

Flynas

Sector : Air Transport

HOLD

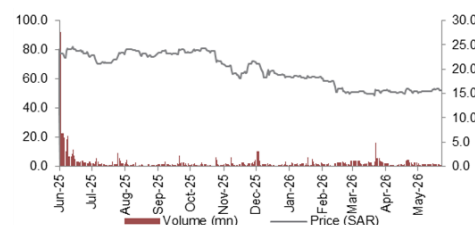
09 June 2026

- Revenue grew 9.7% YoY in 1Q26, driven by rise in passenger volumes.
- Margins declined YoY on higher direct and operating costs, as a result profit declined 20.3% YoY.
- For 2026e, we forecast revenue of SAR 8.6bn and profit of SAR 338mn. We lower our target price to SAR 56 per share and revise our rating to HOLD from BUY.

Target price (SAR) **56.00**

Current price (SAR) **51.70**

Return **8.30%**



Exchange Saudi Arabia
Index weight (%) 0.4%

(mn)	SAR	USD
Market Cap	8,833	2,353
Enterprise value	11,636	3,100

Major shareholders

National Aviation Se	28%
Kingdom Holding Co	27.4%
Alkholi Hamza Bin Ba	1.8%
Others	43.0%

Valuation Summary

PER TTM (x)	NA
P/Book (x)	2.4
EV/EBITDA (x)	5.2
Dividend Yield (%)	NA
Free Float (%)	43%
Shares O/S (mn)	171
YTD Return (%)	-20%
Beta	0.6

Key ratios	2023	2024	2025
EPS (SAR)	2.62	2.83	-3.09
BVPS (SAR)	7.99	10.71	20.78
DPS (SAR)	0.00	0.00	0.00
Payout ratio (%)	0%	0%	0%

Price performance (%)	1M	3M	12M
Flynas Co SJSC	-2%	-3%	NA
Tadawul All Share Index	-1%	-1%	-1%

52 week	High	Low	CTL*
Price (SAR)	84.1	48.2	8.5

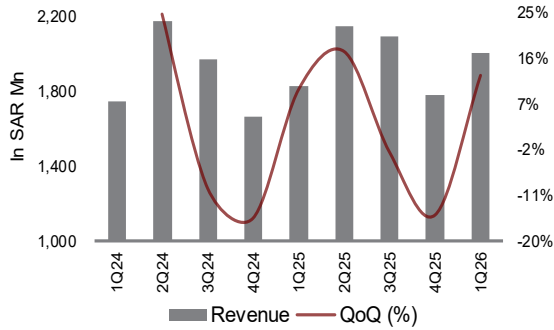
* CTL is % change in CMP to 52wk low

Flynas reported 1Q26 revenue of SAR 2bn, up 9.7% YoY, driven by continued fleet and network expansion and growing passenger volumes across its network, partially offset by regional disruption in March 2026. PAX volumes grew 9% YoY to 4mn in 1Q26. Around 15% of the company's network to the UAE, Qatar, Bahrain, Kuwait, Iraq and Syria, were affected by flight suspensions due to the ongoing conflict. Meanwhile, domestic operations and the remaining 85% of its international network continued to operate as planned. The load factor declined to 80.7%, down from 84.6% in 1Q25, indicating softer demand towards the end of the quarter. Flynas expanded its fleet to 72 aircrafts in 1Q26 from 63 in 1Q25, primarily consisting of narrow-body aircraft, with an average fleet age of 4.2 years. The company also expanded its network by launching five new routes and adding two new destinations during the quarter.

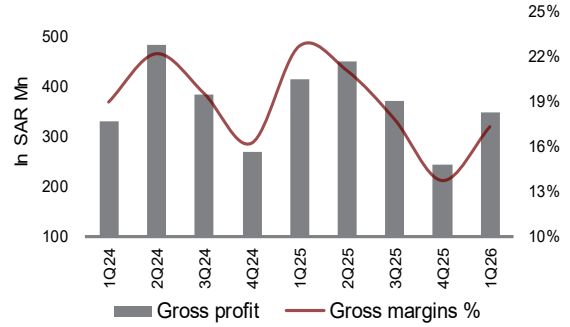
Direct costs outpaced revenue growth, rising 17.3% YoY and resulting in a 16.2% YoY decline in gross profit to SAR 347mn. Consequently, gross margin contracted 540bps YoY to 17.3% in 1Q26. Total operating expenses increased 5.3% YoY, narrowing EBIT and EBITDA margins by 510bps and 600bps YoY to 11% and 27.8% respectively. Finance costs rose 10.5% YoY due to higher debt levels, while finance income more than doubled YoY, supported by higher average cash balances. The company also reported net gains of SAR 31mn on derivative financial instruments, reflecting gains on fuel hedging positions amid rising fuel prices. Overall, higher costs weighed on profitability, with net profit declining 20% YoY to SAR 118mn and net margin contracting 220bps YoY to 5.9% in 1Q26.

