2Q26 Earnings Preview

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GIB Capital Research
Research@info.gibcapital.com
+966 11834 8372

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- We expect the combined revenue of our coverage universe to rise by 8.0% y/y (+7.7% q/q), largely driven by growth across most sectors except Utilities and Petrochemicals. However, the aggregated earnings are likely to drop by 3.4% y/y (-5.0% q/q), weighed down by margin pressure, mostly in the Transportation, Petrochemical, and Real Estate sectors.
- **Petrochemical:** We expect a mixed performance for the petrochemical sector with Jubail-based producers likely witnessing pressure on earnings due to lower sales volume amid supply shortage and shutdowns, and higher freight costs amid recent geopolitical concerns, offsetting improved product prices. Meanwhile, we expect Yanbu-based producers such as Alujain to witness a steep rise in profitability driven by higher product prices, offsetting increased feedstock prices.
- **Energy:** Among the drilling companies, we expect ADES's topline and earnings to decline by 9.5% q/q and 50.8%, respectively, driven by lower active rigs amid suspension, contract preparation, and contract expiry. Further, ADC is expected to incur losses in 2Q26e due to rig suspension and lower margins.
- **Material:** We expect Amak's 2Q net profit to improve sequentially, driven by higher sales volume following the completion of the 16-week shutdown at Al Masane mine, and increased commodity prices, mainly zinc and copper. Moreover, Luberef earnings are also likely to improve notably, driven by higher sales volume and increased crack margins amid elevated base oil prices, coupled with higher byproduct margin (mainly Diesel and Naphtha), offsetting higher fuel costs.
- **Utility:** Miahona's bottom line in 2Q26 is estimated to be dragged down by ~33% y/y decline in revenue, mainly due to a sharp decrease in construction revenue as the Ras Tanura project nears completion.
- **Banks and financial services:** Saudi banks' earnings are likely to post modest growth in 2Q26, supported by steady lending, while faster deposit growth should ease LDR. However, for SNB, despite healthy growth in total operating income, backed by steady lending growth, we expect its net profit to decline marginally y/y, mainly due to likely higher provisions amid a weak operating environment and a tough base. Tadawul's 2Q26 earnings are expected to drop by 34.5% y/y, due to a lower revenue driven by muted ADTV (-1.67% y/y) amid volatility and geopolitical uncertainty alongside rising G&A costs.

- **Food & Beverage:** Since the beginning of the year, poultry prices have shown a month-over-month rebound, likely influenced by logistical disruptions. This is expected to end Tanmiah and Entaj's loss streak, with projected topline growth of 13.9% y/y and 27.3%, respectively. Accordingly, higher topline enables Tanmiah and Entaj to turn into profits, with anticipated earnings of ~SAR8.0mn and ~SAR17.2mn, respectively. This is mostly supported by continued capacity scaling in poultry. Meanwhile, the milling sector is expected to achieve double-digit earnings growth, driven by capacity increases and margin enhancements.
- **Consumer services:** Among fitness and wellness companies, Leejam is poised for modest top-line growth in 2Q26, hindered by slower-than-expected clubs' ramp-up and heightened competition. Nonetheless, increased financing expenses associated with new clubs' openings and the absence of previously recorded non-recurring reversal gains totaling ~SAR4.6mn in 2Q25 should result in lower earnings (-14.9% y/y drop) in 2Q. Conversely, Sports Clubs is expected to post significant earnings growth of 73.1% y/y, supported by double-digit top-line growth streaming from newly opened and refurbished clubs, as well as margin improvements. Furthermore, despite ongoing geopolitical tensions in the region, Americana is anticipated to deliver 7.6% topline growth, driven by store expansion across the region. Similarly, earnings are projected to rise by 5.7% y/y, limited by higher finance costs and taxes. Meanwhile, Alamar is projected to report double-digit revenue growth y/y, aided by the acquisition of 29 Taif and Makkah stores and the consolidation of the Five Guys franchise. However, earnings are expected to mostly remain under pressure due to margin compression caused by rising costs from aggregators and expenses related to acquisitions.
- **Capital goods:** The aggregate topline for our coverage companies in the sector is expected to grow 5.2% y/y, supported by a healthy backlog and a relatively resilient execution despite supply chain disruptions. However, earnings are likely to drop by 8.3% due to higher direct costs, increased credit loss provisions, and weaker associate income.
- **Transportation:** Flynas is likely to report a net loss of SAR270mn, weighed down by muted topline growth due to limited flight operations on several routes amid regional conflict, coupled with higher jet fuel costs and operating deleverage. For rental companies, general macro pressure on demand is likely to mitigate some gains from fleet expansion. Meanwhile, weaker expectations of utilization rates, increasing ECL, and finance expenses are set to impact profitability. As a result, we expect a modest 4.4% growth in aggregate revenues from our rental coverage,

