Petrochemicals Sector

April 12, 2026

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	1Q2025	1Q2026E
SABIC	34,594	24,304	(30%)	14%	18%	(52)	752	-	(1,211)	(470)	-	(4%)	(2%)	(0.40)	(0.16)
SABIC Agri	3,074	2,818	(8%)	38%	40%	937	853	(9%)	985	931	(5%)	32%	33%	2.07	1.96
Tasnee	863	585	(32%)	8%	5%	(84)	(47)	-	896	(152)	-	104%	(26%)	1.34	(0.23)
Yansab	1,512	1,257	(17%)	10%	11%	21	26	27%	14	31	127%	1%	2%	0.02	0.06
Sipchem	1,970	1,238	(37%)	18%	(19%)	144	(440)	-	195	(505)	-	10%	(41%)	0.27	(0.69)
Advanced	614	1,086	77%	17%	21%	73	164	124%	72	32	(56%)	12%	3%	0.28	0.12
Saudi Kayan	2,062	1,795	(13%)	(19%)	(21%)	(584)	(542)	-	(776)	(702)	-	(38%)	(39%)	(0.52)	(0.47)
SIIG	-	-	-	-	-	(12)	(12)	-	18	66	264%	-	-	0.03	0.10
Group Total	44,689	33,084	(26%)			445	754	70%	193	(768)	-				

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

- Petrochemical price movements in 1Q26 were mostly unchanged when compared with the later quarters in 2025, characterized by continually lower prices for most products. This is perfectly illustrated by the movement in the Argaam Index when compared Y/Y; the index decreased by -6.3% (when adjusted to exclude March's spike, driven by shortages). Based upon our forward-looking indicators we track, especially those related to supply growth in Asia, this is unsurprising; so much so that we touched on this non-cyclical (structural) downturn in 2024 ('a sea change'). With greater rationalization beginning to occur with local firms, such as SABIC's sale of its ETP business, and now, Tasnee announcing the sale of its RITC business (downstream segment), we believe our previous thesis is further supported, as evidenced by asset sales and core business improvement initiatives.
- Feedstock prices in 1Q26, which had previously moved lower in 4Q2025, have all rebounded Q/Q, driven by the price of Brent oil trading over USD 100 per barrel in March. Specifically, naphtha, propane, and butane, have increased Q/Q, by +28%, +10%, and +13%, respectively. We firmly believe price increases for LPGs will further increase pressure on margins for major petrochemical producers, especially given current oil market supply dynamics; which also pressures feedstock supply directly. We also note that the increases in end-product prices, such as polypropylene increasing by +13% Q/Q, could be construed as positive. However, it is our belief that the catalyst for price increases is being driven by the lack of actual supply from Gulf exporting firms. For this reason, the higher prices, at least until consistent logistical solutions are implemented, will not benefit firms which have concentrated facilities that are exposed to the Persian Gulf. We also highlight companies with facilities that are located on the west coast of The Kingdom, such as Yansab, Yanpet (SABIC), and some operations of Tasnee.
- For 1Q26, given the unprecedented disruption to a key shipping lane in the region (Hormuz), when coupled with an already downwardly shifting market dynamic, we expect almost all of our coverage universe to produce lower revenues and profits Y/Y. In addition, multiple shutdowns, which we suspect are opportunistically timed, given the current shipping lane disruptions, will further pressure margins and volumes for several producers. Investors should take caution when reviewing product prices that might have shown strong performance at this time, given the fact that these prices are not caused by regular market dynamics. For example, the prices of urea are higher because the ability for several companies to ship their supply, is restricted. While some companies have implied potential logistical solutions, these might be more costly and would be very difficult to implement with liquids (methanol etc.).

