

Saudi Logistics Services Co

Sector : Logistics

HOLD

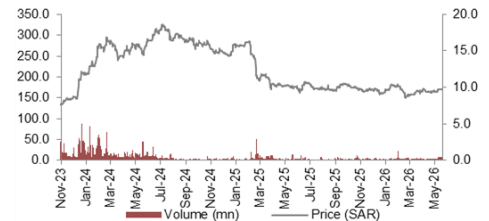
01 June 2026

- Revenue grew 16% YoY in 1Q26, driven by strong ground handling performance.
- Overall margins declined YoY and fell short of our forecasts, while gross margin slightly exceeded expectations.
- Net profit up 2.3% YoY and outperformed our estimate by 12%.
- For 2026e, we raise our revenue forecast to SAR 1.8bn and profit to SAR 684mn. We revise our target price to SAR 187/share and retain our HOLD rating.

Target price (SAR) **187.00**

Current price (SAR) **170.70**

Return **9.50%**



Exchange Saudi Arabia
Index weight (%) 0.30%

(mn)	SAR	USD
Market Cap	13,656	3,636
Enterprise value	14,361	3,807

Major shareholders

Saudi Arabian Airline	49%
Vision International	6.4%
Vanguard Group Inc/T	2.2%
Others	42.4%

Valuation Summary

PER TTM (x)	19.5
P/Book (x)	8.4
EV/EBITDA (x)	19.4
Dividend Yield (%)	3.9
Free Float (%)	42%
Shares O/S (mn)	80
YTD Return (%)	6%
Beta	1.0

Key ratios	2023	2024	2025
EPS (SAR)	6.37	8.27	8.72
BVPS (SAR)	15.43	17.53	20.28
DPS (SAR)	4.40	5.99	6.54
Payout ratio (%)	69%	72%	75%

Price performance (%)	1M	3M	12M
SAL Saudi Logistics Ser	4%	5%	-4%
Tadawul All Share Index	-1%	3%	0%

52 week	High	Low	CTL*
Price (SAR)	192.0	148.2	15.2

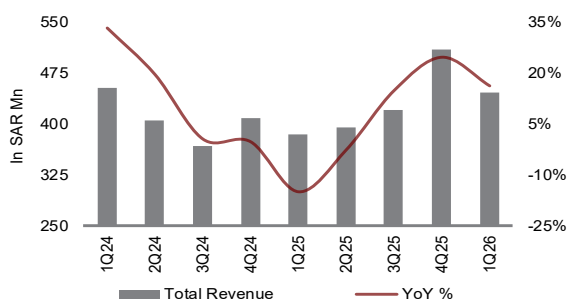
* CTL is % change in CMP to 52wk low

SAL reported 1Q26 revenue of SAR 446mn, up 16% YoY. Revenue came in 20.6% above our forecast, reflecting stronger-than-expected performance amid ongoing regional conflict. We had anticipated a sharp reduction in capacity due to airspace closures and temporary operational disruptions. Growth during the quarter was primarily driven by ground handling performance, supported by continued enhancement of service offerings and improved revenue quality, despite lower volumes. Air cargo, accounting 86% of total revenue, grew 19.3% YoY in 1Q26, driven by sustained pricing and improved yields. The segment also benefited from the launch of the CargoGate platform and two new customer wins. This was achieved despite a 1.7% YoY decline in volumes to 238mnkg, amid regional airspace restrictions and maritime disruptions that impacted global trade flows, particularly in March. While disruptions during March affected cargo flows, the scaling up of road feeder services (RFS) enabled cargo movement through alternative routes. Logistics revenue remained broadly stable YoY, declining marginally by 0.9% YoY, while losses narrowed and performance improved toward the end of the quarter. Gross margin declined 90bps YoY in 1Q26, as direct costs outpaced revenue growth, rising 18.4% YoY. Net operating expenses rose 50% YoY due to higher administrative and selling and distribution costs. As a result, EBIT and EBITDA margins narrowed by 460 and 330bps YoY to 38.3% and 45.1% respectively. Finance income increased 2.3x YoY on improved cash balances, while finance costs doubled YoY due to higher debt levels following the SAR 1bn Sukuk program introduced to support the capex requirements. Overall, net profit reached SAR 157mn, up 2.3% YoY, while net margin contracted by 470bps YoY to 35.1% in 1Q26. Profit exceeded our forecast by 12%, while margins fell short of expectations due to higher than expected direct and operating costs. For 1Q26, SAL announced a cash dividend of SAR 117.6mn, equivalent to SAR 1.47 per share.