and a 25% y/y decline in earnings during the period. For SAL, we estimate mid-to-high single-digit y/y earnings growth, primarily backed by a similar volume growth and improved pricing.

- **IT:** Elm revenue growth is expected to moderate to ~19% y/y in 2Q26 due to partial consolidation of Thiqah during 2Q25. Meanwhile, one-off impact on Zakat during the base quarter is expected to drag earnings growth to ~6% y/y (adjusted: +20% y/y). Meanwhile, Azm is expected to post a 30% y/y revenue growth due to backlog recognition. However, also a one-off positive impact on Zakat during the base quarter is expected to limit earnings growth to 7.5% y/y (adjusted: +30% y/y).
- **Healthcare:** Healthcare companies under our coverage are expected to post topline growth of ~14% y/y in 2Q driven by increasing volume due to bed additions, improving utilization, and absence of seasonality impact. We expect Al Habib to deliver a 14.6% y/y revenue growth due to increasing utilization, while earnings growth is expected at a subdued momentum of ~6%, largely reflecting continued ramp-up pressure and partially higher finance expenses. Mouwasat is attracting more volume following the opening of a new hospital, leading to an expected topline of 13.6% y/y. However, ramp-up pressure is set to curb earnings growth at a modest 3% y/y. For Hammadi, pricing pressure and cost inflation are likely to mitigate volume gains, reflecting an expected 3% y/y earnings decline.
- **Pharma:** We expect Jamjoom to be impacted by a softer local market and its exposure to GCC markets, with topline growth of 6% y/y in 2Q. Further, higher OPEX and lower contribution from Algeria JV are expected to impact earnings, leading to a largely y/y flat earnings performance. For Avalon, likely supportive tender sales and relatively lower exposure to export markets are likely to deliver ~12% y/y revenue growth and ~14% y/y rise in earnings.
- **Real estate:** The real estate sector is expected to remain under pressure in 2Q26, due to subdued activities amid higher interest rates, a broader economic slowdown, and ongoing sector reforms. Consequently, we expect earnings across our coverage universe (except Masar due to higher land sales activities) to decline sharply by high double digits y/y in 2Q26.
- **Manpower:** SMASCO and AlMawarid are well-positioned to achieve strong y/y earnings growth, with anticipated increases of 59.0% y/y and 52.8%, respectively. This strength is largely attributed to the continued expansion of their workforce, complemented by continuous margin improvements.

