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CAPITAL

# 1Q26 Earnings Preview

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## 1Q26 Earnings Preview

- We expect the mixed performance of our coverage universe, with the combined revenue forecast to rise by 6.1% y/y (-0.5% q/q), largely driven by growth across most sectors except Petrochemical, Utilities, and Real Estate. On the other hand, earnings are likely to decline by 6.0% y/y, aided by margin pressure.
- **Petrochemical:** We expect a mixed performance for the petrochemical sector with Jubail-based producers likely witnessing pressure on earnings due to lower sales volume and higher freight costs amid recent geopolitical concerns, offsetting improved product prices.
- **Energy:** Among the drilling companies, we expect ADES to witness 14.6% q/q top-line growth and 11.4% q/q earnings growth, driven by higher contribution from Shelf Drilling's acquisition, offsetting the lower rig activities due to the recent rig suspension and contract expiry. On the other hand, ADC is expected to continue reporting losses in 1Q due to rig suspension and lower margins.
- **Material:** We expect a slight improvement in Amak's earnings sequentially as higher commodity prices and lower zakat could offset the impact of the 16-week shutdown at Al Masane mine (zinc and copper concentrates). Meanwhile, Luberef earnings are also expected to improve sequentially, driven by increased sales volume (45-day shutdown at the Yanbu facility in 4Q), coupled with higher byproduct margin (mainly Diesel and Naphtha), offsetting higher fuel costs.
- **Utility:** We expect Miahona's top-line to decline ~35% q/q, mainly due to lower construction revenue amid the slowdown in activity at the Ras Tanura project. However, the earnings are likely to be supported by lower operating costs in 1Q.
- **Banks and financial services:** Saudi banks are expected to see improved liquidity in 1Q26, easing margin pressure, while the Middle East conflict might partially offset gains due to higher provisions. SNB's cost optimization initiatives are likely to support the bank's profitability in 1Q26. Tadawul's 1Q26 earnings are projected to decline 29.6% y/y, primarily reflecting weaker topline performance driven by lower ADTV.
- **Food & Beverage:** Tanmiah is expected to post another quarterly net loss in 1Q26—its third consecutive—amounting to ~ SAR21mn. This comes despite a recovery in poultry prices, as rising operating expenses and higher financing costs continue to weigh heavily on margins. Meanwhile, the milling sector is set to deliver moderate

earnings growth, supported by recent capacity expansion and solid demand typically seen during the Ramadan period.

- **Consumer services:** Fitness and wellness companies are set for moderate top-line growth in 1Q26, tempered by Ramadan seasonality. Further, Leejam is expected to witness a 22% y/y earnings decline, reflecting contained pressure from higher costs tied to new club openings on margin and the absence of a prior one-off profit of ~SAR6mn in 1Q25. In contrast, Sports Club is projected to deliver double-digit earnings growth of 32% y/y, supported by top-line growth and ongoing margin improvements. Moreover, Americana is expected to deliver 14.3% topline y/y growth, supported by a 159-store footprint expansion over the past 12 months. However, profitability is projected to rise by only 5.7% y/y, constrained by elevated finance costs and taxes. Furthermore, Alamar is similarly forecast to post 12% y/y revenue growth, though earnings remain under pressure due to margin compression amid intensifying competition.
- **Capital goods:** In the capital goods sector, both Riyadh Cables and Gas Arabian are expected to deliver strong double-digit revenue growth y/y, supported by a robust backlog and healthy execution. This is likely to translate into earnings growth of ~10% and ~11%, respectively.
- **Transportation:** flynas's top line is expected to grow at a healthy rate of 6.3% y/y, driven by improved ASK growth. However, earnings are likely to drop, aided by a decline in RASK amid network expansion and lower margins on higher costs. We expect car rental companies to be impacted in 1Q26 as the downturn in tourism and aviation weakens short-term rental demand. The impact may be partially cushioned by the relative stability of the leasing segment. Accordingly, we expect mostly flat growth in aggregate revenues (+3% y/y) for our coverage, and a 17% y/y decline in combined earnings amid margins contraction. Lastly, for SAL, we expect earnings to decline, driven by i) lower cargo volume amid the ongoing geopolitical concerns, and ii) higher finance cost post due to recent sukuk issuance.
- **IT:** Elm is expected to deliver strong 1Q26 revenue growth (+20.5% y/y) on the Thiqah acquisition, though earnings are expected to decline 8% y/y on margin pressure from rising costs. Meanwhile, we expect Azm to post a solid 22.5% y/y earnings growth, supported by tender wins and operational expansion.

