

RATING ACTION COMMENTARY

Fitch Downgrades Beyon to 'B'; Outlook Stable

Mon 09 Mar, 2026 - 7:07 AM ET

Fitch Ratings - London - 09 Mar 2026: Fitch Ratings has downgraded BEYON B.S.C.'s (Beyon) Long-Term Issuer Default Rating (IDR) to 'B' from 'B+'. The Outlook is Stable.

This downgrade follows a similar rating action on Bahrain's sovereign rating on 23 February 2026 (see "Fitch Downgrades Bahrain to 'B'; Outlook Stable" at www.fitchratings.com). Beyon's rating is constrained by Bahrain's sovereign rating, due to its strong ties with the government, which directly and indirectly owns 77% of the company.

Beyon's unchanged Standalone Credit Profile (SCP) of 'bb+' reflects its robust financial profile and strong mobile and fixed-market positions in its domestic and international markets. The SCP is constrained by the fairly weak operating environment in which Beyon operates. These risks are well managed through a conservative financial approach. We expect Beyon's Fitch-defined EBITDA net leverage to remain below 1.5x in 2026-2028.

KEY RATING DRIVERS

Links with Sovereign: The Bahraini government is invested in Beyon through Bahrain Mumtalakat Holding Company B.S.C. (c) (37%; B/Stable), Amber Holding (20%) and the Social Insurance Organisation (SIO; 20%). Mumtalakat is a Bahrain-based diversified investment holding company that is 100% owned by the Bahrain government and is the government's investment arm. The Bahraini government exerts strong control over Beyon through these entities, and is represented by eight of 10 directors on the company's board: four from Mumtalakat (including the chair) and two each from SIO and Amber Holding.

Rating Constrained at Sovereign Level: Our assessment of Beyon's overall links with the state under our Government-Related Entities (GRE) Rating Criteria is 'Strong', with a support score of 30 points out of a maximum 60. Beyon's 'bb+' SCP is above the

sovereign IDR, which results in Beyon's IDR being constrained by the sovereign's, in line with our GRE Rating Criteria and Parent and Subsidiary Linkage Rating Criteria.

Strong Responsibility, Incentive to Support: We assess two responsibility-to-support factors as 'Strong', reflecting the state's direct and indirect majority ownership and its ability to appoint eight of Beyon's 10 board members. We also assess both incentive-to-support factors as 'Strong'. Beyon is a high-profile issuer in Bahrain and a default could create contagion risk for other GREs. In addition, we view the incumbent's fixed-line telecom assets as nationally and strategically important, given Beyon's central role in the domestic telecoms market and its function as a key delivery platform for the digital priorities under Bahrain's Vision 2030.

Domestic Market Leader: Beyon has maintained its leadership in Bahrain's telecoms markets with shares of 73% in fixed broadband and 38% in mobile as of 1Q25. It has been losing share in the fixed segment since 2020 following the separation of its fixed-line assets into a 100%-owned BNET and opening wholesale access of its network to STC and Zain. However, we expect Beyon's well-invested fiber assets with continued network investments, including in subsea cables, to support the company's market positions.

Low Leverage: Beyon has healthy leverage headroom within its SCP, with Fitch-defined EBITDA net leverage of 1.2x at end-2025 and broadly stable EBITDA net leverage at 1.3x-1.4x in 2026-2027 under our base case. This reflects its commitment to a conservative financial policy and is well below the negative leverage sensitivity of 4.0x for its SCP.

Positive Pre-Dividend FCF: We expect Beyon's pre-dividend free cash flow (FCF) margin to remain positive in the mid-single digits to low double digits in 2026-2028, as strong profitability generates sufficient cash flows to service existing debt and fund capex. We expect Fitch-defined EBITDA margins to remain at 35% over the same period, as cost optimisation and economies of scale are partly offset by continued investments in digital services.

Diverse International Operations: Beyon's largest international operations are in Jordan, the Maldives, Guernsey, Jersey, Isle of Man, South Atlantic and Diego Garcia. It has the largest or second-largest market shares in most of its international markets, which enable it to generate strong cash flow. However, the economic and political risks of Beyon's international markets constrain its SCP.

PEER ANALYSIS

Beyon is similar in size to Oman Telecommunications Company S.A.O.G. (BBB-/Stable), whose ratings are similarly capped by the sovereign rating. Other telcos in the region, such as Saudi Telecom Company (A+/Stable), are much larger and have less exposure to political or regulatory risks.

