

Saudi Ground Services Co

Sector : Support Services

HOLD

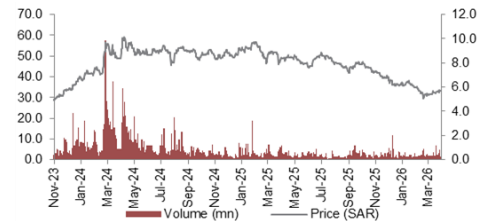
12 April 2026

- Revenue up 2% YoY in 2025 and in line with our forecast, driven by 5% YoY rise in number of flights handled.
- Overall margins improved YoY, EBITDA higher by 5.3% YoY
- Profit up 24% YoY and was in line with our forecast.
- For 2026e, we forecast revenue of SAR 2.6bn and profit of SAR 354mn. We lower target price to SAR 36.00 per share and downgrade our rating to HOLD from BUY.

Target price (SAR) **36.00**

Current price (SAR) **33.08**

Return **8.80%**



Saudi Ground Services (SGS) reported 2025 revenue of SAR 2.73bn, reflecting modest 2% YoY growth and broadly in line with our forecast. In 4Q25, revenue grew 1.5% YoY to SAR 686mn. Growth was driven by a 5% YoY rise in flights handled to 403k, a 4% YoY increase in passengers served to 122.3mn and a 2% YoY increase in total baggage handled to 109.3mn in 2025. Gross profit was flat YoY as direct costs outpaced revenue, rising 2.3% YoY. As a result, gross margins narrowed by 50bps YoY to 22.7% in 2025. Net operating expenses declined 6.3% YoY led by lower provision reversals, partially offset by a 16.7% YoY drop in other income. Consequently, operating profit rose 5.4% YoY, with EBIT and EBITDA margins expanding 40bps and 70bps YoY to 12.1% and 19.1%, respectively. Finance costs increased 3.8% YoY due to higher interest on lease liabilities, while finance income rose 9% YoY on stronger cash balances. Notably, income from associates more than doubled YoY and tax expenses nearly halved YoY due to prior-year provision reversals. Consequently, net profit reached SAR 405mn, up 23.8% YoY, with net margin improving 260bps YoY to 14.8% vs 12.2% in 2024. Profit, gross and net margins were broadly in line with our projections. Net profit in 4Q25 rose 11% YoY to SAR 106mn. SGS announced cash dividends of SAR 188mn for 2H25, bringing total dividends for 2025 to SAR 376mn (SAR 2/share), implying a 93% payout ratio. The full-year dividend yield of 5.5% exceeded our expectations.

Exchange Saudi Arabia
 Index weight (%) 0.10%

| (mn) | SAR | USD |
|------------------|-------|-------|
| Market Cap | 6,219 | 1,657 |
| Enterprise value | 6,569 | 1,750 |

Major shareholders

| | |
|----------------------|-------|
| Saudi Arabian Airlin | 53% |
| Vanguard Group Inc/T | 2.0% |
| Blackrock Inc | 1.0% |
| Others | 44.5% |

Valuation Summary

| | |
|--------------------|------|
| PER TTM (x) | 15.4 |
| P/Book (x) | 2.4 |
| EV/EBITDA (x) | 12.6 |
| Dividend Yield (%) | 5.5 |
| Free Float (%) | 44% |
| Shares O/S (mn) | 188 |
| YTD Return (%) | -9% |
| Beta | 1.1 |

| Key ratios | 2023 | 2024 | 2025 |
|------------------|-------|-------|-------|
| EPS (SAR) | 1.12 | 1.74 | 2.15 |
| BVPS (SAR) | 12.40 | 13.37 | 13.65 |
| DPS (SAR) | 0.00 | 2.00 | 2.00 |
| Payout ratio (%) | 0% | 115% | 93% |

| Price performance (%) | 1M | 3M | 12M |
|-------------------------|----|------|------|
| Saudi Ground Services C | 4% | -11% | -31% |
| Tadawul All Share Index | 4% | 6% | -1% |