Main market: 2Q26 estimates

Company	CMP (SAR)	Mcap (SARmn)	YTD %	Revenues (SARmn)					Net profits (SARmn)					Annualized P/E	
				2Q26e	2Q25a	Y/Y	1Q26a	Q/Q	2Q26e	2Q25a	Y/Y	1Q26a	Q/Q	2Q26e	1Q26
Petrochemical															
Alujain	27.34	1,892	1.2%	509	343	48.3%	365	39.1%	68	12	447.8%	12	459.1%	6.9x	38.9x
Sipchem #	14.14	10,369	-5.7%	1,013	1,906	-46.9%	1,227	-17.5%	(395)	(169)	-133.3%	(215)	-83.3%	NM	NM
Kayan	5.20	7,800	9.9%	1,472	2,231	-34.0%	1,488	-1.1%	(652)	(496)	-31.3%	(615)	-6.1%	NM	NM
Energy															
Arabian Drilling #	92.30	8,215	-6.5%	725	862	-16.0%	822	-11.8%	(68)	7	NM	7	NM	NM	274.7x
ADES	19.18	21,655	10.0%	2,164	1,579	37.1%	2,391	-9.5%	116	198	-41.2%	236	-50.8%	46.6x	22.9x
Materials															
Luberef	133.80	22,579	39.2%	3,803	2,249	69.1%	2,158	76.2%	1,016	245	314.4%	258	293.9%	5.6x	21.9x
AMAK	69.35	6,242	-21.2%	252	259	-2.5%	218	15.4%	73	73	-0.7%	60	20.7%	21.5x	26.0x
Utilities															
Miahona	14.51	2,335	-19.1%	125	187	-33.0%	118	6.1%	2.9	7.4	-60.1%	2.6	11.6%	NM	NM
Banks and Financial Services															
SNB*	38.36	230,160	1.3%	10,148	9,507	6.7%	9,650	5.2%	6,088	6,137	-0.8%	6,423	-5.2%	9.5x	9.0x
Tadawul	132.20	15,864	-5.8%	309	319	-3.2%	295	4.8%	63	96	-34.5%	56	13.4%	62.9x	71.3x
Retailing															
Jarir #	17.50	21,000	36.9%	2,871	2,648	8.4%	3,038	-5.5%	214	197	8.5%	253	-15.6%	24.5x	20.7x
SASCO #	44.20	3,094	-20.4%	3,211	2,875	11.7%	3,021	6.3%	4.2	29.7	-85.8%	(23.7)	NM	NM	NM
Food & Beverages															
Tanmiah	56.40	1,128	-1.3%	740	650	13.9%	731	1.2%	8	0	NM	(1)	NM	35.3x	NM
Entaj	23.96	719	-23.2%	422	332	27.3%	422	0.1%	17	19	-7.7%	(1)	NM	10.5x	NM
First milling	53.60	2,975	9.4%	278	238	17.0%	333	-16.4%	62	51	21.5%	80	-22.0%	11.9x	9.3x
Modern Mills	28.44	2,327	-0.6%	261	241	8.5%	281	-7.2%	58	50	17.6%	66	-11.6%	10.0x	8.8x
Arabian Mills	46.40	2,381	19.9%	236	230	2.3%	273	-13.5%	63	54	16.9%	85	-26.2%	9.5x	7.0x
Consumer Services															
Americana^	2.07	17,437	23.2%	692	644	7.6%	650	6.6%	63	60	5.7%	63	-0.1%	18.5x	18.4x
Alamar #	38.74	988	-3.7%	276	237	16.7%	237	16.6%	16	15	2.0%	2	753.1%	15.8x	NM
Leejam #	73.20	3,834	-26.4%	393	376	4.7%	369	6.4%	61	72	-14.9%	49	26.3%	15.6x	19.7x
Sports Clubs #	6.75	772	-18.2%	101	84	19.7%	86	17.3%	12	7	73.1%	4	170.0%	16.2x	43.9x
Seera Group	21.00	5,755	-21.6%	1,220	1,208	1.0%	1,089	12.1%	54	3	NM	42	27.7%	26.8x	34.2x
Capital Goods															
Riyadh Cable	117.00	17,550	-10.3%	2,853	2,715	5.1%	2,768	3.1%	265	279	-5.2%	282	-6.1%	16.6x	15.6x
Astra	130.00	10,400	-8.3%	723	715	1.1%	791	-8.6%	151	175	-13.4%	173	-12.5%	17.2x	15.0x
Gas Arabian	17.02	2,689	30.1%	368	320	15.2%	361	2.0%	36	39	-7.2%	38	-5.6%	18.7x	17.6x