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Banking Sector

Company	Net Commission			Net Income			Net Advances			Deposits		
	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	Y/Y
Al Rajhi	7,097	8,462	19%	5,910	6,804	15%	722,785	768,202	6%	629,229	677,297	8%
Albilad	1,162	1,251	8%	700	719	3%	112,427	124,632	11%	124,018	135,537	9%
Alinma	2,283	2,454	7%	1,508	1,679	11%	209,435	238,584	14%	218,839	245,298	12%
ANB	1,968	1,990	1%	1,304	1,237	(5%)	179,057	201,158	12%	195,619	211,380	8%
BSF	2,118	2,237	6%	1,338	1,378	3%	208,978	220,175	5%	190,728	208,884	10%
SAB	2,838	3,017	6%	2,135	1,973	(8%)	278,836	315,320	13%	290,440	327,797	13%
SNB	7,254	7,577	4%	5,984	6,088	2%	706,430	751,298	6%	626,394	648,816	4%
SAIB	891	909	2%	503	520	3%	104,135	115,432	11%	101,666	112,908	11%
BJAZ	754	825	9%	361	387	7%	100,571	113,221	13%	109,644	117,703	7%
Group Total	26,365	28,721	9%	19,744	20,783	5%	2,622,655	2,848,023	9%	2,486,577	2,685,620	8%

Source: Riyad Capital, Company Reports (SAR mln)

- The Federal Open Market Committee (FOMC) maintained the benchmark federal funds rate at 3.50%–3.75% during its March 2026 meeting, reflecting a cautious “wait-and-see” approach amid heightened geopolitical uncertainty. This pause follows three consecutive rate cuts delivered in 2025. The Committee signaled a conservative policy outlook, with only one anticipated rate cut in 2026. Notably, inflation expectations were revised higher, with Core PCE for 2026 increased to 2.7% from 2.5% previously, according to the updated Summary of Economic Projections. This mainly reflects a reassessment of underlying inflation dynamics, as indirect pass-through from elevated energy prices is expected to sustain broader inflationary pressures. The Saudi Central Bank (SAMA) kept policy rates unchanged, with the Repo rate at 4.25% and the Reverse Repo rate at 3.75%.
- Lending growth continued to moderate, with private sector loans rising +9% Y/Y and public sector loans expanding +17% Y/Y, according to SAMA’s February data. Part of the moderation reflects the impact of new real estate regulations, which have weighted on credit appetite in the housing market. The trend also reflects a broader shift in the operating environment, with tighter liquidity and rising capital requirements shaping a more balanced lending approach. More importantly, banks are evolving from a volume-driven growth model toward a return-focused approach centered on capital efficiency. As a result, credit growth is becoming more selective, with greater emphasis on asset quality and risk-adjusted profitability.
- Deposit growth stood at +9% Y/Y, underpinned by an +16% increase in time and savings deposits, while demand deposits only increased by +1% Y/Y. The acceleration in interest-bearing deposits was supported by a +20% Y/Y increase from corporates and individuals, alongside a +12% rise in government deposits. Notably, government deposits increased by SAR 46.7 bln during the first two months of 1Q26, reaching SAR 989 bln by end-February. Consequently, the deposits mix continued to shift, with time and savings deposits accounting for 39% of total deposits versus 37% in February 2025, keeping funding costs elevated.
- We expect sector earnings to deliver mid-single-digit Y/Y growth in 1Q26, with Profit After Zakat & Taxes for banks under coverage reaching SAR 20.8 bn. Al Rajhi Bank is projected to post +15% Y/Y growth to SAR 6.8 bn, supported by solid non-funded income and strong cost efficiency. SNB is expected to record low-single-digit Y/Y growth, reaching SAR 6.1 bn, while Alinma 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)	
	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	1Q2025	1Q2026E
Yamama	349	299	(14%)	49%	35%	149	82	(45%)	142	66	(53%)	41%	22%	0.70	0.33
Saudi	418	335	(20%)	41%	34%	117	60	(48%)	108	51	(53%)	26%	15%	0.71	0.33
Qassim	303	240	(21%)	30%	18%	89	47	(48%)	89	45	(49%)	29%	19%	0.80	0.41
Southern	220	194	(12%)	21%	7%	31	(2)	-	27	(11)	-	12%	(6%)	0.19	(0.08)
Yanbu	266	224	(16%)	28%	22%	36	14	(61%)	30	10	(65%)	11%	5%	0.19	0.07
Riyadh	225	178	(21%)	38%	28%	77	40	(48%)	76	39	(49%)	34%	22%	0.63	0.32
Group Total	1,781	1,471	(17%)			498	241	(52%)	472	201	(57%)				

