Saudi Logistics Services Co

Sector : Logistics

HOLD

11 March 2026

Target price (SAR)	**170.00**
Current price (SAR)	**157.50**
Return	**8.0%**

- **Revenue grew 4.6% YoY, reflecting normalization of cargo volumes.**
- **Gross and net margins improved slightly but fell short of our forecast.**
- **Net profit grew 5.5% YoY and was in line with our estimate.**
- **For 2026e, we forecast revenue of SAR 1.8bn and profit of SAR 651mn. We reduce target price to SAR 170/share and retain our HOLD rating.**

SAL reported 2025 revenue of SAR 1.7bn, up 4.6% YoY and slightly above our estimate. In 4Q25, revenue grew 25% YoY to SAR 509mn supported by 5% YoY growth in cargo handling volumes. Full year growth reflects normalization from the elevated 2024 base, supported by resilient ground handling performance despite lower volumes. Air cargo, accounting 85% of total revenue, grew 7% YoY in 2025, driven by four new international customer wins and a higher proportion of charter activity converting into scheduled contracts, supporting recurring volumes. This was achieved despite a 1% YoY decline in volumes to 963mn kg, reflecting the exceptionally high base in 2024. Air cargo volumes in 2024 were temporarily elevated due to Red Sea disruptions, which normalized in 2025. Logistics revenue declined 7% YoY due to a strategic shift toward servicing larger clients. Although new products were introduced in 2025, some major legacy clients experienced declines, and certain business was placed on hold at the beginning of the year due to payment issues. However, the segment expanded its service offering through new customer acquisitions, including Madden, the Asia Cup Under 23, and Rally Dakar, enhancing revenue visibility. Gross margins improved modestly by 30bps YoY in 2025, as the direct cost trailed revenue growth by 3.8% YoY. Net operating expenses rose 14% YoY on higher administrative costs. As a result, EBIT and EBITDA margins narrowed by 80 and 120bps YoY to 42.6% and 48.9% respectively. Finance income increased 13% YoY on improved cash balances, while finance costs declined 22.3% YoY due to lower interest expenses. Overall, net profit reached SAR 698mn in 2025, up 5.5% YoY, with the net margin expanding 40bps YoY to 40.8%. Profit was broadly in line with our estimate. SAL announced a final dividend of SAR 1.89/share for 4Q25, bringing total dividends for the year to SAR 523mn (SAR 6.5/share), representing a 75% payout ratio and exceeding our forecast.

During the year, SAL entered partnerships with Saudi Post (SPL), China Cargo Airlines, FedEx Express Saudi Arabia Transportation, Flyadeal and Syrian Airlines Company and renewed its agreement with Emirates SkyCargo. More recently the company signed agreements with Saudi Motorsports company, Riyadh Air and Saudia Technic. SAL continues to expand its logistics capabilities to support Saudi Arabia's transformation into a global logistics hub. Key investments include a Jeddah Seaport fulfillment facility for e-commerce and temperature-controlled shipments, as well as the development of SAL Zones as a central pillar of its long-term strategy. The SAL Zone is considered a pioneer in Saudi Arabia's Grade A warehousing market, with limited direct competition. Funding for SAL Zone investment is planned as 30% equity, 55% project finance, and 15% bank financing, with equity front loaded and peak capital expenditure expected in 2028-2029.

Exchange	Saudi Arabia
Index weight (%)	0.30%

(mn)	SAR	USD
Market Cap	12,600	3,357
Enterprise value	12,874	3,430

Major shareholders	
Saudi Arabian Airlin	49%
Vision International	6.4%
Vanguard Group Inc/T	2.1%
Others	42.5%

Valuation Summary	
PER TTM (x)	18.1
P/Book (x)	7.8
EV/EBITDA (x)	15.4
Dividend Yield (%)	4.2
Free Float (%)	42%
Shares O/S (mn)	80
YTD Return (%)	-2%
Beta	1.2

Key ratios	2023	2024	2025
EPS (SAR)	6.37	8.27	8.72
BVPS (SAR)	15.43	17.53	20.28
DPS (SAR)	4.40	5.99	6.54
Payout ratio (%)	69%	72%	75%

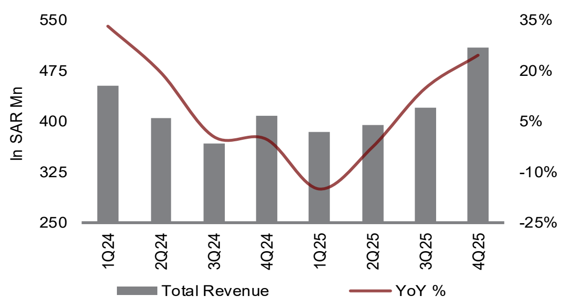
Price performance (%)	1M	3M	12M
SAL Saudi Logistics Ser	-14%	-7%	-18%
Tadawul All Share Index	-2%	2%	-7%