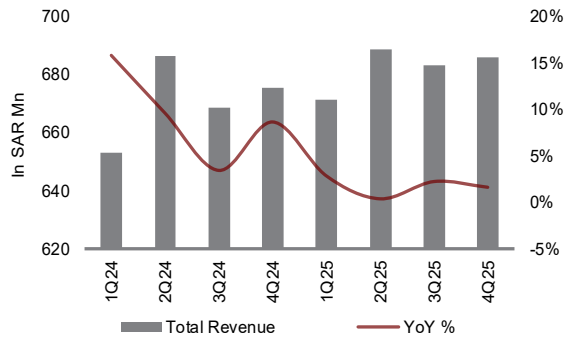
| 52 week | High | Low | CTL* |
|-------------|-------|-------|------|
| Price (SAR) | 51.70 | 29.26 | 13.1 |

* CTL is % change in CMP to 52wk low

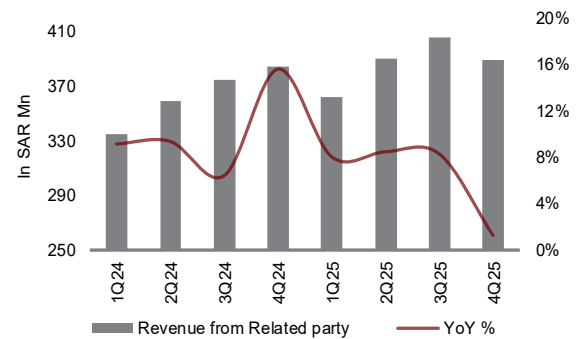
Valuation and outlook: SGS maintains a dominant 91% market share in KSA's ground-handling sector, operating across 29 airports. The company retained its 34 clients and on boarded 4 new clients in 2025. During the year, SGS introduced several new products, including Shellsafe (luggage wrapping), Artah (home luggage delivery in partnership with Saudia), I-Validate (automated check-ins with JEDCO), golf car transport services and Ala Khutah (a 10-year partnership with SELA to provide tourism services for pilgrims travelling to Makkah and Madinah). These initiatives are expected to support revenue growth. Both revenue and profit were broadly in line with our forecasts, with gross and net margins also meeting expectations. However, persistent geopolitical tensions in the region and temporary airspace closures may weigh on travel demand, posing downside risks to growth in 1Q26. Based on the current results, we forecast 2026e revenue of SAR 2.6bn and net profit of SAR 354mn. We therefore reduce our target price to SAR 36.00, implying limited upside of 8.8% from current levels and downgrade our rating to HOLD from BUY on SGS. At the current price, the stock trades at 17.6x 2026e P/E.



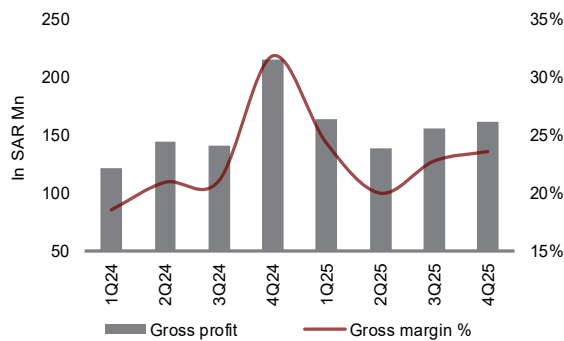
Revenue up 1.6% YoY driven by increased flights



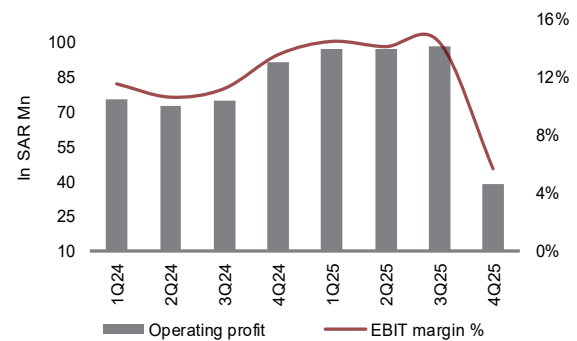
Revenue from related party was flat YoY in 4Q25



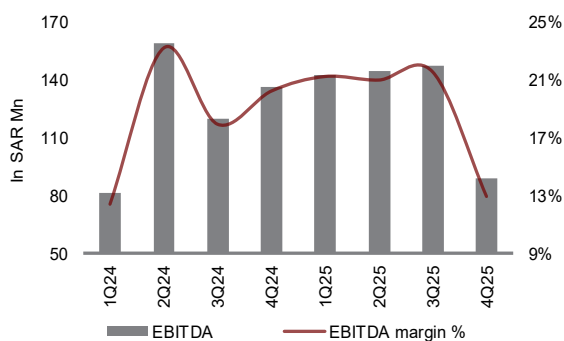
Higher direct costs weighed on gross margin in 4Q25