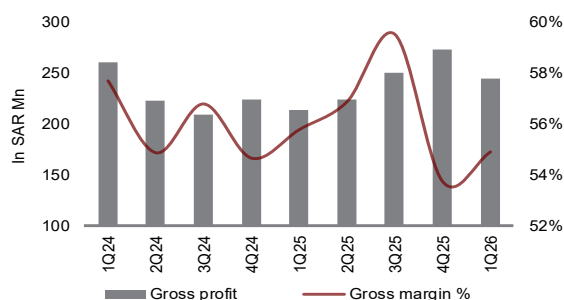
During the quarter, SAL signed a sale and purchase agreement to acquire a 100% stake in Aviapartner Liege for SAR 123mn. This marks the company's first international expansion, establishing its operational presence at Liege Airport in Belgium, one of Europe's leading air cargo hubs and a rapidly expanding gateway for global freight flows. Additionally, SAL renewed its strategic agreement with Royal Jordanian Airlines, signed an agreement with DSV Air and Sea Logistics Services company to provide ground handling services.

Valuation and outlook: SAL remains well positioned to navigate near-term volatility through continued investment in infrastructure, digital platforms and network capabilities. Maritime delays and re-routing impacted transit flows and e-commerce segments, while tightened capacity drove elevated freight rates. Demand partially shifted to alternative routes and transport modes, much of which SAL captured through operational agility. Capex deployment remains in the implementation phase, with investments focused on ground handling capacity, logistics hubs and fleet capabilities to support the next phase of growth. Transit cargo remains a key growth driver. Saudi Air Cargo remains the company's primary customer for transit services, and management expects airlines to continue building volumes, as supply chains remain critical and cannot afford disruptions. The logistics segment is expected to improve gradually, supported by progress in core products and warehouse projects in Riyadh and Jeddah. The SAL Logistics Zone also continues progressing from the planning stage toward execution. Given ongoing geopolitical uncertainty, management did not provide margin guidance. However, the company highlighted a recovery in volumes during April 2026 as cargo flows normalized, while continuing to assess the sustainability of demand. Revenue and profitability exceeded expectations, although margins underperformed. Based on current results, we raise our 2026e revenue forecast to SAR 1.8bn (from SAR 1.72bn) and increase our net profit to SAR 684mn (from SAR 661mn). Accordingly, we revise our target price to SAR 187, implying 9.5% upside from current levels and retain our HOLD rating on the stock.

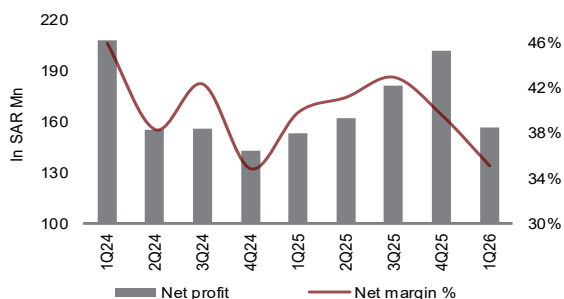
Revenue grew on stronger ground handling performance



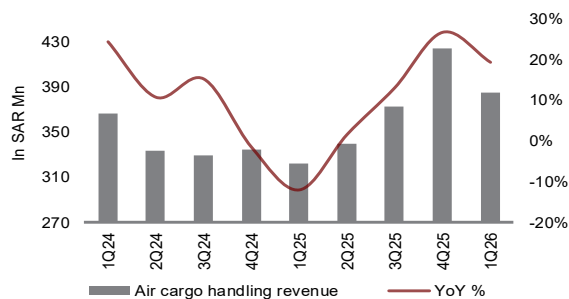
Gross profit pressured by higher direct costs



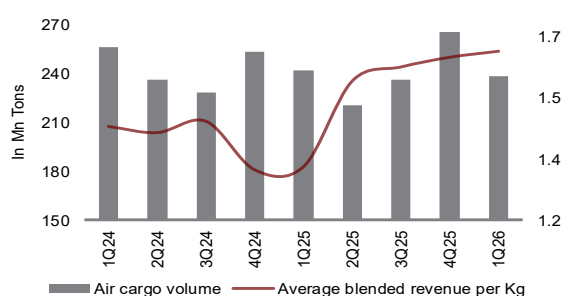
Higher finance and operating costs weigh on net margin



