July 2026

SAL Saudi Logistics Services Co.

Results Flash Note Q2-26

Strong topline growth supported by higher volumes, revenue realization and improved logistic activity

SAL Saudi Logistics Services Co.'s (SAL) net profit jumped 18.0% Y/Y to SAR 191mn in Q2-26, above our estimate of SAR 172mn, driven by strong revenue growth coupled with gross margin expansion. The deviation from our estimate was due to higher-than-expected revenue and gross margin, partly offset by higher OPEX and non-operating expenses. Revenue grew 30.0% Y/Y to SAR 512mn, above our estimate of SAR 469mn. Ground handling revenue grew 29.3% Y/Y, while Logistics revenue surged 34.2% Y/Y. GP margin expanded ~160 bps Y/Y to 58.4% and was above AJBC's expectations of 54.6%. However, operating margin contracted to 41.6% vs. 43.8% in Q2-25 (AJBC estimate: 39.7%).

- **SAL's net profit** rose 18.0% Y/Y to SAR 191mn in Q2-26, ahead of AJBC's estimate of SAR 172mn. Better-than-anticipated revenue and higher gross margin led to the earnings beat, despite higher-than-expected OPEX and non-operating expenses. Sequentially earnings climbed 22.2% backed by 14.9% Q/Q revenue growth and ~360 bps gross margin expansion.
- **Revenue** grew 30.0% Y/Y to SAR 512mn, above our estimate of SAR 469mn. The topline growth was driven by strong increase in both Ground handling division (+29.3% Y/Y) and Logistic division (+34.2% Y/Y). Ground handling growth was led by 9% Y/Y increase in volumes to 239mn Kg and ~19% Y/Y rise in revenue per Kg, supported by favorable cargo mix and higher import activity. Cargo volume was in line with our expectation, while revenue per Kg was higher than our estimate. The sharp jump in Logistic division revenue was attributed to stronger warehouse utilization, improved commercial execution, expanding contract logistics activity and stronger road feeder services activity.
- **Gross profit** increased 33.6% Y/Y to SAR 299mn (AJBC's estimate: SAR 256mn). The revenue growth and improved revenue mix supported gross margin expansion. The gross margin expanded ~160 bps to 58.4%, above our expectations of 54.6%.
- **Operating profit** rose 23.6% Y/Y to SAR 213mn (AJBC estimate: SAR 186mn). Operating margin decreased to 41.6% vs. 43.8% in Q2-25 but was above our estimation of 39.7%. However, OPEX-to-sales ratio at 16.8% was higher than our expectation. Total OPEX increased 67.0% Y/Y perhaps due to continued elevated costs under current situation.

AJBC view and valuation: SAL posted a strong Q2-26 performance, beating our expectations. The performance was partly supported by strong recovery in air cargo activity after disruption in the previous quarter. This potential supported strong demand and better per Kg realization. We expect normalization in Q3-26, while volumes will be supported by multiple new agreements signed over Q2-26 and Q3-26 such as Fly Khiva, Centrum Air, Singapore Airlines and SF Airline. The stock currently trades at a P/E of 18.0x and a dividend yield of 4.2% based on our FY26E estimates. We maintain our "**Neutral**" recommendation on the stock and the TP of **SAR 186/share**.

Results Summary

SAR mn	Q2-25	Q1-26	Q2-26	Change Y/Y	Change Q/Q	Deviation from AJBC Estimates
Revenue	394	446	512	30.0%	14.9%	9.1%
Gross Profit	224	245	299	33.6%	22.3%	16.8%
Gross Margin	56.9%	54.9%	58.4%	-	-	-
EBIT	172	171	213	23.6%	24.7%	14.4%
Net Profit	**162**	**157**	**191**	18.0%	22.2%	11.5%
EPS	**2.03**	**1.96**	**2.39**	-	-	-

Source: Company Reports, AlJazira Capital Research

Recommendation	Neutral
Target Price (SAR)	186.0
Upside / (Downside)*	12.4%

Source: Tadawul *prices as of 28th July, 2026

Key Financials

SARmn (unless specified)	FY23	FY24	FY25
Revenues	1,456	1,634	1,708
Growth %	19.1%	12.2%	4.6%
Gross Profit	776	915	962
Net Income	510	661	698
Growth %	40.6%	29.8%	5.5%
EPS	6.37	8.27	8.72
DPS	4.40	5.99	5.98

Source: Company reports, Aljazira Capital Research

Key Ratios

	FY23	FY24	FY25
Gross Margin	53.3%	56.0%	56.3%
Operating Margin	40.3%	43.4%	42.6%
Net Margin	35.0%	40.5%	40.8%
ROE	44.2%	50.2%	46.1%
ROA	15.5%	20.3%	20.0%
P/E (x)	30.5	30.6	18.4
P/B (x)	12.6	14.4	7.9
EV/EBITDA (x)	22.9	24.8	15.3
Dividend Yield	2.3%	2.4%	3.7%

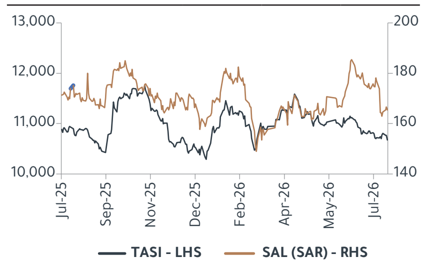
Source: Company reports, Aljazira Capital Research

Key Market Data

Market Cap(bn)	13.2
YTD%	3.2%
52 week (High)/(Low)	186.00/148.20
Share Outstanding (mn)	80.0

Source: Company reports, Aljazira Capital Research

Price Performance



Source: Tadwaul, Aljazira Capital Research

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RESEARCH DIVISION

AlJazira Capital, the investment arm of Bank AlJazira, is a Shariaa Compliant Saudi Closed Joint Stock company and operating under the regulatory supervision of the Capital Market Authority. AlJazira Capital is licensed to conduct securities business in all securities business as authorized by CMA, including dealing, managing, arranging, advisory, and custody. AlJazira Capital is the continuation of a long success story in the Saudi Tadawul market, having occupied the market leadership position for several years. With an objective to maintain its market leadership position, AlJazira Capital is expanding its brokerage capabilities to offer further value-added services, brokerage across MENA and International markets, as well as offering a full suite of securities business.

RATING TERMINOLOGY

1. Overweight: This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. Underweight: This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. Neutral: The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. Suspension of rating or rating on hold (SR/RH): This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

Disclaimer