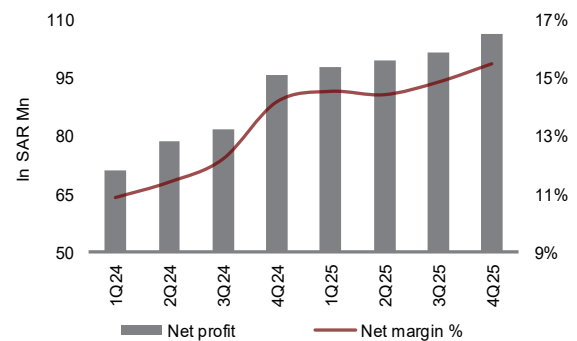
EBIT Margin declines on gross margin pressure



EBITDA margin fell to 12.9% in 4Q25



Net margin boosted by higher non-operating income





| Income Statement (In SAR mn) | 2022 | 2023 | 2024 | 2025 | 2026e | 2027e | 2028e | 2029e |
|---------------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|
| Revenue | 1,977 | 2,459 | 2,684 | 2,730 | 2,619 | 2,881 | 3,169 | 3,486 |
| Direct Costs | -1,818 | -2,050 | -2,063 | -2,111 | -2,054 | -2,219 | -2,409 | -2,650 |
| Gross profit | 159 | 409 | 621 | 619 | 565 | 663 | 761 | 837 |
| Other income (Net) | 27 | 52 | 57 | 48 | 50 | 50 | 50 | 50 |
| Gen and Admin exp | -286 | -210 | -270 | -292 | -262 | -259 | -285 | -314 |
| Impairment on trade receivables | -19 | -23 | -94 | -43 | -13 | -14 | -16 | -17 |
| Operating Profit | -120 | 228 | 314 | 331 | 340 | 439 | 510 | 556 |
| EBITDA | 62 | 411 | 496 | 522 | 577 | 719 | 816 | 890 |
| Finance cost | -31 | -31 | -10 | -10 | -10 | -12 | -14 | -16 |
| Interest income | 8 | 40 | 28 | 30 | 30 | 30 | 30 | 30 |
| P&L investments at FV P&L | 41 | 10 | 17 | 11 | 15 | 15 | 15 | 15 |
| Div income | - | - | - | - | - | - | - | - |
| Share of P/L from asso & JV | 24 | 23 | 28 | 67 | 30 | 30 | 30 | 30 |
| Profit before Tax | -78 | 271 | 378 | 430 | 405 | 502 | 571 | 615 |
| Zakat and income tax | -167 | -59 | -51 | -25 | -51 | -63 | -71 | -77 |
| Net Profit | -244 | 211 | 327 | 405 | 354 | 439 | 499 | 538 |