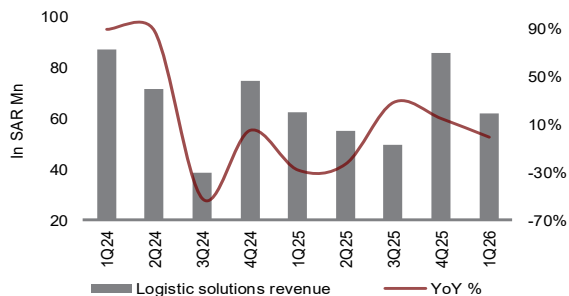
Cargo handling revenue rose on new customer wins



Volume declines slightly amid geopolitical tensions



Logistics revenue stable YoY as losses narrowed





Income statement (in SAR Mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Revenue	1,223	1,456	1,634	1,708	1,803	1,963	2,142	2,336
Cost of revenue	-632	-680	-719	-746	-798	-854	-932	-1,016
Gross Profit	591	776	915	962	1,004	1,109	1,210	1,320
Administrative and general expenses	-147	-142	-176	-196	-193	-216	-236	-257
Other operating Income / (expense)	13	5	2	2	2	4	4	5
Selling and distribution expenses	-30	-33	-48	-42	-54	-59	-64	-70
EBIT	427	586	709	727	748	838	914	997
EBITDA	545	721	819	836	868	1,073	1,172	1,314
Finance income	19	52	59	67	102	102	102	102
Finance costs	-75	-87	-74	-58	-132	-191	-195	-194
PBT	370	550	694	737	719	750	822	905
Zakat	-8	-41	-33	-39	-35	-37	-41	-45
Net Profit	362	510	661	698	684	712	781	860

Balance Sheet (in SAR Mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Property and equipment	705	709	720	808	1,644	2,289	2,394	3,129
Right-of-use assets	1,213	886	523	846	1,242	1,639	1,747	1,864
Other non current assets	14	26	12	22	22	22	22	22
Total non-current assets	1,932	1,621	1,254	1,676	2,908	3,950	4,163	5,015
Trade receivables	233	391	480	385	397	432	471	514
Other current assets	178	51	124	127	135	147	161	175
Short term Murabaha deposits	-	500	-	-	1,050	1,050	1,050	1,050
Cash and bank balances	940	710	1,362	1,542	1,374	979	1,157	606
Total current assets	1,351	1,664	1,978	2,053	2,956	2,609	2,839	2,345
Total Assets	3,284	3,285	3,232	3,729	5,864	6,558	7,002	7,360
Share capital	800	800	800	800	800	800	800	800
Reserves	47	101	101	102	102	102	102	102
Retained earnings	227	333	501	721	882	1,149	1,467	1,780
Total shareholders' equity	1,073	1,234	1,402	1,622	1,783	2,051	2,369	2,682
Long-term loan	500	567	560	480	1,928	1,928	1,928	1,828
Employees' end of service benefits	78	87	100	114	116	130	141	154
Lease liabilities	1,288	1,011	684	997	1,243	1,573	1,624	1,688
Total non-current liabilities	1,866	1,665	1,343	1,591	3,287	3,630	3,693	3,670
Current lease liabilities	64	69	34	26	138	175	180	188
Trade payables	65	45	127	119	120	128	140	152
Long term loan current portion	-	36	57	82	121	141	161	181
Other current liabilities	216	235	268	290	263	282	307	335
Total current liabilities	344	385	487	516	794	877	940	1,008
Total liabilities	2,210	2,051	1,830	2,107	4,080	4,508	4,634	4,678
Total equity and liabilities	3,284	3,285	3,232	3,729	5,864	6,558	7,002	7,360

Cash Flow (in SAR Mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Cash from operations	556	696	791	957	833	1,018	1,119	1,255
Investing cash flow	282	-596	432	-144	-1,874	-863	-341	-1,017
Financing cash flow	-389	-329	-572	-634	872	-549	-600	-789
Change in cash	448	-229	652	180	-169	-395	178	-551
Beginning cash	492	940	711	1,363	1,543	1,374	979	1,157
Ending cash	940	711	1,363	1,543	1,374	979	1,157	606