- **Healthcare:** Healthcare providers are set to feel Eid-related seasonality in 1Q26. However, Al Habib is expected to deliver ~19% y/y revenue growth on higher capacity, with ~13% y/y bottom-line growth amid margin pressure. Mouwasat is also likely to post ~18% y/y revenue growth, supported by opening a new hospital, but we expect earnings to decline by 6% y/y due to margin dilution.
- **Pharma:** We expect Jamjoom to deliver mid-single-digit revenue growth of around 6% y/y in 1Q26, reflecting generally soft market conditions and subdued exports growth, with slightly higher earnings growth (+8% y/y) amid margin expansion. For Avalon, the timing of public-sector deliveries, new customer wins, and a favorable revenue mix are set to drive a 34% y/y increase in earnings.
- **Real estate:** The real estate sector is expected to continue to remain under pressure in 1Q26 due to industry-wide and company-specific factors. We estimate aggregate earnings to decline notably, led by Masar and Akaria, due to a slowdown in sales activities, weak margins, and higher interest expenses at Masar.
- **Manpower:** Both SMASCO and AlMawarid are on track for healthy y/y earnings expansion, with expected growth of 12.1% and 15.6%, respectively. This momentum is largely tied to the continued scaling of their labor forces, which has translated into stronger revenue generation across their portfolios.

## Main market: 1Q26 estimates

Company	CMP (SAR)	Mcap (SARmn)	YTD %	Revenues (SARmn)					Net profits (SARmn)					Annualized P/E	
				1Q26e	1Q25a	Y/Y	4Q25a	Q/Q	1Q26e	1Q25a	Y/Y	4Q25a	Q/Q	1Q26e	4Q25
<b>Petrochemical</b>															
Alujain #	27.88	1,929	3.2%	355	268	32.6%	327	8.6%	14	(17)	NM	(845)	NM	34.6x	NM
Sipchem #	16.47	12,078	9.8%	1,387	1,970	-29.6%	1,568	-11.6%	(298)	195	NM	(418)	28.6%	NM	NM
Kayan	5.25	7,875	11.0%	1,856	2,062	-10.0%	2,013	-7.8%	(591)	(776)	23.8%	(686)	13.8%	NM	NM
<b>Energy</b>															
Arabian Drilling #	85.40	7,601	-13.5%	826	911	-9.3%	824	0.2%	(20)	75	NM	(149)	-86.4%	NM	NM
ADES #	18.44	20,820	5.7%	2,276	1,470	54.8%	1,986	14.6%	246	194	26.6%	221	11.4%	21.2x	23.6x
<b>Materials</b>															
Luberef	112.70	19,018	17.2%	2,258	2,128	6.1%	1,569	43.9%	250	222	12.9%	110	127.8%	19.0x	43.3x
AMAK	90.50	8,145	2.8%	261	220	18.9%	277	-5.6%	72	55	30.4%	71	1.5%	28.3x	28.7x
<b>Utilities</b>															
Miahona	17.20	2,768	-4.1%	106	175	-39.3%	163	-34.7%	2.4	61	-96.1%	(0.9)	NM	289.8x	NM
<b>Banks and Financial Services</b>															
SNB*	43.94	263,640	16.0%	10,202	9,615	6.1%	9,927	2.8%	6,349	6,022	5.4%	6,385	-0.6%	10.4x	10.3x
Tadawul	142.10	17,052	1.3%	288	328	-12.2%	296	-2.7%	85	120	-29.6%	182	-53.5%	50.3x	23.4x
<b>Retailing</b>															
Jarir	14.34	17,208	12.2%	2,812	2,720	3.4%	3,012	-6.6%	230	217	5.6%	310	-25.9%	18.7x	13.9x
SASCO	53.50	3,745	-3.6%	3,179	2,760	15.2%	3,104	2.4%	4.9	4.3	15.5%	21.9	-77.4%	189.3x	42.8x
<b>Food &amp; Beverages</b>															
Tanmiah	60.85	1,217	6.5%	725	677	7.0%	713	1.7%	(21)	19	NM	(22)	6.5%	NM	NM
First milling	54.55	3,028	11.3%	328	284	15.6%	339	-3.2%	73	80	-7.9%	75	-2.3%	10.3x	10.1x
Modern Mills	28.10	2,299	-1.8%	284	260	9.2%	292	-2.7%	71	53	34.2%	66	7.5%	8.2x	8.8x
Arabian Mills	40.40	2,073	4.4%	254	248	2.7%	273	-6.9%	65	64	1.5%	58	11.6%	8.0x	8.9x
<b>Consumer Services</b>															
Americana^	1.88	15,836	11.9%	656	573	14.3%	669	-2.0%	34	32	5.7%	84	-59.6%	31.3x	12.6x
Alamar #	43.80	1,117	8.9%	236	211	12.0%	261	-9.6%	2	(1)	NM	17	-88.9%	143.2x	16.0x
Leejam #	86.75	4,544	-12.8%	378	369	2.5%	432	-12.5%	55	70	-22.2%	79	-30.6%	20.8x	14.4x
Sports Clubs	6.49	742	-21.3%	93	82	12.9%	104	-10.7%	5	3	32.4%	15	-69.1%	41.2x	12.7x
Seera Group	22.66	6,798	-15.4%	1,065	1,104	-3.6%	1,002	6.3%	12	37	-66.8%	(28)	NM	138.2x	NM
<b>Capital Goods</b>															
Riyadh Cable	123.90	18,585	-5.1%	2,859	2,489	14.9%	2,738	4.4%	282	256	9.9%	263	6.9%	16.5x	17.6x
Astra	143.60	11,488	1.3%	850	834	1.9%	792	7.3%	188	172	9.2%	153	23.0%	15.3x	18.8x
Gas Arabian	13.95	2,204	6.7%	355	322	10.4%	410	-13.4%	35	31	11.0%	43	-18.2%	15.9x	13.0x