| Balance Sheet (in SAR mn) | 2022 | 2023 | 2024 | 2025 | 2026e | 2027e | 2028e | 2029e |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Property, plant and equipment | 433 | 487 | 559 | 684 | 676 | 650 | 626 | 604 |
| Right of use assets | 129 | 225 | 141 | 168 | 187 | 203 | 216 | 225 |
| Intangible assets | 776 | 747 | 723 | 700 | 675 | 649 | 624 | 598 |
| Other non current assets | 165 | 138 | 237 | 268 | 168 | 168 | 168 | 168 |
| Non-current assets | 1,503 | 1,596 | 1,661 | 1,820 | 1,706 | 1,671 | 1,634 | 1,595 |
| Inventories | 10 | 5 | 9 | 9 | 6 | 7 | 7 | 8 |
| Trade and other receivables | 1,153 | 1,248 | 1,191 | 1,059 | 1,048 | 1,153 | 1,268 | 1,395 |
| Prepayments and other assets | 631 | 679 | 697 | 677 | 733 | 807 | 887 | 976 |
| Investments - FVOCI | 209 | 124 | 214 | - | - | - | - | - |
| Cash and cash equivalents | 864 | 579 | 87 | 255 | 254 | 440 | 640 | 811 |
| Current assets | 2,868 | 2,636 | 2,607 | 2,505 | 2,546 | 2,911 | 3,308 | 3,695 |
| ASSETS | 4,371 | 4,231 | 4,268 | 4,325 | 4,252 | 4,581 | 4,942 | 5,290 |
| Share capital | 1,880 | 1,880 | 1,880 | 1,880 | 1,880 | 1,880 | 1,880 | 1,880 |
| Statutory reserve | 499 | 520 | - | - | - | - | - | - |
| Retained earnings | -277 | -69 | 634 | 686 | 664 | 820 | 968 | 1,106 |
| Equity | 2,102 | 2,331 | 2,514 | 2,566 | 2,544 | 2,700 | 2,848 | 2,986 |
| Loans and borrowings | 449 | - | - | - | - | - | - | - |
| Lease liability | 78 | 151 | 85 | 117 | 142 | 169 | 196 | 224 |
| Employees' end of service benefits | 550 | 559 | 562 | 592 | 535 | 529 | 582 | 640 |
| Non-current liabilities | 1,077 | 710 | 647 | 709 | 677 | 698 | 778 | 865 |
| Loans and borrowings | 176 | 100 | - | - | - | - | - | - |
| Lease liability | 54 | 86 | 81 | 53 | 67 | 79 | 92 | 106 |
| Trade payable and other liabilities | 92 | 131 | 116 | 106 | 103 | 111 | 120 | 132 |
| Other current liabilities | 870 | 873 | 910 | 891 | 862 | 993 | 1,103 | 1,201 |
| Current liabilities | 1,191 | 1,190 | 1,107 | 1,050 | 1,032 | 1,184 | 1,316 | 1,439 |
| LIABILITIES | 2,269 | 1,900 | 1,754 | 1,759 | 1,708 | 1,882 | 2,094 | 2,304 |
| EQUITY AND LIABILITIES | 4,371 | 4,231 | 4,268 | 4,325 | 4,252 | 4,581 | 4,942 | 5,290 |

| Cash Flow (In SAR mn) | 2022 | 2023 | 2024 | 2025 | 2026e | 2027e | 2028e | 2029e |
|-----------------------|------------|-----------|-----------|------------|------------|------------|------------|------------|
| Cash from operations | 32 | 342 | 495 | 740 | 712 | 566 | 580 | 626 |
| Investing cash flow | 1,165 | -546 | -146 | -110 | -131 | -144 | -158 | -174 |
| Financing cash flow | -587 | -582 | -341 | -462 | -582 | -236 | -220 | -282 |
| Change in cash | 610 | -786 | 8 | 168 | -1 | 186 | 201 | 170 |
| Beginning cash | 256 | 865 | 79 | 87 | 255 | 254 | 440 | 641 |
| Ending cash | 865 | 79 | 87 | 255 | 254 | 440 | 641 | 811 |