Valuation and outlook: Flynas continues to reinforce its position as the region's leading low-cost carrier, supported by one of the largest aircraft order books in the industry, comprising 280 aircraft and providing strong long-term growth visibility. During the quarter, the company operationalized its fifth domestic Saudi base at Abha International Airport in collaboration with Cluster2 company and the Aseer Development Authority, initially deploying two aircraft and strengthening regional connectivity. In addition, Flynas is progressing toward obtaining an Air Operator Certificate (AOC) to establish Flynas Syria, further expanding its network footprint. Given ongoing geopolitical tensions and associated flight disruptions, Flynas has temporarily suspended its full-year 2026 guidance and instead provided key guidance for 2Q26. The company expects revenue growth in the low single digit to low double-digit range YoY and an EBITDA margin in the high single digit to low double digit. Based on the current results and guidance, we forecast 2026e revenue of SAR 8.6bn and net profit of SAR 338mn. While the company's long-term growth prospects remain attractive, risks remain elevated due to ongoing geopolitical tensions. Accordingly, we reduce our target price to SAR 56/share, implying an upside of 8.30% from current levels and revise our rating to HOLD from BUY. The stock is currently trading at 26.1x 2026e P/E.

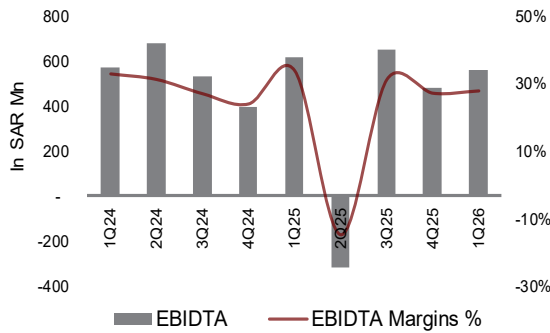
Revenue grew 9.7% YoY on stronger PAX volumes



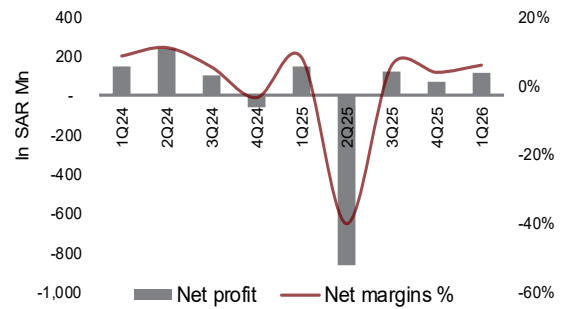
Higher direct costs weigh on gross margin in 1Q26



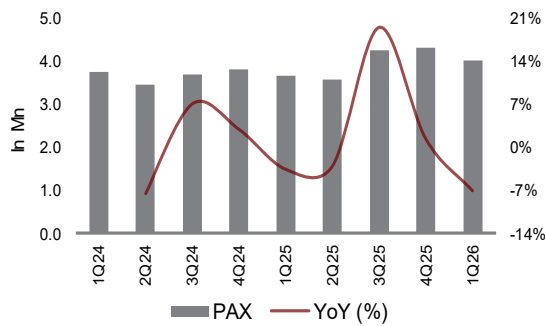
Gross margin weakness narrows EBITDA Margin



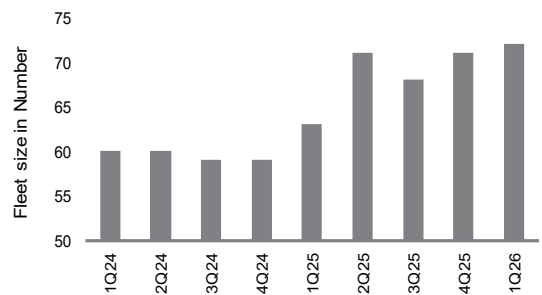
Net profit down 20% YoY amid cost inflation



PAX volumes grew 9% YoY on sustained demand



Fleet size increased by 9 aircrafts in 1Q26, total 72



Income Statement (in SAR Mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Revenue	4,809	6,362	7,556	7,844	8,585	10,036	11,736	13,488
Direct Costs	-4,213	-5,456	-6,088	-6,361	-7,226	-7,828	-9,154	-10,386
Gross Profit	596	906	1,469	1,483	1,359	2,208	2,582	3,102
Selling and marketing expenses	-157	-197	-252	-281	-313	-351	-411	-472
Admin and general expenses	-121	-115	-258	-1,312	-278	-401	-469	-540
Provision for expected credit losses	-8	-0	-26	9	-12	-12	-12	-12
Gain on sale of equipment and fixtures	136	283	131	76	-	10	20	30
EBIDTA	1,096	1,660	2,178	1,431	2,081	3,239	3,636	3,966
EBIT	443	869	1,045	-27	735	1,431	1,687	2,086
Finance income	13	52	105	164	190	50	30	30
Finance costs	-278	-503	-693	-628	-689	-826	-1,058	-1,165
PBT	178	418	457	-491	361	735	709	1,001
Zakat expense	-6	-17	-23	-36	-23	-44	-43	-60
PAT	172	401	434	-527	338	691	667	941

