Main Market (TASI):

Petrochemicals Sector

July 09, 2026

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	2Q2025	2Q2026E	Y/Y	2Q2025	2Q2026E	2Q2025	2Q2026E	Y/Y	2Q2025	2Q2026E	Y/Y	2Q2025	2Q2026E	2Q2025	2Q2026E
SABIC	35,566	21,034	(41%)	12%	20%	(457)	429	-	(4,066)	(308)	-	(11%)	(1%)	(1.36)	(0.10)
SABIC Agri	3,287	1,909	(42%)	39%	49%	1,031	707	(31%)	1,060	792	(25%)	32%	41%	2.23	1.66
Tasnee	809	327	(60%)	15%	(31%)	(44)	(197)	-	(66)	(353)	-	(8%)	(108%)	(0.10)	(0.53)
Yansab	1,394	1,851	33%	13%	22%	47	255	440%	45	231	419%	3%	13%	0.08	0.41
Sipchem	1,906	512	(73%)	15%	(54%)	87	(438)	-	(169)	(581)	-	(9%)	(113%)	(0.23)	(0.79)
Advanced	698	916	31%	19%	12%	92	47	(49%)	82	(71)	-	12%	(8%)	0.31	(0.27)
Saudi Kayan	2,231	990	(56%)	(5%)	(47%)	(317)	(635)	-	(496)	(789)	-	(22%)	(80%)	(0.33)	(0.53)
SIIG	-	-	-	-	-	(19)	(14)	-	20	143	630%	-	-	0.03	0.21
Group Total	45,892	27,539	(40%)			420	154	(63%)	(3,592)	(936)	-				

Source: Riyad Capital, Company Reports (SAR mln, except per share data)

- Petrochemical prices were exceptionally volatile through 2Q26, rallying sharply in April before declining through June. Argaam’s Petrochemical Index captured both legs – a rapid rise and an equally rapid fade into quarter-end – while still finishing +19% Q/Q (monthly average). Feedstock costs, however, rose again: naphtha, propane, and butane averaged +24%, +40%, and +51% Q/Q, respectively, compressing some spreads even where product prices improved. We expect LPG feedstock inflation to remain a marginal headwind given current oil-market supply dynamics, which pressured feedstock availability directly. We also caution that quarter-average indices overstate realized pricing for the most disrupted producers: with ‘adapted shipping’ volumes concentrated in June – after prices had moved lower M/M – true production-weighted realizations will sit below calendar-weighted averages.
- Our volume assumptions draw on Bloomberg tanker-tracking data and conversations with management teams, with allowance for less-visible disruptions. From April 1 through June 17, 2026, daily Strait of Hormuz transits averaged ~2.5 tankers – a fraction of prior-year levels. Combined with shipping-company disclosures (1Q26 earnings calls) of vessels effectively acting as floating storage through the period, we treat this window as a near-complete halt in export cargo; transit activity began recovering from June 18 onward. On that basis, we model ~79 of the quarter’s ~91 days (~87%) as fully disrupted, and treat this as a floor for Gulf-side export impairment. Specialized liquids carriers (cryogenic etc.) were hit hardest, with essentially no overland alternative. The framework is not uniform: producers with pre-existing logistics circumventing the Arabian Gulf coast (overland trucking to Red Sea ports) – were materially less exposed. Adaptation varies by product, producer, and available trucking capacity; Maaden for example, we estimate ran on the order of ~2,000 trucks at any one time to sustain its aluminum and DAP logistics.
- Consistent with our sector update published May 6, 2026, the disruption is asymmetric across producers, products, and geographies, but the net effect is lower performance for most of the sector, driven by shipping-route disruption, feedstock supply constraints, and potential revenue-recognition timing. One particular point investors tracking Hormuz transit data should weigh carefully: the ships that did exit in late June were predominantly VLCCs carrying crude. Already-depressed headline transit counts therefore overstate the recovery in non-oil flows – petrochemicals, fertilizers, gas commodities, and liquids products face an additional downward adjustment beyond what aggregate ship counts suggest.