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

- For the group of companies under our coverage, we anticipate 1Q2026E cement volume sales to decrease by -3.5% Y/Y versus 1Q2025, driven by Ramadan and Eid season. For clinker exports, we expect a -36% Y/Y decrease, primarily due to lower clinker sales expectations for Yanbu Cement. The average selling prices (ASP) are expected to decline sequentially due to competition. The total revenue of the group is projected to show double-digit Y/Y decline, and net income is projected to decline further on higher costs. We are expecting losses for Southern Cement due to new facility transition inefficiencies.

Healthcare Sector

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	1Q2025	1Q2026E
HMG	3,158	3,732	18%	33%	30%	626	717	14%	557	647	16%	18%	17%	1.59	1.85
Mouwasat	764	914	20%	45%	41%	213	220	3%	197	208	6%	26%	23%	0.99	1.04
Group Total	3,922	4,646	18%			839	937	12%	754	855	13%				

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

- We expect topline growth of +18% Y/Y for HMG and Mouwasat, while we estimate group bottomline growth of +13% Y/Y for 1Q26, with HMG leading this growth. HMG is expected to report a bottomline of SAR 647 mln, while Mouwasat is projected to post SAR 208 mln.

Telecom Sector

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	1Q2025	1Q2026E
STC*	19,210	19,397	1%	47%	47%	3,584	3,596	0%	3,649	3,128	(14%)	19%	16%	0.73	0.63
Mobily	4,777	4,983	4%	53%	53%	850	933	10%	767	837	9%	16%	17%	1.00	1.09
Zain KSA	2,690	2,771	3%	59%	59%	274	290	6%	93	125	35%	3%	5%	0.10	0.14
Group Total	26,677	27,151	2%			4,707	4,819	2%	4,508	4,089	(9%)				

*Source: Riyad Capital, Company Reports (SAR mln, except per share data). *STC's 1Q2025 profit includes huge Zakat reversal.*

- We are expecting a +2% Y/Y increase in the Telecom sector's revenues in 1Q2026E, supported by Ramadan season and an increase in the number of subscribers. However, a -9% Y/Y decrease in net income is expected due to large positive one-off for STC last year. Gross margins are expected to remain flat Y/Y, with Zain maintaining the highest margin in the sector. We expect STC's net income to decrease by -14% Y/Y due to huge Zakat reversal last year, and profits would show growth excluding this one-off. Mobily's net income is expected to grow +9% Y/Y, driven by topline expansion and improved operational efficiency. For Zain, we expect profit to surge by +35% Y/Y, driven by higher topline and lower financing costs.

Software & Services Sector

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	1Q2025	1Q2026E
Solutions	2,824	2,966	5%	22%	21%	371	387	4%	361	354	(2%)	13%	12%	3.01	2.95
Elm*	1,877	2,414	29%	41%	41%	472	542	15%	496	536	8%	26%	22%	6.20	6.71
Group Total	4,701	5,380	14%			843	930	10%	856	891	4%				

*Source: Riyad Capital, Company Reports (SAR mln, except per share data). *Elm's 1Q2026E figures consolidate Thiqah Co.'s figures, following its acquisition in April 2025.*

- The KSA IT sector revenue is expected to grow by +11% in 2026E. Solutions is targeting growth of 6-8% in 2026E, while Elm is targeting 17-19%. We forecast Solutions' 1Q2026E revenue to increase by +5% Y/Y and Elm's by +29% Y/Y due to consolidating Thiqah Co. With regards to net income, we expect Solutions' profits to decline by -2% Y/Y due to lower margins and Eid holiday, while Elm's profits are expected to rise by +8% Y/Y.