52 week	High	Low	CTL*
Price (SAR)	212.4	148.2	6.3

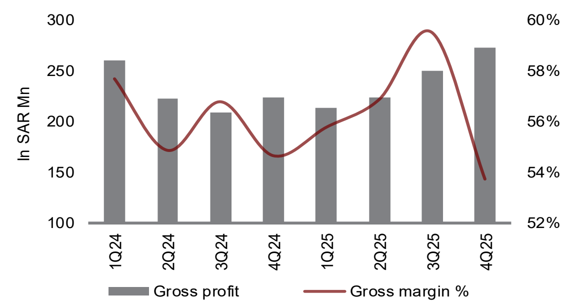
* CTL is % change in CMP to 52wk low

Valuation and outlook: SAL continues to strengthen its position as a national champion in cargo handling, managing nearly 1mn tons of cargo annually across 19 airports and serving more than 200 customers, while maintaining a significant share of the Saudi air cargo market. Management expects high single-digit volume growth in ground handling in 2026, supported by an improved service mix, higher productivity, and tighter cost control. In addition, a new service mix featuring higher-yield offerings is being developed and is expected to be introduced in 2026 for ground handling. For logistics, management anticipates high single-digit revenue growth in 2026, supported by expanded service offerings, infrastructure development, technology enhancements, and a growing project pipeline. The company has also proposed a refreshed capex plan, including SAR 900mn for cargo handling expansion, SAR 200mn for logistics fulfillment initiatives (including the Jeddah warehouse and Riyadh fulfillment center), and more than SAR 4bn for SAL Zones. Investments are expected to be front-loaded in 2026 and 2027. SAL is also evaluating inorganic growth opportunities in both the cargo handling and logistics segments, in line with its long-term strategic objectives. Based on current results, we forecast 2026e revenue of SAR 1.8bn and net profit of SAR 651mn. Revenue slightly exceeded expectations and profit was broadly in line, although margins underperformed. Persistent geopolitical tensions in the region have led to higher risk levels and can limit growth in 1Q26. Accordingly, we lower our target price to SAR 170 (vs SAR 180), implying an upside of 8% from current levels and retain our HOLD rating on the stock.

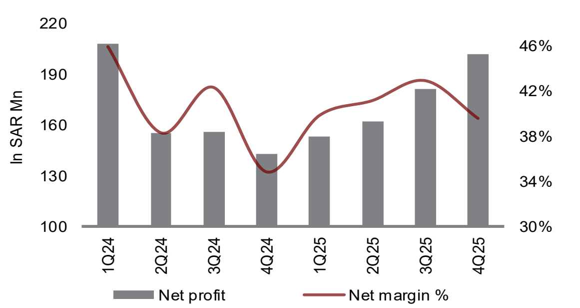
Revenue grew on expanded service offerings in 4Q25



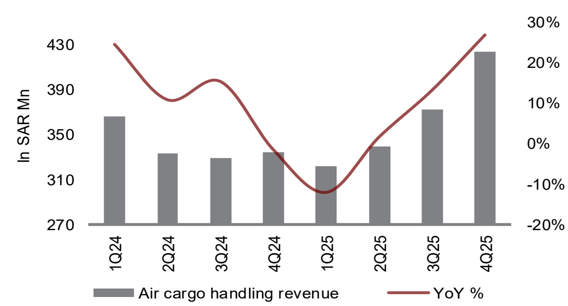
Gross profit dropped in 4Q25 on higher direct costs



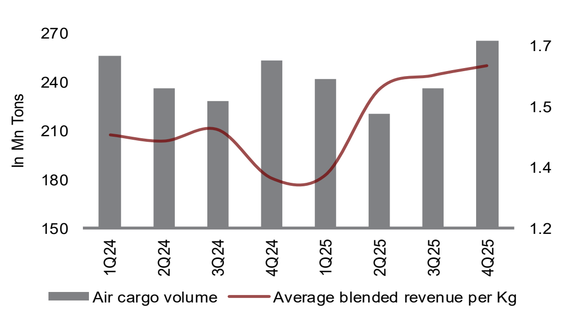
Net margin expansion on diversified earnings mix