Research Team
research@riyadcapital.com
+966-11-203-6805

Banking Sector

Company	Net Commission			Net Income			Net Advances			Deposits		
	2Q2025	2Q2026E	Y/Y	2Q2025	2Q2026E	Y/Y	2Q2025	2Q2026E	Y/Y	2Q2025	2Q2026E	Y/Y
Al Rajhi	7,305	8,762	20%	6,161	7,001	14%	741,715	769,154	4%	641,987	688,915	7%
SNB	7,087	7,724	9%	6,127	6,342	4%	714,839	748,501	5%	658,675	678,771	3%
SAB	2,848	3,024	6%	2,127	2,163	2%	282,604	317,942	13%	297,003	338,039	14%
Alinma	2,272	2,537	12%	1,573	1,686	7%	218,596	244,566	12%	229,944	244,397	6%
BSF	2,196	2,283	4%	1,403	1,369	(2%)	209,881	226,475	8%	182,690	203,575	11%
ANB	2,173	2,086	(4%)	1,337	1,286	(4%)	186,476	205,181	10%	201,739	215,607	7%
Albilad	1,177	1,300	10%	766	760	(1%)	115,689	132,399	14%	123,929	143,100	15%
SAIB	905	926	2%	512	533	4%	108,423	119,076	10%	100,236	125,394	25%
BJAZ	762	858	13%	382	445	16%	103,702	116,636	12%	114,155	125,198	10%
Group Total	26,725	29,500	10%	20,389	21,585	6%	2,681,923	2,879,931	7%	2,550,357	2,762,995	8%

Source: Riyad Capital, Company Reports (SAR mln)

- The FOMC kept the federal funds rate unchanged at 3.50%-3.75% during its June meeting, adopting a more cautious and hawkish tone amid persistent inflationary pressures and elevated geopolitical uncertainty. The updated Summary of Economic Projections showed a material upward revision to inflation expectations, with 2026 headline and core PCE forecasts revised higher to 3.6% and 3.3%, respectively, from 2.7%, while GDP growth expectations were lowered to 2.2% from 2.4%. Reflecting this backdrop, the updated dot plot shifted materially higher, with the median policy rate projection implying no rate cuts in 2026 and signaling a more restrictive policy stance for longer. In line with the Fed's decision, SAMA maintained the Repo and Reverse Repo rates at 4.25% and 3.75%, respectively. During 1Q 2026 liquidity conditions have been easing, with the 3M SAIBOR-SOFR spread narrowing to 113 bps from its 4Q25 peak of 121 bps. Nevertheless, the continued strong growth in time deposits indicates that funding competition remains elevated, albeit less severe than in previous quarters.
- Lending growth continued to moderate, with private sector loans rising +7% Y/Y and public sector loans expanding +14% Y/Y, according to SAMA's May data. The moderation reflects project reprioritization, softer credit appetite in the housing segment following recent real estate reforms, and rising capital requirements, which are collectively driving a more disciplined and capital-efficient lending environment. Consequently, banks are increasingly prioritizing returns, asset quality, and risk-adjusted profitability over balance sheet expansion.
- Deposit growth stood at +9% Y/Y, underpinned by an +22% increase in time and savings deposits, however, demand deposits decreased by -2.4% Y/Y. The acceleration in interest-bearing deposits was supported by a +17% Y/Y increase from corporates and individuals, alongside a +29% rise in government deposits. Notably, government deposits increased by SAR 54.1 bln during the first two months of 2Q26, reaching SAR 1,052 bln by end-May. Consequently, the funding mix continued to shift, with time and savings deposits accounting for 43% of total deposits versus 38% in May 2025.
- We expect sector earnings to deliver mid-single-digit Y/Y growth in 2Q26, with Profit After Zakat & Taxes for banks under coverage reaching SAR 21.6 bln. Al Rajhi Bank is projected to post +14% Y/Y growth to SAR 7.0 bn, supported by continued NIMs expansion driven by assets repricing initiatives and ongoing funding optimization efforts. SNB is expected to record mid-single-digit Y/Y growth, reaching SAR 6.3 bln, while Albilad is forecast to lead sector growth in net advances, with a notable +14% Y/Y increase.

Cement Sector

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	2Q2025	2Q2026E	Y/Y	2Q2025	2Q2026E	2Q2025	2Q2026E	Y/Y	2Q2025	2Q2026E	Y/Y	2Q2025	2Q2026E	2Q2025	2Q2026E
Yamama	362	356	(2%)	43%	39%	134	117	(13%)	121	114	(6%)	33%	32%	0.60	0.56
Saudi	432	435	1%	36%	37%	105	109	4%	95	100	4%	22%	23%	0.62	0.65
Qassim	293	294	0%	25%	23%	73	68	(8%)	61	62	1%	21%	21%	0.55	0.56
Southern	195	199	2%	21%	11%	21	5	(78%)	15	(2)	-	8%	(1%)	0.11	(0.01)
Yanbu	274	234	(15%)	25%	29%	28	31	12%	22	26	21%	8%	11%	0.14	0.17
Riyadh	191	190	(1%)	36%	34%	60	54	(10%)	57	52	(10%)	30%	27%	0.48	0.43
Group Total	1,748	1,708	(2%)			421	384	(9%)	372	351	(6%)				

Source: Riyad Capital, Company Reports (SAR mln, except per share data).