Balance Sheet (in SAR Mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Intangible assets	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Equipment and fixtures	1,078	1,168	1,537	2,595	4,219	6,083	7,662	9,458
Right-of-use assets	5,050	7,676	7,831	7,694	8,587	9,431	10,012	11,057
Deposits for aircraft	54	55	38	17	22	22	22	22
Total non-current assets	8,182	10,899	11,406	12,307	14,828	17,536	19,696	22,537
Trade receivables	146	300	239	360	343	401	469	540
Cash and cash equivalents	1,188	1,450	1,700	4,143	3,852	3,768	4,359	5,291
Other current assets	132	216	185	410	438	494	559	627
Total current assets	1,466	1,966	2,124	4,916	4,688	4,718	5,442	6,512
Total Assets	9,648	12,865	13,530	17,223	19,517	22,254	25,138	29,049
Share capital	1,534	1,534	1,534	1,709	1,709	1,709	1,709	1,709
Reserves	-695	-308	109	1,841	2,179	2,870	3,537	4,478
Total Equity to shareholders	839	1,226	1,643	3,550	3,902	4,593	5,259	6,200
Total equity	839	1,226	1,643	3,550	3,902	4,593	5,259	6,200
Loans	845	425	101	1,055	1,073	1,173	1,248	1,323
Employees' end of service benefits liabilities	195	232	268	317	416	602	704	809
Finance Lease liabilities	3,452	5,108	5,306	5,081	6,013	6,955	7,613	8,440
Aircraft related provisions	1,605	2,667	3,099	3,116	3,539	3,834	4,484	5,667
Total non-current liabilities	6,097	8,432	8,773	9,568	11,041	12,564	14,048	16,239
Trade and other payables	1,626	1,754	1,558	1,800	2,106	2,281	2,668	3,026
Current lease liabilities	401	541	508	1,040	1,037	1,202	1,313	1,455
Loans	388	419	324	429	429	529	579	629
Other current liabilities	296	492	723	836	1,003	1,086	1,270	1,499
Total current liabilities	2,712	3,207	3,113	4,106	4,574	5,098	5,830	6,610
Total liabilities	8,809	11,639	11,887	13,673	15,615	17,662	19,879	22,849
Total equity and liabilities	9,648	12,865	13,530	17,223	19,517	22,254	25,138	29,049

Cash Flow (in SAR Mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Cash from operations	522	1,305	1,927	1,429	2,396	3,064	3,671	3,949
Investing cash flow	18	74	-342	-1,142	-795	-1,109	42	450
Financing cash flow	351	-1,117	-1,335	2,157	-1,892	-2,039	-3,122	-3,466
Change in cash	891	262	250	2,443	-291	-84	591	932
Beginning cash	298	1,188	1,450	1,700	4,143	3,852	3,768	4,359
Ending cash	1,188	1,450	1,700	4,143	3,852	3,768	4,359	5,291