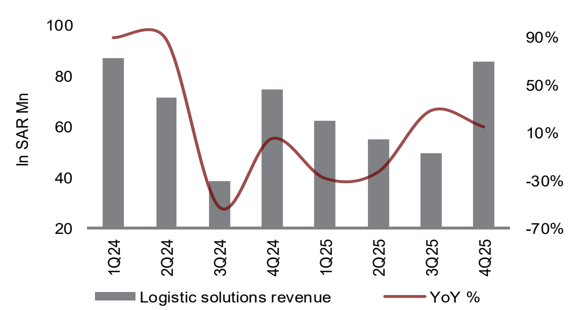
Cargo handling revenue rose on new customer wins



Transit and export activity lifts cargo volumes in 4Q25



Logistics revenue grew on new clients and innovation



Income statement (in SAR Mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Revenue	1,223	1,456	1,634	1,708	1,829	1,992	2,173	2,370
Cost of revenue	-632	-680	-719	-746	-796	-867	-945	-1,031
Gross Profit	**591**	**776**	**915**	**962**	**1,033**	**1,126**	**1,228**	**1,339**
Administrative and general expenses	-147	-142	-176	-196	-183	-199	-217	-237
Other operating Income / (expense)	13	5	2	2	4	4	4	5
Selling and distribution expenses	-30	-33	-48	-42	-46	-50	-54	-59
EBIT	**427**	**586**	**709**	**727**	**808**	**880**	**960**	**1,047**
EBITDA	**545**	**721**	**819**	**836**	**1,027**	**1,173**	**1,280**	**1,438**
Finance income	19	52	59	67	70	70	70	70
Finance costs	-75	-87	-74	-58	-193	-212	-211	-210
PBT	**370**	**550**	**694**	**737**	**685**	**738**	**820**	**907**
Zakat	-8	-41	-33	-39	-34	-37	-41	-45
Net Profit	**362**	**510**	**661**	**698**	**651**	**701**	**779**	**862**

Balance Sheet (in SAR Mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Property and equipment	705	709	720	808	1,940	2,539	2,586	3,262
Right-of-use assets	1,213	886	523	846	1,233	1,636	1,747	1,866
Other non current assets	14	26	12	22	22	22	22	22
Total non-current assets	**1,932**	**1,621**	**1,254**	**1,676**	**3,195**	**4,197**	**4,356**	**5,150**
Trade receivables	233	391	480	385	402	438	478	521
Other current assets	178	51	124	127	137	149	163	178
Cash and bank balances	940	1,210	1,362	1,542	1,477	1,041	1,180	690
Total current assets	**1,351**	**1,664**	**1,978**	**2,053**	**2,016**	**1,629**	**1,821**	**1,389**
Total Assets	**3,284**	**3,285**	**3,232**	**3,729**	**5,211**	**5,827**	**6,177**	**6,539**
Share capital	800	800	800	800	800	800	800	800
Reserves	47	101	101	102	102	102	102	102
Retained earnings	227	333	501	721	849	1,127	1,449	1,766
Total shareholders' equity	**1,073**	**1,234**	**1,402**	**1,622**	**1,750**	**2,028**	**2,351**	**2,668**
Long-term loan	500	567	560	480	1,480	1,380	1,280	1,180
Employees' end of service benefits	78	87	100	114	110	120	130	142
Lease liabilities	1,288	1,011	684	997	1,249	1,585	1,638	1,704
Total non-current liabilities	**1,866**	**1,665**	**1,343**	**1,591**	**2,839**	**3,084**	**3,048**	**3,026**
Current lease liabilities	64	69	34	26	139	176	182	189
Trade payables	65	45	127	119	119	130	142	155
Long term loan current portion	-	36	57	82	102	122	142	162
Other current liabilities	216	235	268	290	263	286	312	340
Total current liabilities	**344**	**385**	**487**	**516**	**622**	**714**	**777**	**846**
Total liabilities	**2,210**	**2,051**	**1,830**	**2,107**	**3,461**	**3,798**	**3,826**	**3,872**
Total equity and liabilities	**3,284**	**3,285**	**3,232**	**3,729**	**5,211**	**5,827**	**6,177**	**6,539**

Cash Flow (in SAR Mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Cash from operations	556	696	791	957	983	1,125	1,227	1,379
Investing cash flow	282	-596	432	-144	-1,453	-932	-394	-1,080
Financing cash flow	-389	-329	-572	-634	405	-628	-694	-789
Change in cash	448	-229	652	180	-66	-435	138	-490
Beginning cash	492	940	711	1,363	1,543	1,477	1,042	1,180
Ending cash	**940**	**711**	**1,363**	**1,543**	**1,477**	**1,042**	**1,180**	**690**