- For the group of companies under our coverage, cement sales volumes grew modestly by +3% Y/Y in 2Q2026, likely supported by seasonality and higher demand. Growth was mainly driven by two names, Yamama Cement and Saudi Cement. For clinker export volumes, we saw a -36% Y/Y decline in 2Q2026, primarily due to lower clinker sales at Yanbu Cement, driving its revenues down by -15%. Average selling prices (ASPs) are expected to be mixed Y/Y across names in 2Q2026E, with a slight downward bias overall for the group of companies. Accordingly, the group's total revenue is projected to edge lower Y/Y on softer prices, and Net Income to show a slight decline Y/Y due to higher costs and pricing pressure at selected names.

Healthcare Sector

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	2Q2025	2Q2026E	Y/Y	2Q2025	2Q2026E	2Q2025	2Q2026E	Y/Y	2Q2025	2Q2026E	Y/Y	2Q2025	2Q2026E	2Q2025	2Q2026E
HMG	3,384	3,660	8%	32%	29%	645	670	4%	591	593	0%	17%	16%	1.69	1.69
Mouwasat	796	868	9%	45%	41%	203	208	2%	187	198	6%	23%	23%	0.93	0.99
Group Total	4,180	4,527	8%			848	878	3%	778	791	2%				

Source: Riyad Capital, Company Reports (SAR mln, except per share data)

- We expect Dr. Sulaiman Al Habib's and Mouwasat's topline to grow by +8% Y/Y in 2Q2026E. We also forecast the group's net profit to increase by +2% Y/Y, led by Mouwasat's +6% Y/Y net profit growth, supported by the contribution from its new Yanbu hospital. We expect Dr. Sulaiman Al Habib's net profit to remain flat Y/Y, as finance costs associated with its expansion plans are expected to remain elevated.

Telecom Sector

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	2Q2025	2Q2026E	Y/Y	2Q2025	2Q2026E	2Q2025	2Q2026E	Y/Y	2Q2025	2Q2026E	Y/Y	2Q2025	2Q2026E	2Q2025	2Q2026E
STC*	19,451	19,839	2%	49%	49%	3,624	3,930	8%	3,823	3,526	(8%)	20%	18%	0.76	0.71
Mobily	4,828	5,129	6%	54%	55%	891	981	10%	830	892	7%	17%	17%	1.08	1.16
Zain KSA	2,654	2,678	1%	61%	62%	305	317	4%	127	159	25%	5%	6%	0.14	0.18
Group Total	26,933	27,646	3%			4,820	5,228	8%	4,781	4,577	(4%)				

*Source: Riyad Capital, Company Reports (SAR mln, except per share data). *STC's 2Q2025 profit includes Zakat reversal.*

- We expect Telecom sector revenues to increase by 2% Y/Y in 2Q2026E, while net income is expected to decline by 4% Y/Y, mainly due to the favorable net zakat and tax impact recorded by STC in 2Q2025. Excluding this one-off impact, sector earnings would have grown Y/Y. For STC, we expect revenues to increase by 2% Y/Y, while net profit is expected to decline by 8% Y/Y, as the company recorded a favorable net zakat & tax impact of SAR 216 mln in 2Q2025. Excluding this one-off impact, STC’s earnings would have grown Y/Y. For Mobily, we expect revenue and net profit to grow by 6% Y/Y and 7% Y/Y, respectively. For Zain KSA, we expect modest revenue growth of 1% Y/Y, but double-digit earnings growth of 25% Y/Y, supported by improved gross margins and lower finance costs.

Software & Services Sector

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	2Q2025	2Q2026E	Y/Y	2Q2025	2Q2026E	2Q2025	2Q2026E	Y/Y	2Q2025	2Q2026E	Y/Y	2Q2025	2Q2026E	2Q2025	2Q2026E
Solutions	2,902	3,116	7%	23%	22%	446	471	6%	446	448	0%	15%	14%	3.72	3.73
Elm*	2,245	2,583	15%	42%	41%	513	615	20%	590	596	1%	26%	23%	7.37	7.45
Group Total	5,146	5,699	11%			959	1,087	13%	1,036	1,044	1%				

