

Flynas Co.

Fuel and travel headwinds hurt 2026e; Fleet-led growth story remains intact: Maintain Overweight

Rating: Overweight | 12M Target Price: SAR 57.5

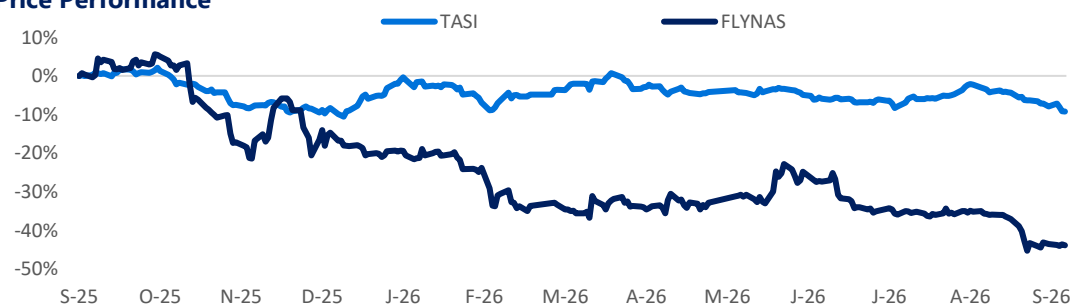
October 1, 2026

Market Data	Valuations	2025a	2026e	2027f	2028f	2029f
Last Price (SAR)*	43.1 Net Income (SAR mn)	(693)	27	524	651	683
Target Price (SAR)	57.5 EPS (SAR)	(3.2)	0.2	3.1	3.8	4.0
Upside / Downside (%)	33.3 PER (x)	nm	nm	14.1	11.3	10.8
Market Cap (bn) (SAR/USD)	7.4/2.0 P/BV (x)	2.1	2.1	1.7	1.5	1.3
52 week High / Low (SAR)	81.7/41.2 DPS (SAR)	-	-	-	-	-
12-month ADTV (mn) (SAR/USD)	32.3/8.6 Div. Yield (%)	-	-	-	-	-
YTD Return (%)	-33.7% RoAE (%)	nm	0.7	13.4	14.3	13.1
Bloomberg Code	FLYNAS AB RoAA (%)	nm	0.2	2.8	2.8	2.6

*last price as of 30th September 2026

Financials (SAR mn)	2025a	2026e	2027f	2028f	2029f
Revenue	7,844	8,483	9,815	11,596	13,121
COGS	6,361	7,457	8,461	9,850	10,970
Gross profit	1,483	1,026	1,355	1,746	2,151
Gross margin (%)	18.9	12.1	13.8	15.1	16.4
Operating expense	1,676	516	295	467	667
Operating profit/(loss)	(193)	510	1060	1278	1484
Operating margin (%)	nm	6.0	10.8	11.0	11.3
Net income	(693)	27	524	651	683
Net margin (%)	nm	0.3	5.3	5.6	5.2
EPS	(3.2)	0.2	3.1	3.8	4.0

Price Performance



Source: Tadawul, Bloomberg and anbc research

Regional air travel disruptions and an 86% YoY surge in jet fuel prices drove Flynas to a 2Q26 net loss of SAR 240.6mn, with only modest profitability penciled in for 2026e. Fares covered more than 90% of the fuel increase with Flynas prioritizing yield preservation over volume growth. We expect earnings recovery from 2027f onwards, underpinned by (i) firmer and more sustainable fare levels (ii) confirmed order book of 235 aircrafts; (iii) lower jet fuel prices from 2027f as regional tensions ease; and (iv) a recovery in load factor as capacity normalizes. We maintain our “Overweight” rating and revise our target price to SAR 57.5/share, implying an upside of 33.3% from the last close price of SAR 43.1/share.

- We expect Flynas to report revenue of SAR 8.5 bn in 2026e, up 8.1% YoY, and to deliver a revenue CAGR of 13.7% between 2025-2029. EBITDA is likely to reach SAR 1.8 bn in 2026e and SAR 3.2 bn by 2029f, with EBITDA margins are expected to be reported at 20.7% in 2026e. Net profit is expected to reach at SAR 26.5 mn in 2026e, from a loss of SAR 692.5 mn in 2025a.
- In 2Q26, revenue rose 3% YoY to SAR 2.2 bn despite a 15% capacity cut, as (RASK) increased 22% YoY to 29.9 halalas. However, total costs rose 29% YoY as fuel increased to 38% of direct cost from 26% in 1Q26. CASK rose to 34.5 halalas and gross margin fell to 1.2%. Fuel costs going forward may moderate through a combination of lower jet fuel prices (as regional events deescalate) and addition of more fuel efficient engines to the fleet. We expect RASK to normalize as aircraft capacity recovers, though it should remain broadly range-bound thereafter. Accordingly, gross margins are expected to bottom at 12.1% in 2026e and recover to 13.8% in 2027f.
- On the expansion front, Flynas operated 67 aircraft as of 2Q26. In July, it exercised options on an additional 25, comprising (20) A321neo and (5) A330neo, which took its firm order book to 235 aircrafts. We expect the company's fleet size to increase to around 160 by 2029f. This will likely to lift capacity from 28.9 bn ASK in 2026e to 51.6 bn ASK in 2030f, a CAGR of 13%, across a 156 routes. A320neo uses 15% less fuel compared to existing aircrafts, which will help company to optimize the fuel cost, while load factors are expected to improve from 77% in 2025a to 81% by 2030f.
- Flynas recently acquired a 10% stake in Swissport Saudi Arabia; however, we have not incorporated the transaction into our estimates, as clarity on its financial implications is awaited. We maintain our Overweight stance with revised target price of SAR 57.5/share (previously SAR 93.4/share) based on an equal-weighted blend of DCF and EV/EBITDA valuation methodologies. Key risks are higher fuel prices, aircraft delivery delays and intensifying competition. The stock trades at a 2027f P/E of 14.1x and P/B of 1.7x.

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