| Ratio Analysis | 2022 | 2023 | 2024 | 2025 | 2026e | 2027e | 2028e | 2029e |
|-------------------------------|--------|--------|--------|-------|--------|--------|--------|--------|
| Per Share | | | | | | | | |
| EPS (SAR) | -1.30 | 1.12 | 1.74 | 2.15 | 1.88 | 2.34 | 2.66 | 2.86 |
| BVPS (SAR) | 11.18 | 12.40 | 13.37 | 13.65 | 13.53 | 14.36 | 15.15 | 15.88 |
| DPS (SAR) | - | - | 2.00 | 2.00 | 1.51 | 1.87 | 2.13 | 2.29 |
| FCF per share (SAR) | 6.37 | -1.08 | 1.86 | 3.35 | 3.09 | 2.25 | 2.24 | 2.40 |
| Valuation | | | | | | | | |
| Market Cap (SAR mn) | 4,106 | 6,796 | 9,607 | 6,824 | 6,219 | 6,219 | 6,219 | 6,219 |
| EV (SAR mn) | 3,866 | 6,817 | 9,520 | 6,569 | 5,965 | 5,779 | 5,579 | 5,408 |
| EBITDA | 62 | 411 | 496 | 522 | 577 | 719 | 816 | 890 |
| P/E (x) | -16.8 | 32.1 | 29.4 | 16.9 | 17.6 | 14.2 | 12.5 | 11.6 |
| EV/EBITDA (x) | 62.2 | 16.6 | 19.2 | 12.6 | 10.3 | 8.0 | 6.8 | 6.1 |
| Price/Book (x) | 2.0 | 2.9 | 3.8 | 2.7 | 2.4 | 2.3 | 2.2 | 2.1 |
| Dividend Yield (%) | 0.0% | 0.0% | 3.9% | 5.5% | 4.6% | 5.7% | 6.4% | 6.9% |
| Price to sales (x) | 2.1 | 2.8 | 3.6 | 2.5 | 2.4 | 2.2 | 2.0 | 1.8 |
| EV to sales (x) | 2.0 | 2.8 | 3.5 | 2.4 | 2.3 | 2.0 | 1.8 | 1.6 |
| Liquidity | | | | | | | | |
| Cash Ratio (x) | 0.73 | 0.07 | 0.08 | 0.24 | 0.25 | 0.37 | 0.49 | 0.56 |
| Current Ratio (x) | 2.41 | 2.21 | 2.35 | 2.38 | 2.47 | 2.46 | 2.51 | 2.57 |
| Quick Ratio (x) | 2.40 | 2.21 | 2.35 | 2.38 | 2.46 | 2.45 | 2.51 | 2.56 |
| Returns Ratio | | | | | | | | |
| ROA (%) | -5.6% | 5.0% | 7.7% | 9.4% | 8.3% | 9.6% | 10.1% | 10.2% |
| ROE (%) | -11.6% | 9.1% | 13.0% | 15.8% | 13.9% | 16.3% | 17.5% | 18.0% |
| ROCE (%) | -7.7% | 7.0% | 10.3% | 12.4% | 11.0% | 12.9% | 13.8% | 14.0% |
| Cash Cycle | | | | | | | | |
| Accounts Payable turnover (x) | 19.8 | 15.7 | 17.8 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 |
| Receivables turnover (x) | 1.7 | 2.0 | 2.3 | 2.6 | 2.5 | 2.5 | 2.5 | 2.5 |
| Payable Days | 18 | 23 | 20 | 18 | 18 | 18 | 18 | 18 |
| Receivables days | 213 | 185 | 162 | 142 | 146 | 146 | 146 | 146 |
| Cash Cycle | 196 | 163 | 143 | 125 | 129 | 129 | 129 | 129 |
| Profitability Ratio | | | | | | | | |
| Net Margins (%) | -12.4% | 8.6% | 12.2% | 14.8% | 13.5% | 15.2% | 15.8% | 15.4% |
| EBITDA Margins (%) | 3.1% | 16.7% | 18.5% | 19.1% | 22.0% | 25.0% | 25.7% | 25.5% |
| PBT Margins (%) | -3.9% | 11.0% | 14.1% | 15.7% | 15.5% | 17.4% | 18.0% | 17.6% |
| EBIT Margins (%) | -6.1% | 9.3% | 11.7% | 12.1% | 13.0% | 15.2% | 16.1% | 15.9% |
| Effective Tax Rate (%) | 215.0% | -21.9% | -13.4% | -5.8% | -12.5% | -12.5% | -12.5% | -12.5% |
| Leverage | | | | | | | | |
| Total Debt (SAR mn) | 625 | 100 | - | - | - | - | - | - |
| Net Debt (SAR mn) | -240 | 21 | -87 | -255 | -254 | -440 | -640 | -811 |
| Net Debt/EBITDA | -3.86 | 0.05 | -0.18 | -0.49 | -0.44 | -0.61 | -0.79 | -0.91 |
| Debt/Equity (x) | 0.14 | 0.02 | - | - | - | - | - | - |



Key contacts

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Rating Criteria and Definitions

| Rating | Rating Definitions |
|--|---|
| <p>The chart displays six rating categories with corresponding percentage ranges and colors: Strong Buy (green, >20%), Buy (dark green, 10-20%), Hold (yellow, 0%-10%), Neutral (light yellow, -10% to 0%), Sell (orange, -10% to -20%), and Strong Sell (red, >-20%).</p> | <p>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%</p> <p>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%</p> <p>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%</p> <p>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%</p> <p>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%</p> <p>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%</p> <p>Not rated This recommendation used for stocks which does not form part of Coverage Universe</p> |

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