*Source: Riyad Capital, Company Reports (SAR mln, except per share data). *Elm's 2Q2025 profit includes Zakat reversal of SAR 69 mln.*

- For our covered IT names, full-year revenue is expected to grow by +11% in 2026E. For 2Q2026E, aggregate revenues are expected to grow by 11% Y/Y, broadly in line with full-year 2026E revenue growth guidance of 6–8% for Solutions and 17–19% for Elm. At the earnings level, we expect aggregate net income to grow marginally by 1% Y/Y. For Solutions, we forecast revenue growth of 7% Y/Y, while net profit is expected to remain broadly stable Y/Y, reflecting lower expected margins. For Elm, we forecast revenue growth of 15% Y/Y, supported by the full-quarter consolidation of Thiqah compared to a partial contribution in 2Q2025, as Elm started consolidating Thiqah’s financials on April 21, 2025. However, Elm’s net profit is expected to increase by only 1% Y/Y, mainly due to the high base in 2Q2025, which included a zakat reversal of SAR 69 mln.

Energy, Utilities, and Materials Sectors

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	2Q2025	2Q2026E	Y/Y	2Q2025	2Q2026E	2Q2025	2Q2026E	Y/Y	2Q2025	2Q2026E	Y/Y	2Q2025	2Q2026E	2Q2025	2Q2026E
ADES	1,579	2,295	45%	38%	37%	470	628	33%	189	209	11%	12%	9%	0.17	0.19
Arabian Drilling	862	726	(16%)	14%	7%	66	9	(87%)	7	(42)	-	1%	(6%)	0.08	(0.47)
Marafiq	1,403	1,925	37%	(11%)	19%	310	339	9%	110	138	26%	8%	7%	0.44	0.55
SEC	27,722	30,494	10%	27%	27%	6,758	7,485	11%	3,098	3,838	24%	19%	20%	0.74	0.92
MAADEN	9,416	9,525	1%	37%	43%	2,697	3,181	18%	1,922	2,247	17%	20%	24%	0.50	0.58
AMAK	259	285	10%	43%	42%	91	101	11%	73	84	14%	28%	29%	0.81	0.93

Source: Riyad Capital, Company Reports (SAR mln, except per share data)

- **ADES:** With another acquisition of offshore rigs announced on June 24, specifically Saudi Arabian Saipem Limited, we assume no contribution in 2Q26 for the Company, but note the strategic rationale and the bonus share issuance. We forecast a slight decrease in sales -8% Q/Q given Gulf related disruptions, but given the geographical diversification, we roughly hold management's guidance. Based on this, we forecast Y/Y sales and net profits increasing, by +45% and +11%, respectively.
- **Arabian Drilling:** Based on the Company's guidance and disclosure regarding the suspension of some offshore rigs, we forecast revenues to drop by -16% Y/Y and -12% Q/Q. Considering the superior gross margins from the offshore rigs, we also expect a decline in net margins, producing a net loss of SAR (42) mln.
- **Marafiq:** We expect a +37% Y/Y growth in revenues to SAR 1.9 bln as the Company reported one-off charges in 2Q2025 that dented revenues. Bottom-line is expected to be +26% higher Y/Y.
- **SEC:** Topline is expected to come in at SAR 30.5 bln for the quarter, up +10% Y/Y. Net income is likely to cross SAR 3.8 bln in a seasonally stronger quarter.
- **MAADEN:** With some overland transportation logistics already in place, we model stronger DAP and aluminum related prices to lift revenues by +1% Y/Y, despite having nearly zero merchant ammonia shipments realized. We also note that gold production and sales will lift Q/Q, as Maaden ramps up gold production from the previously closed mines. We forecast operating profits to increase +18% Y/Y and net profits to also increase +17% Y/Y; reaching SAR 2,247 mln.
- **AMAK:** Following the restart of the Company's Al Masane base metals plant, we expect higher production of copper and zinc to drive revenues higher by +8% Q/Q, while we caution the comparison between 2025 and 2026 gross margins, given the irregularly high-grade deposits mined last year; which will not repeat. We forecast revenues to increase +10% Y/Y, to SAR 285 mln, with net profits following, increasing +14% Y/Y; reaching SAR 84 mln.