Ratio Analysis	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Per Share								
EPS (SAR)	1.12	2.62	2.83	-3.08	1.98	4.05	3.90	5.51
BVPS (SAR)	5.47	7.99	10.71	20.78	22.84	26.88	30.78	36.29
DPS (SAR)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FCF per share (SAR)	3.52	8.99	10.33	1.67	9.37	11.44	21.73	0.00
Valuation								
Marketcap (SAR Mn)	12,274	12,274	12,274	11,114	8,833	8,833	8,833	8,833
EV (SAR Mn)	15,951	17,193	16,812	14,445	13,398	14,778	15,057	15,196
EBITDA (SAR Mn)	1,096	1,660	2,178	1,431	2,081	3,239	3,636	3,966
P/E (x)	71.5	30.6	28.3	-21.1	26.1	12.8	13.3	9.4
EV/EBITDA (x)	14.6	10.4	7.7	10.1	6.4	4.6	4.1	3.8
Price/Book (x)	14.6	10.0	7.5	3.1	2.3	1.9	1.7	1.4
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Price to sales (x)	2.6	1.9	1.6	1.4	1.0	0.9	0.8	0.7
EV to sales (x)	3.3	2.7	2.2	1.8	1.6	1.5	1.3	1.1
Liquidity								
Cash Ratio (x)	0.4	0.5	0.5	1.0	0.8	0.7	0.7	0.8
Current Ratio (x)	0.5	0.6	0.7	1.2	1.0	0.9	0.9	1.0
Quick Ratio (x)	0.5	0.6	0.7	1.2	1.0	0.9	0.9	1.0
Returns Ratio								
ROA (%)	1.8%	3.1%	3.2%	-3.1%	1.7%	3.1%	2.7%	3.2%
ROE (%)	20.5%	32.7%	26.4%	-14.8%	8.7%	15.0%	12.7%	15.2%
ROCE (%)	2.5%	4.2%	4.2%	-4.0%	2.3%	4.0%	3.5%	4.2%
Cash Cycle								
Accounts Payable turnover (x)	2.3	2.9	3.9	3.3	3.2	3.2	3.2	3.2
Receivables turnover (x)	33.0	21.2	31.7	21.8	25.0	25.0	25.0	25.0
Payable Days	160	126	93	111	113	113	113	113
Receivables days	11	17	12	17	15	15	15	15
Cash Cycle	-149	-108	-82	-94	-99	-99	-99	-99
Profitability Ratio								
Net Margins (%)	3.6%	6.3%	5.7%	-6.7%	3.9%	6.9%	5.7%	7.0%
EBITDA Margins (%)	22.8%	26.1%	28.8%	18.2%	24.2%	32.3%	31.0%	29.4%
PBT Margins (%)	3.7%	6.6%	6.0%	-6.3%	4.2%	7.3%	6.0%	7.4%
EBIT Margins (%)	9.2%	13.7%	13.8%	-0.3%	8.6%	14.3%	14.4%	15.5%
Effective Tax Rate (%)	-3.3%	-4.0%	5.1%	-7.2%	6.0%	6.0%	6.0%	6.0%
Leverage								
Total Debt (SAR Mn)	4,865	6,370	6,239	7,474	8,417	9,712	10,583	11,654
Net Debt (SAR Mn)	3,677	4,919	4,538	3,331	4,565	5,945	6,224	6,363
Debt/Capital (x)	3.2	4.2	4.1	4.4	4.9	5.7	6.2	6.8
Debt/Total Assets (x)	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4
Debt/Equity (x)	5.8	5.2	3.8	2.1	2.2	2.1	2.0	1.9

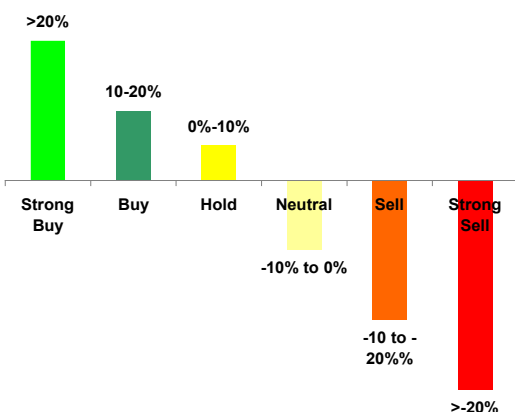
Key contacts

Research Team

Joice Mathew	Manna Thomas ACCA	Contact Address
Sr. Manager - Research	Research Associate	P. O Box: 2566; P C 112
E-Mail: joice@usoman.com	Email: manna.t@usoman.com	Sultanate of Oman
Tel: +968 2476 3311	Tel: +968 2476 3347	Tel: +968 2476 3300

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

Disclaimer

This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions. Opinion expressed is our current opinion as of the date appearing on this material only. We do not undertake to advise you as to any change of our views expressed in this document. While we endeavor to update on a reasonable basis the information discussed in this material, United Securities, its subsidiaries and associated companies, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that prevent us from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true and are for general guidance only. While every effort is made to ensure the accuracy and completeness of information contained, the company takes no guarantee and assumes no liability for any errors or omissions of the information. No one can use the information as the basis for any claim, demand or cause of action.

Recipients of this material should rely on their own investigations and take their own professional advice. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment. Price and value of the investments referred to in this material may go up or down. Past performance is not a guide for future performance. United Securities LLC, and affiliates, including the analyst who has issued this report, may, on the date of this report, and from time to time, have long or short positions in, and buy or sell the securities of the companies mentioned herein or engage in any other transaction involving such securities and earn brokerage or compensation or act as advisor or have other potential conflict of interest with respect to company/ies mentioned herein or inconsistent with any recommendation and related information and opinions. United Securities LLC and affiliates may seek to provide or have engaged in providing corporate finance, investment banking or other advisory services in a merger or specific transaction to the companies referred to in this report, as on the date of this report or in the past.