Ratio Analysis	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Per Share								
EPS (SAR)	4.5	6.4	8.3	8.7	8.1	8.8	9.7	10.8
BVPS (SAR)	13.4	15.4	17.5	20.3	21.9	25.4	29.4	33.3
DPS (SAR)	3.2	4.4	6.0	6.5	5.3	5.7	6.8	7.5
FCF per share (SAR)	10.5	1.2	15.3	10.2	-5.9	2.4	10.4	3.7
Valuation								
Market cap (SAR Mn)	8,480	15,552	20,208	12,832	12,600	12,600	12,600	12,600
EV (SAR Mn)	9,392	16,525	20,181	12,874	14,093	14,821	14,662	15,145
EBIDTA (SAR Mn)	545	721	819	836	1,027	1,173	1,280	1,438
P/E (x)	23.4	30.5	30.6	18.4	19.4	18.0	16.2	14.6
EV/EBITDA (x)	17.2	22.9	24.6	15.4	13.7	12.6	11.5	10.5
Price/Book (x)	7.9	12.6	14.4	7.9	7.2	6.2	5.4	4.7
Dividend Yield (%)	3.0%	2.3%	2.4%	4.1%	3.4%	3.6%	4.3%	4.8%
Price to sales (x)	6.9	10.7	12.4	7.5	6.9	6.3	5.8	5.3
EV to sales (x)	7.7	11.4	12.4	7.5	7.7	7.4	6.7	6.4
Liqiudity								
Cash Ratio (x)	2.7	1.8	2.8	3.0	2.4	1.5	1.5	0.8
Current Ratio (x)	3.9	4.3	4.1	4.0	3.2	2.3	2.3	1.6
Returns Ratio								
ROA (%)	11.0%	15.5%	20.5%	18.7%	12.5%	12.0%	12.6%	13.2%
ROE (%)	33.8%	41.3%	47.2%	43.0%	37.2%	34.6%	33.1%	32.3%
ROCE (%)	12.3%	17.6%	24.1%	21.7%	14.2%	13.7%	14.4%	15.1%
Cash Cycle								
Accounts Payable turnover (x)	9.7	15.2	5.6	6.3	6.7	6.7	6.7	6.7
Receivables turnover (x)	5.2	3.7	3.4	4.4	4.5	4.5	4.5	4.5
Payable Days	38	24	65	58	55	55	55	55
Receivables days	70	98	107	82	80	80	80	80
Cash Cycle	32	74	43	24	26	26	26	26
Profitability Ratio								
Net Margins (%)	29.6%	35.0%	40.5%	40.8%	35.6%	35.2%	35.8%	36.4%
EBITDA Margins (%)	44.6%	49.5%	50.1%	48.9%	56.1%	58.9%	58.9%	60.7%
PBT Margins (%)	30.3%	37.8%	42.5%	43.1%	37.5%	37.1%	37.7%	38.3%
EBIT Margins (%)	34.9%	40.3%	43.4%	42.6%	44.2%	44.2%	44.2%	44.2%
Effective Tax Rate (%)	2.2%	7.4%	4.8%	5.3%	5.0%	5.0%	5.0%	5.0%
Leverage								
Total Debt (SAR Mn)	1,852	1,683	1,335	1,584	2,970	3,263	3,242	3,235
Net Debt (SAR Mn)	912	973	-27	42	1,493	2,221	2,062	2,545
Debt/Equity (x)	1.7	1.4	1.0	1.0	1.7	1.6	1.4	1.2
Net Debt/EBITDA (x)	1.7	1.3	-0.0	0.1	1.5	1.9	1.6	1.8
Net Debt/Equity (x)	0.8	0.8	-0.0	0.0	0.9	1.1	0.9	1.0

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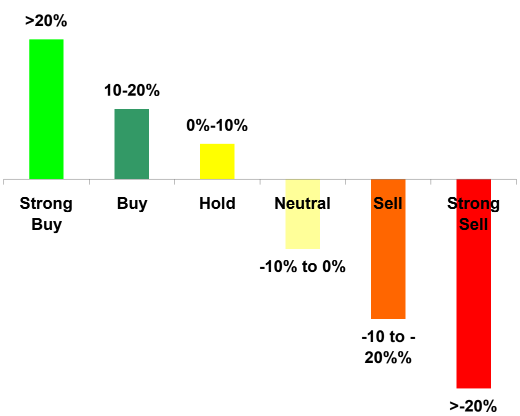
Rating Criteria and Definitions

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

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