Transportation Sector

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	2Q2025	2Q2026E	Y/Y	2Q2025	2Q2026E	2Q2025	2Q2026E	Y/Y	2Q2025	2Q2026E	Y/Y	2Q2025	2Q2026E	2Q2025	2Q2026E
Budget	545	575	6%	31%	25%	111	87	(22%)	83.5	61.7	(26%)	15%	11%	0.80	0.59
Lumi	416	375	(10%)	30%	31%	85	67	(21%)	54.2	39.6	(27%)	13%	11%	0.99	0.75
Theeb	365	419	15%	32%	28%	73	64	(13%)	47.8	36.0	(25%)	13%	9%	0.72	0.54
flynas*	2,144	2,189	2%	21%	(1%)	(684)	(163)	-	(862.5)	(298.8)	-	(40%)	(14%)	(5.05)	(1.75)
SAL	394	469	19%	57%	58%	172	197	14%	162.2	174.1	7%	41%	37%	2.03	2.18
Group Total	3,864	4,028	32%			(243)	251	(42%)	(515)	13	(71%)				

*Source: Riyad Capital, Company Reports (SAR mln, except per share data) *flynas's 2Q2025 results were impacted by one-off charges related to employee share option and IPO-related fees of SAR 1,083 mln*

- We expect the sector's bottom line to decline by -71% Y/Y, weighed by travel disruptions that impacted demand levels. We expect Flynas to be the most affected, forecasting a net loss of SAR 298.8 mln, driven by lower operating capacity and higher fuel costs. We also expect Lumi to report a net profit of SAR 39.5 mln, down -27% Y/Y. Similarly, Budget Saudi is expected to post a net profit of SAR 61.7 mln, declining by -26% Y/Y, while Theeb is forecast to report a net profit of SAR 35.6 mln, down -25% Y/Y. Weaker earnings across the car rental sector are driven by continued elevated credit loss provisions, along with higher depreciation expense following changes to the accounting treatment of vehicles' useful lives. Meanwhile, we expect SAL's net profit to grow by +7% Y/Y to SAR 174.1 mln, supported by higher cargo volumes and an improved pricing mix.

Nomu Market: Semi-Annual

Distribution & Retail Sector

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	1H2025	1H2026E	Y/Y	1H2025	1H2026E	1H2025	1H2026E	Y/Y	1H2025	1H2026E	Y/Y	1H2025	1H2026E	1H2025	1H2026E
Alhasoob	127	169	33%	7%	7%	2.4	3.7	52%	1.8	3.0	69%	1.4%	1.8%	0.63	1.06

Source: Riyad Capital, Company Reports (SAR mln, except per share data)

- **Alhasoob:** We expect Alhasoob's revenue to increase by +33% Y/Y, supported by an expanding customer base and entry into new markets. We forecast 1H2026 net income of SAR 3.0 mln, up +69% Y/Y.

الرياض المالية
Riyad Capital

Disclaimer

Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors

For any feedback on our reports, please contact research@riyadcapital.com

Riyad Capital is a Saudi closed joint stock company with paid-up capital of SAR 500 million. Licensed by the Saudi Arabian Capital Market Authority (No. 07070-37). Commercial Registration No. 1010239234. Head Office: 3128 Financial Boulevard, 6671 Al Aqeeq Dist., Riyadh 13519, Kingdom of Saudi Arabia.

The information in this report was compiled in good faith from various public sources believed to be reliable. Whilst all reasonable care has been taken to ensure that the facts stated in this report are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable. Riyad Capital makes no representations or warranties whatsoever as to the accuracy of the data and information provided and, in particular, Riyad Capital does not represent that the information in this report is complete or free from any error. This report is not, and is not to be construed as, an offer to sell or solicitation of an offer to buy any financial securities. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this report. Riyad Capital accepts no liability whatsoever for any loss arising from any use of this report or its contents, and neither Riyad Capital nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof. Riyad Capital or its employees or any of its affiliates or clients may have a financial interest in securities or other assets referred to in this report. Opinions, forecasts or projections contained in this report represent Riyad Capital's current opinions or judgment as at the date of this report only and are therefore subject to change without notice. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections which represent only one possible outcome. Further, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified and future actual results or events could differ materially. The value of, or income from, any investments referred to in this report may fluctuate and/or be affected by changes. Past performance is not necessarily an indicative of future performance. Accordingly, investors may receive back less than originally invested amount. This report provides information of a general nature and does not address the circumstances, objectives, and risk tolerance of any particular investor. Therefore, it is not intended to provide personal investment advice and does not take into account the reader's financial situation or any specific investment objectives or particular needs which the reader may have. Before making an investment decision the reader should seek advice from an independent financial, legal, tax and/or other required advisers due to the investment in such kind of securities may not be suitable for all recipients. This research report might not be reproduced, nor distributed in whole or in part, and all information, opinions, forecasts and projections contained in it are protected by the copyright rules and regulations.