Ratio Analysis	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Per Share								
EPS (SAR)	4.5	6.4	8.3	8.7	8.6	8.9	9.8	10.7
BVPS (SAR)	13.4	15.4	17.5	20.3	22.3	25.6	29.6	33.5
DPS (SAR)	3.2	4.4	6.0	6.5	5.6	5.8	6.8	7.5
FCF per share (SAR)	10.5	1.2	15.3	10.2	-13.0	1.9	9.7	3.0
Valuation								
Market cap (SAR Mn)	8,480	15,552	20,208	12,832	13,656	13,656	13,656	13,656
EV (SAR Mn)	9,392	16,525	20,181	12,874	15,712	16,494	16,393	16,935
EBIDTA (SAR Mn)	545	721	819	836	868	1,073	1,172	1,314
P/E (x)	23.4	30.5	30.6	18.4	20.0	19.2	17.5	15.9
EV/EBITDA (x)	17.2	22.9	24.6	15.4	18.1	15.4	14.0	12.9
Price/Book (x)	7.9	12.6	14.4	7.9	7.7	6.7	5.8	5.1
Dividend Yield (%)	3.0%	2.3%	2.4%	4.1%	3.3%	3.4%	4.0%	4.4%
Price to sales (x)	6.9	10.7	12.4	7.5	7.6	7.0	6.4	5.8
EV to sales (x)	7.7	11.4	12.4	7.5	8.7	8.4	7.7	7.3
Liquidity								
Cash Ratio (x)	2.7	1.8	2.8	3.0	1.7	1.1	1.2	0.6
Current Ratio (x)	3.9	4.3	4.1	4.0	3.7	3.0	3.0	2.3
Returns Ratio								
ROA (%)	11.0%	15.5%	20.5%	18.7%	11.7%	10.9%	11.2%	11.7%
ROE (%)	33.8%	41.3%	47.2%	43.0%	38.4%	34.7%	33.0%	32.1%
ROCE (%)	12.3%	17.6%	24.1%	21.7%	13.5%	12.5%	12.9%	13.5%
Cash Cycle								
Accounts Payable turnover (x)	9.7	15.2	5.6	6.3	6.7	6.7	6.7	6.7
Receivables turnover (x)	5.2	3.7	3.4	4.4	4.5	4.5	4.5	4.5
Payable Days	38	24	65	58	55	55	55	55
Receivables days	70	98	107	82	80	80	80	80
Cash Cycle	32	74	43	24	26	26	26	26
Profitability Ratio								
Net Margins (%)	29.6%	35.0%	40.5%	40.8%	38.0%	36.3%	36.5%	36.8%
EBITDA Margins (%)	44.6%	49.5%	50.1%	48.9%	48.2%	54.6%	54.7%	56.2%
PBT Margins (%)	30.3%	37.8%	42.5%	43.1%	39.9%	38.2%	38.4%	38.8%
EBIT Margins (%)	34.9%	40.3%	43.4%	42.6%	41.5%	42.7%	42.7%	42.7%
Effective Tax Rate (%)	2.2%	7.4%	4.8%	5.3%	4.8%	5.0%	5.0%	5.0%
Leverage								
Total Debt (SAR Mn)	1,852	1,683	1,335	1,584	3,430	3,817	3,894	3,885
Net Debt (SAR Mn)	912	973	-27	42	2,056	2,838	2,737	3,279
Debt/Equity (x)	1.7	1.4	1.0	1.0	1.9	1.9	1.6	1.4
Net Debt/EBITDA (x)	1.7	1.3	-0.0	0.1	2.4	2.6	2.3	2.5
Net Debt/Equity (x)	0.8	0.8	-0.0	0.0	1.2	1.4	1.2	1.2



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Rating Criteria and Definitions

Rating	Rating Definitions
	Strong Buy This recommendation is used for stocks whose current market price offers a deep discount to our 12-Month target price and has an upside potential in excess of 20%
	Buy This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 10% to 20%
	Hold This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 0% to 10%
	Neutral This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between 0% to -10%
	Sell This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between -10% to -20%
	Strong Sell This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential in excess of 20%
	Not rated This recommendation used for stocks which does not form part of Coverage Universe

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