization will require substantial capital expenditure, potentially placing pressure on operators' cash flows and financial flexibility. Moreover, elevated energy costs, foreign exchange exposure arising from imported network equipment, taxation and regulatory requirements remain key challenges. Despite these constraints, the sector's essential service characteristics, recurring revenue streams, relatively high barriers to entry and growing dependence on digital connectivity provide support to its overall business risk profile and medium-term growth prospects.

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	6657	4,986	4,564
Service Availability (%)	99.66%	99.50%	99.72%	99.71%

During CY25, the Company's operational profile continued to improve, with subscribers increasing by ~10% YoY to 28.4 million and market share rising to 14.0% (CY24: 13.7%). ARPU improved to PKR 351 (CY24: PKR 322), supported by higher data usage and continued migration to 4G, which accounted for 49% of the subscriber base. Customer churn also declined to 1.96% (CY24: 2.56%), while service availability remained strong at 99.71%, reflecting sustained network performance and improved customer retention.

Profitability

The Company's topline increased by 20% YoY to PKR 113.1bn in CY25 (CY24: PKR 99.65.bn), supported by subscriber growth. Revenue growth, alongside cost rationalization, particularly in network utilities, maintenance and security expenses, supported improvement in gross margin to 33.1%. However, higher finance costs and lower other income partially offset the improvement in operating performance. Consequently, the Company's net loss narrowed significantly to PKR 1.05bn in CY25 from PKR 9.93bn in CY24.

Following the amalgamation of Telenor Pakistan with PTML, the merged entity (MergeCo) reported revenue of PKR 199.2 billion during 3QCY26, reflecting a substantial increase in the combined entity's sales base. Gross margin improved to 34.7% from 31.9% in the corresponding period last year. Operating expenses also increased, primarily due to higher employee-related costs, legal and professional fees, commissions, and sales promotion expenses. Despite the increase in operating expenses, operating profit rose to PKR 33.4 billion, with the operating margin improving to 16.8% from 14.3%. Higher other income, primarily supported by government grants and gains and dividend income, partly offset the impact of elevated finance costs. Finance costs increased to PKR 29.4 billion, largely due to higher interest expenses on subordinated debt and lease liabilities. Consequently, the merged entity recorded a net profit of PKR 8.6 billion during 3QCY26, compared to a net loss of PKR 3.3 billion in the corresponding period last year.

Going forward, the merged entity is expected to benefit from enhanced operating scale and network integration synergies. Revenue is projected to increase substantially during CY26, while gross margins are expected to improve through lower network

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utilities, maintenance, and security expenses following the consolidation of overlapping sites. Planned site rationalization over the next three years is also expected to support cost efficiencies, subject to effective execution of the integration plans.

Financial Risk

Capital Structure

The Company's capitalization profile strengthened following the amalgamation, with total equity increasing to PKR 38.6 billion as of end-3QCY26 from PKR 4.4 billion at end-CY25. The increase primarily reflects the recognition of a merger reserve of PKR 27.6 billion. Despite the increase in borrowings following the merger, reported gearing and leverage indicators improved, supported by the enlarged equity base. Going forward, the integration of Telenor Pakistan into PTML is expected to support profitability and improve capitalization metrics through operational synergies. Nevertheless, the capitalization profile is expected to remain slightly elevated over the medium term, considering the funding requirements for network integration, site consolidation, and related capital expenditure. The realization of planned synergies and effective management of the enlarged debt base will remain important for the sustained improvement in leverage and gearing.

Debt Coverage & Liquidity

PTML's liquidity profile remained constrained, with the current ratio moderating to 0.51x as of end-3QCY26 from 0.64x at end-CY25. However, funds from operations (FFO) increased to PKR 49.5 billion during 9MCY26, while the debt servicing coverage ratio improved to 0.72x from 0.65x in CY25, reflecting strong internal cash flow generation and improved debt-servicing capacity. Liquidity has also benefited from periodic equity injections and subordinated debt support from the parent company. The Company's cash and bank balances stood at PKR 5.2 billion at end-3QCY26. Going forward, maintaining sufficient liquidity and sustaining operating cash flow generation will remain important, particularly in view of the merged entity's funding and integration requirements.

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REGULATORY DISCLOSURES	Appendix II
Name of Rated Entity	Pak Telecom Mobile Limited
Sector	Communication
Type of Relationship	Solicited
Purpose of Rating	Short-term Sukuk 2 Rating
Rating History	Rating Type: Short Term Sukuk 2 Rating Date: 11/26/2026 | Ratings: A1 (plim) | Rating Action: Preliminary
Instrument Structure	Pak Telecom Mobile Limited ("PTML" or the "Company") intends to issue a Rated, Unlisted, Unsecured, Privately Placed Short-Term Sukuk (STS-2) of up to PKR 3 billion under a Shariah-compliant structure. The proceeds will be utilized to meet the working capital requirements of the Company. The instrument will have a tenor of up to six (06) months from the date of issuance. Profit will be payable at maturity, calculated at a base rate of 3-Month KIBOR plus 0.15% per annum.
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: Minal Shahid | Designation: Manager Collections – Funds Management | Date: 20 November 2026

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