Compared with emerging market incumbent operators Uzbektelecom JSC (BB/Stable; SCP: bb-) and Turk Telekomunikasyon A.S (BB-/Positive; SCP: bb), Beyon benefits from a comparable or stronger domestic market position, better geographic diversification and limited FX risk, supporting a higher debt capacity at its rating.

FITCH'S KEY RATING-CASE ASSUMPTIONS

- Revenue growth of 3%-5% a year during 2026 to 2028
- Fitch-defined EBITDA margin of 35% in 2026-2028
- Capex at 26% of sales in 2026, reflecting investments in sub-sea cables and data centres, before falling to 18% by 2028
- Dividends of BHD55 million a year in 2026-2028
- No M&A cash outflow in 2026-2028

CORPORATE RATING TOOL INPUTS AND SCORES

Fitch scored the issuer as follows, using our Corporate Rating Tool (CRT) to produce the SCP:

- Business and financial profile factors (assessment, relative importance): Management (bbb, Lower), Sector Characteristics (bbb, Moderate), Market and Competitive Positioning (bb+, Higher), Diversification and Asset Quality (bbb+, Moderate), Company Operational Characteristics (a, Moderate), Profitability (bbb+, Lower), Financial Structure (bbb+, Moderate), and Financial Flexibility (bbb-, Higher).
- The quantitative financial subfactors are based on standard CRT financial period parameters: 20% weight for the historical year 2025, 40% for the forecast year 2026 and 40% for the forecast year 2027.
- The Governance assessment of 'Good' results in no adjustment.
- The Operating Environment assessment of 'bb-' results in an adjustment of -1 notch(es).

- The SCP is 'bb+'.

To derive the IDR:

- Application of Fitch's Parent and Subsidiary Linkage Rating Criteria results in a(n) consolidated approach.
- Application of Fitch's GRE Rating Criteria results in a(n) constrained approach.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Negative rating action on the sovereign, provided the links between the sovereign and the company do not weaken
- Pressure on FCF driven by EBITDA margin erosion, consistently higher capex and shareholder distributions, or significant underperformance in the core domestic market and at other key subsidiaries could be negative for the SCP, but not necessarily for the IDR
- Fitch-defined EBITDA net leverage remaining above 4.0x could pressure the SCP but not necessarily the IDR

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Positive rating action on the sovereign, provided the links between the sovereign and the company do not weaken
- Improvement in the operating environment of Beyon's international markets with continued strong market position and sustained low leverage, which could lead to an upward revision of the SCP but not necessarily an upgrade of the IDR

For Bahrain's rating sensitivities see the February 2026 Rating Action Commentary "Fitch Downgrades Bahrain to 'B'; Outlook Stable" on www.fitchratings.com

LIQUIDITY AND DEBT STRUCTURE

At end-2025, Beyon had BHD128 million of cash and cash equivalent and BHD328 million of bank loans with maturities between 2026 and 2034.

ISSUER PROFILE

Beyon is an international converged telecommunications services provider and the incumbent operator in its domestic market Bahrain.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

Beyon's IDR is capped at Bahrain's IDR under Fitch's GRE Rating Criteria.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

[Click here](#) to access Fitch's latest quarterly Global Corporates Sector Forecasts Monitor data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

CLIMATE VULNERABILITY SIGNALS

The results of our Climate.VS screener did not indicate an elevated risk for Beyon.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS

ENTITY / DEBT ↕

RATING ↕

PRIOR ↕

BEYON B.S.C.

LT IDR B Rating Outlook Stable

B+ Rating

Outlook

Negative

Downgrade

[VIEW ADDITIONAL RATING DETAILS](#)**FITCH RATINGS ANALYSTS****Irina Andrievskaia**

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Additional information is available on www.fitchratings.com**PARTICIPATION STATUS**

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APPLICABLE CRITERIA

[Parent and Subsidiary Linkage Rating Criteria \(pub. 27 Jun 2025\)](#)

[Government-Related Entities Rating Criteria \(pub. 18 Jul 2025\)](#)

[Corporate Rating Criteria \(pub. 09 Jan 2026\) \(including rating assumption sensitivity\)](#)

[Sector Navigators – Addendum to the Corporate Rating Criteria \(pub. 09 Jan 2026\)](#)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 ([09 Jan 2026, 09 Jan 2026](#))

ADDITIONAL DISCLOSURES

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BEYON B.S.C.

UK Issued, EU Endorsed

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