Food & Beverage, Retailing, Consumer Services, and Capital Goods Sectors

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	1Q2025	1Q2026E
Jarir	2,720	2,854	5%	11%	12%	215	260	21%	217	242	12%	8%	8%	0.18	0.20
BDH	1,674	1,674	(0%)	32%	32%	90	105	17%	67	64	(4%)	4%	4%	0.06	0.06
Fourth Milling	170	185	9%	48%	48%	54	60	11%	53	58	9%	31%	31%	0.10	0.11
Riyadh Cables	2,489	2,694	8%	17%	16%	293	303	4%	256	261	2%	10%	10%	1.71	1.74
Burgerizzr	78	105	34%	31%	32%	2.7	4.0	50%	2.2	3.1	40%	3%	3%	0.04	0.06
Nahdi	2,635	2,730	4%	36%	37%	263	220	(16%)	255	196	(23%)	10%	7%	1.96	1.51
Aldawaa	1,665	1,729	4%	36%	37%	141	155	10%	105	117	11%	6%	7%	1.24	1.38

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

- **Jarir:** We expect a +5% Y/Y increase in the top line, coupled with slightly higher gross margins Y/Y, driven by seasonal sales mix. However, we also expect operating and net profit growth Y/Y, of +21% and +12%, respectively, with operating profits of SAR 260 mln and net profits of SAR 242 mln.
- **BDH:** We expect sales to remain flat, remaining on par with 1Q25, reaching SAR 1.7 bln, accompanied by flat margins as well at ~32%. Any improvement in performance Y/Y is driven by a slew of acquisitions over the last two years. We also note, BDH just announced another SPA on April 7, for 51% of shares in Vaza Food Co. (KSA).
- **Fourth Milling:** We expect +9% Y/Y growth in revenues to SAR 185 mln due to higher small pack flour sales driven by Ramadan and Eid season, and +9% Y/Y growth in profits, reaching SAR 58 mln.
- **Riyadh Cables:** Revenues are like to rise by +8% Y/Y for Riyad Cables. However, we expect some compression in gross margins for 1Q26. Hence, we expect net income to rise by +2% Y/Y to SAR 261 mln.
- **Burgerizzr:** We expect strong Y/Y revenue growth of +34% in 1Q26, driven by an increase in the number of branches and menu additions during the period, with net profit expected at SAR 3.1 mln.
- **NAHDI:** We expect revenues to grow steadily by +4% Y/Y, while gross margins are expected to be slightly higher, driven by the increased contribution from white labeling. We expect operating profit to reach SAR 220 mln, a decrease of -16% Y/Y, and net profits to reach SAR 196 mln, declining -23% Y/Y.
- **ALDAWAA:** We expect very modest revenue growth of +4% Y/Y, reaching SAR 1,729 mln, with steady gross margins and net profit of SAR 117 mln in 1Q26.

Energy, Utilities, and Materials Sectors

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	1Q2025	1Q2026E
ADES	1,470	2,200	50%	40%	37%	464	740	60%	194	242	25%	13%	11%	0.17	0.21
Arabian Drilling	911	835	(8%)	20%	11%	121	23	(81%)	75	(35)	-	8%	(4%)	0.67	(0.39)
Marafiq	1,704	1,800	6%	19%	16%	329	298	(9%)	118	85	(28%)	7%	5%	0.47	0.34
SEC*	19,599	21,897	12%	15%	15%	2,348	2,769	18%	968	1,321	36%	5%	6%	0.23	0.32
MAADEN	8,511	8,188	(4%)	37%	37%	2,272	2,038	(10%)	1,550	1,377	(11%)	18%	17%	0.40	0.35
AMAK	220	249	13%	38%	47%	68	104	52%	55	81	46%	25%	32%	0.61	0.90

