

Our Methodology

SIMAH Rating Agency (TASSNIEF), will display the highest level of transparency in communicating its assessment to the marketplace, so that investors can be provided with the details of TASSNIEF's assessment approach, opinions and analyses.

TASSNIEF's assessment for Engineering Firms (EFs) incorporates governance & management practices, resource capacity and financial profile of the engineering firm. TASSNIEF determines the assessment based on factors for EFs, within 3 broader categories: (i) Structural; (ii) Qualitative; and (iii) Financial. The methodology is only applicable for EFs and not for other corporates including contracting firms. Final assessment may incorporate financial and business risk profile of the sponsor. Subsidiaries may in many cases be entitled to receive parental support which can be made available to them in several forms: operating support, liquidity support and/or capital support.

Besides an overall assessment, factors (like governance & management, resource capacity, competitive positioning, profitability, liquidity and capitalization) are also evaluated separately and given separate scores. The assessment scale of TASSNIEF does an ordinal ranking of EFs based on above mentioned factors.

TASSNIEF's assessment scale go hand in hand with an outlook, in which the direction can be positive, negative or stable.

Rating Process

Once TASSNIEF is appointed as the rating agency and the contract is signed, the client shall submit all required information and documents. In addition, TASSNIEF rating team will meet with the client's management to better evaluate the EF.

Afterwards, TASSNIEF's analytical team will start its analysis and present the outcome to its Rating Committee for deliberation. Therefore, there is no person solely responsible for the assessment; instead our assessment exercise is rather a collective work of TASSNIEF's experienced team, which is validated in the Saudi context.

TASSNIEF will also provide the client with the opportunity to appeal on the assigned assessment for a second review, depending on the circumstances.

Subject to the final approval of the client, the Assessment Report will be distributed at the discretion of the client.



Engineering Firm Assessment Framework

Standalone Rating Factors

Structural Factors 15%

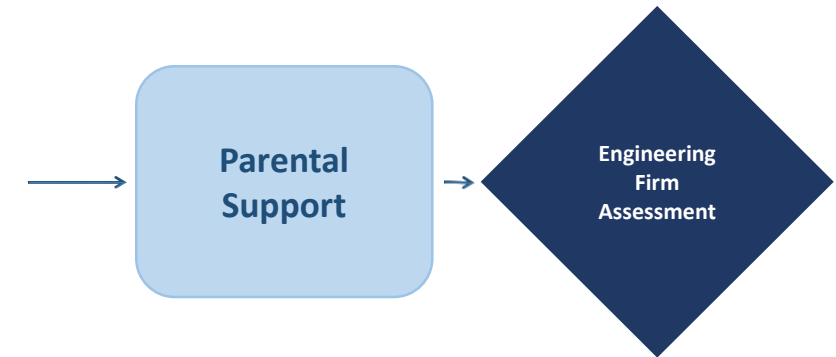
- Macroeconomic Environment
- Operating Environment
- Sectorial Environment

Qualitative Factors 50%

- Resource Capacity
- Governance and management
- Competitive positioning

Financial Factors 35%

- Profitability
- Liquidity
- Financial Flexibility



Assessment	Definition
EFA 1	Governance & management practices, resource capacity and financial profile of the engineering firm are of the highest standards
EFA 2++ EFA 2+ EFA 2	Governance & management practices, resource capacity and financial profile of the engineering firm are of the high standards
EFA 3++ EFA 3+ EFA 3	Governance & management practices, resource capacity and financial profile of the engineering firm are of average standards
EFA 4++ EFA 4+ EFA 4	Governance & management practices, resource capacity and financial profile of the engineering firm are of low standards
EFA 5++ EFA 5+ EFA 5	Governance & management practices, resource capacity and financial profile of the engineering firm are of weak standards

Key Definitions

Assessment is applicable for 365 days from the rating certificate date.

Modifiers are « + » and « ++ » signs that adds more granularity in the ordinal classification.

Outlook is an indication of the direction of the assessment over the medium term. The outlook can be Positive, Negative or Stable.

Watch indicates that an assessment is under review for possible change based on specific event.