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Company	CMP (SAR)	Mcap (SARmn)	YTD %	Revenues (SARmn) 2Q26e	2Q25a	Y/Y	1Q26a	Q/Q	Net profits (SARmn) 2Q26e	2Q25a	Y/Y	1Q26a	Q/Q	Annualized P/E 2Q26e	1Q26
Transportation															
Theeb	23.20	1,531	-38.3%	413	365	13.1%	410	0.7%	38	48	-20.5%	34	10.1%	10.1x	11.1x
Budget	30.10	3,147	-35.7%	588	545	7.9%	552	6.4%	63	86	-26.4%	34	82.9%	12.5x	22.8x
Lumi	32.34	1,779	-35.2%	390	416	-6.3%	366	6.5%	36	54	-33.6%	40	-10.1%	12.3x	11.1x
Cherry	22.90	687	-5.1%	120	121	-0.5%	148	-18.9%	16	17	-3.7%	18	-13.1%	10.8x	9.3x
Flynas #	52.30	8,936	-19.6%	2,200	2,144	2.6%	2,006	9.7%	(270)	220	NM	118	NM	NM	18.9x
SAL	175.80	14,064	9.6%	471	394	19.6%	446	5.7%	174	162	7.1%	157	10.9%	20.2x	22.5x
Software & Services															
ELM	663.00	53,040	-11.4%	2,667	2,245	18.8%	2,472	7.9%	626	590	6.2%	656	-4.6%	21.2x	20.2x
AZM^^	20.80	1,248	-11.6%	83	64	30.1%	76	9.9%	13	12	7.5%	11	18.4%	24.1x	28.5x
Healthcare															
Sulaiman Al Habib	214.80	75,180	-16.4%	3,878	3,384	14.6%	3,436	12.9%	625	591	5.7%	503	24.1%	30.1x	37.3x
Mouwasat	62.15	12,430	-6.8%	905	796	13.6%	834	8.5%	193	187	3.0%	201	-4.2%	16.1x	15.5x
Hammadi	26.88	4,301	-3.9%	327	298	9.5%	319	2.4%	60	62	-2.8%	56	7.1%	17.9x	19.1x
Pharma															
Jamjoom	147.80	10,346	3.9%	420	396	6.0%	481	-12.7%	135	132	2.2%	168	-19.8%	19.2x	15.4x
Avalon	62.30	2,181	-2.0%	132	118	12.2%	130	1.5%	28	25	14.1%	27	5.2%	19.3x	20.3x
Real Estate															
Akaria #	15.45	5,794	19.9%	341	489	-30.2%	320	6.7%	13	94	-86.0%	476	-97.2%	NM	3.0x
Cenomi Center**	17.09	8,118	-9.5%	577	583	-1.0%	583	-1.0%	80	200	-59.8%	128	-37.1%	25.2x	15.9x
Retal #	11.42	5,710	-2.6%	535	488	9.5%	577	-7.4%	44	66	-33.2%	59	-25.5%	32.3x	24.1x
Masar #	17.70	25,464	3.0%	888	669	32.8%	80	NM	288	237	21.7%	45	541.3%	22.1x	NM
Commercial & Professional Svc															
Mawarid	106.20	2,124	8.8%	760	624	21.8%	758	0.2%	49	32	52.8%	52	-5.2%	10.7x	10.2x
SMASCO	6.14	2,456	16.3%	563	514	9.6%	557	1.1%	47	30	59.0%	49	-3.4%	13.1x	12.6x

Source: Company data, GIB Capital. Prices as of 12 July 2026.
Note: Marafiq and Al Arabia are under preview. NM: Not meaningful.
** Total operating income. ** Net profit is adjusted for FV gain/(losses) and one-offs. ^ Results are in USD, ^^ 4QFY26 period (June-ended).*
*# **Sipchem:** 2Q25a earnings include SAR171mn impairment in associate. **Arabian Drilling:** 1Q26a includes one-time income of SAR9.9mn from a non-refundable deposit. **Jarir:** 2Q25 includes SAR11mn net profit of non-recurring items. **SASCO:** 2Q26e includes an FV gain of SAR28mn on xAI investment and an impairment loss of SAR8.2mn. **Alamar:** 2Q26e includes the impact of Five Guys franchise acquisition. **Leejam:** 2Q25a includes SAR4.6mn non-recurring reversal gains, and loss of investment in an associate. **Sport Clubs:** 2Q25a includes ~SAR0.4mn non-recurring items related to IPO. **Flynas:** 2Q25a excludes one-time costs of employee share-based payment and IPO related costs totaling SAR1083mn. **Akaria:** 1Q26a includes SAR640mn one-off remeasurement gain. **Retal:** 2Q25a includes SAR40.6mn one-time gain. **Masar:** 1Q26a includes ~SAR130mn one-off gain.*

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Contact us for queries:

Sell Side Research Department,
GIB Capital,
B1, Granada Business & Residential Park,
Eastern Ring Road, PO Box 89589, Riyadh 11692
www.gibcapital.com