*Source: Riyad Capital, Company Reports (SAR mln, except per share data). * Net Income before Mudaraba Instruments.*

- **ADES:** With some offshore rigs suspended due to the regional conflict, we still highlight the Company's upgraded guidance after the successful acquisition of Shelf, which should increase 2026 EBITDA between +33% and +44% Y/Y. We expect this to increase revenues and net profits Y/Y for 1Q26 by +50% and+25%, respectively.
- **Arabian Drilling:** We project revenues to fall -8% Y/Y, as management has guided for higher rig activity in 2H26. While we expect net profits Y/Y to decline.
- **MARAFIQ:** We expect the company to record a +6% Y/Y growth in revenues to SAR 1.8 bln. However, bottomline is expected to be -28% lower Y/Y.
- **SEC:** We forecast a +12% growth in the topline for SEC to SAR 21.9 bln in 1Q26, which is a seasonally low quarter. We expect a greater +36% Y/Y increase in net income for the quarter mainly on higher sales.
- **MAADEN:** Maaden will continue to benefit from strong gold prices, which have nearly doubled Y/Y. While we note that potential shipping delays for some products could leave the phosphate and aluminum segment's performance muted. We forecast margins to remain stable Y/Y, based on commodity price strength, and revenues to decrease -4% Y/Y, from potential disruption, to SAR 8,188 mln. Operating and net profits will also decrease Y/Y, by -10% and -11%, respectively.
- **AMAK:** Much like Maaden, AMAK will benefit from continued strong gold prices, while performance in 1Q26 will be muted by the shutdown of its Al Masane Base Metal processing facility. We forecast revenues to increase +13% Y/Y to SAR 249 mln, with net profits increasing +46% Y/Y reaching SAR 81 mln.

Transportation Sector

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	Y/Y	1Q2025	1Q2026E	1Q2025	1Q2026E
Budget	543	714	31%	32%	30%	108	133	24%	81	102	25%	15%	14%	0.78	0.98
Lumi	412	440	7%	29%	28%	83	85	2%	53	55	3%	13%	12%	0.97	0.99
Theeb	337	385	14%	34%	31%	69	75	8%	45	44	(4%)	13%	11%	0.69	0.66
flynas	1,828	1,899	4%	23%	16%	294	185	(37%)	148	73	(51%)	8%	4%	0.87	0.43
SAL	384	414	8%	56%	53%	160	158	(1%)	153	149	(2%)	40%	36%	1.91	1.87
Group Total	3,504	3,852	64%			714	635	(5%)	481	422	(29%)				

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

- We expect the Transportation sector's revenues to grow by +64% Y/Y, driven by Budget's +31% growth, reflecting the continuation of the company's usual growth pace, to reach SAR 716 mln. We also expect Lumi and Theeb to record revenues of SAR 440 mln and SAR 385 mln, respectively, supported by long-term rental revenues. We further expect margins of Budget, Lumi, and Theeb to be impacted due to higher costs. We expect flynas to record revenue growth of +4% Y/Y, supported by capacity (ASK) expansion, albeit partially constrained by geopolitical disruptions in March that affected key markets, with weaker RASK further limiting the overall pace of revenue growth during the quarter. We expect the sector's net profit to decline by −29%, driven by flynas, as our estimates indicate pressure on net profit amid higher fuel costs, although the impact on 1Q remains limited as pricing has yet to fully adjust. We also expect SAL to record a slight decline in net profit of −2% Y/Y, amid weak operational performance during the quarter. Performance is likely to have been impacted by supply-side disruptions linked to airspace closures in the Gulf, which negatively affected cargo flows, in addition to continued pressure from the logistics segment, which weighed on margins.

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