FitchRatings

RATING ACTION COMMENTARY

Fitch Affirms BEYON at 'B'; Outlook Stable

Thu 10 Sep, 2026 - 10:11 AM ET

Fitch Ratings - London - 10 Sep 2026: Fitch Ratings has affirmed BEYON B.S.C.'s (Beyon; formerly Bahrain Telecommunications Company BSC) Long-Term Issuer Default Rating (IDR) at 'B'. The Outlook is Stable.

Fitch views Beyon as a government-related entity (GRE) due to its overall links with the state, based on Fitch's Government Related Entities Rating Criteria. This, together with its unchanged 'bb+' Standalone Credit Profile, leads to its IDR being capped at Bahrain's sovereign rating (B/Stable).

Beyon's SCP reflects its robust financial profile and strong mobile and fixed-line positions in its domestic and international markets. The SCP is constrained by the fairly weak operating environments in which Beyon operates. These risks are well-managed with a conservative financial approach. We expect Beyon's Fitch-defined EBITDA net leverage to be 1.5x in 2026-2028.

KEY RATING DRIVERS

Domestic Market Leader: Beyon has maintained its leadership in Bahrain's telecoms markets with subscriber shares of 67% in fixed broadband and 39% in mobile at end-1Q26. It has been losing market share in fixed line 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 its market positions.

Regional Geopolitical Tensions: Fitch expects Beyon's revenue growth to slow to about 2% in 2026, from 8% in 2025, reflecting the adverse impact of regional geopolitical tensions on Beyon's operations in Bahrain, Jordan, and the Maldives. The ongoing conflict could further weigh on inbound tourism, dampening consumer spending and weakening macroeconomic conditions. Fitch nonetheless views the impact as manageable, underpinned by Beyon's solid market positions, the defensive nature of the telecommunications sector, and the group's strong public-sector relationships in Bahrain. Fitch expects revenue growth to recover to 5%-10% over 2027-2029.

Low Leverage: Beyon has healthy leverage headroom within its SCP, with Fitch-defined EBITDA net leverage of 1.2x at end-2025. We expect EBITDA net leverage to slightly increase to 1.5x in 2026-2028 due to slower revenue growth and continued high capex. However, this is well below the negative sensitivity of 4.0x for its SCP and reflects its commitment to a conservative financial policy.

Positive Pre-Dividend FCF: We expect Beyon's pre-dividend free cash flow (FCF) margin to remain positive in the low-to-high single digits in 2026-2028, as strong profitability generates sufficient cash flows to service debt and fund capex. We expect Fitch-defined EBITDA margins to slightly decline to 34.1% in 2026 from 34.5% in 2025 and remain broadly stable thereafter as cost optimisation and economies of scale are partly offset by continued investments in digital services and competitive pressures.

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 enables strong cash flow generation. However, the economic and political risks of Beyon's international markets constrain its SCP.

Kuwait Project Expands Regional Footprint: Beyon has been selected as the investor to design, build, finance, and operate Kuwait's national fixed telecommunications network under a 50-year public-private partnership (PPP) framework. Beyon will hold a 40% stake in a newly established project company, with board control. Fitch views this as a positive long-term growth driver for Beyon, underpinned by the scale of Kuwait's fixed-line market and the group's regional operating expertise, albeit with limited near-term revenue contribution expected until 2028.

Execution Risks from Kuwait Project: Execution risk remains a key consideration, given the complexity and capital intensity of large-scale network infrastructure development. Any material delays or cost overruns could weigh on Beyon's FCF generation and leverage profile during the construction phase. Fitch will continue to monitor the project's progress, funding structure, and financial impact on the consolidated group.

Rating Constrained at Sovereign: Our assessment of Beyon's overall links with its parent Bahrain (B/Stable) under our 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 the group's IDR being constrained by the sovereign's, in line with our GRE

Rating Criteria. Its largely open ring-fencing profile with no meaningful restrictions on dividends or other intercompany flows leads to a consolidated profile approach under our Parent and Subsidiary Linkage (PSL) Rating Criteria, with Beyon as a stronger subsidiary and Bahrain as a weaker parent.

Strong Responsibility, Incentive to Support: We assess 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 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.

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 risk.

Compared with emerging market incumbent operators Uzbektelecom JSC (BB/Positive; SCP: bb-) and Turk Telekomunikasyon A.S (BB-/Stable; 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 level.

FITCH’S KEY RATING-CASE ASSUMPTIONS

-- Revenue growth of 2% in 2026, 10% in 2027 driven by the Kuwait Project, and 5% a year during FY28-FY29

-- Fitch-defined EBITDA margin at 34% in 2026-2029

-- Capex at 27% of sales in 2026, reflecting investments in sub-sea cables and data centres, before falling to 18% by 2029

-- Dividends of BHD55 million a year in 2026-2029

-- No M&A cash outflow in 2026-2029

CORPORATE RATING TOOL INPUTS AND SCORES

Fitch scored the issuer as follows, using its 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' has no impact.

The operating environment assessment of 'bb-' results in an adjustment of -1 notch.

The SCP is 'bb+'.

To derive the Long-Term IDR:

Application of Fitch's PSL Rating Criteria results in a consolidated approach.

Application of Fitch's GRE Rating Criteria results in a 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 with Beyon 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 with Beyon 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-1H26, Beyon had BHD99.8 million cash and cash equivalents as per the cash flow statement and BHD328 million bank loans with maturities between 2026 and 2033.

ISSUER PROFILE

Beyon is an international converged telecommunications services provider and the incumbent operator in 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 TYPE	RATING	RATING ACTION	PRIOR
BEYON B.S.C.	LT IDR	B Rating Outlook Stable	Affirmed	B Rating Outlook Stable

VIEW ADDITIONAL RATING DETAILS

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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 (1)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

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BEYON B.S.C.	UK Issued, EU Endorsed

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