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				1Q26e	1Q25a	Y/Y	4Q25a	Q/Q	1Q26e	1Q25a	Y/Y	4Q25a	Q/Q	1Q26e	4Q25
<b>Transportation</b>															
Theeb	28.58	1,885	-24.0%	355	337	5.5%	392	-9.3%	35	45	-22.3%	37	-4.6%	13.4x	12.8x
Budget	39.96	4,178	-14.6%	564	543	3.9%	701	-19.5%	70	83	-15.5%	99	-29.6%	14.9x	10.5x
Lumi	35.26	1,939	-29.4%	370	412	-10.0%	427	-13.2%	43	53	-18.6%	38	13.8%	11.2x	12.8x
Cherry	25.04	751	3.8%	140	102	37.0%	162	-13.8%	15	15	-2.7%	18	-15.4%	12.5x	10.6x
Flynas	50.25	8,585	-22.8%	1,943	1,828	6.3%	1,781	9.1%	68	148	-54.1%	67	0.7%	31.6x	31.8x
SAL	166.60	13,328	3.9%	442	384	15.2%	509	-13.1%	153	153	-0.2%	202	-24.3%	21.8x	16.5x
<b>Software &amp; Services</b>															
ELM	547.00	43,760	-26.9%	2,262	1,877	20.5%	2,808	-19.4%	456	496	-7.9%	446	2.3%	24.0x	24.5x
AZM^^	21.83	1,310	-7.2%	73	64	13.2%	75	-2.3%	10	8	22.5%	10	0.8%	33.4x	33.6x
<b>Healthcare</b>															
Sulaiman Al Habib	251.00	87,850	-2.3%	3,757	3,158	19.0%	3,701	1.5%	630	557	13.2%	651	-3.2%	34.8x	33.7x
Mouwasat	71.15	14,230	6.8%	900	764	17.7%	885	1.7%	185	197	-6.3%	238	-22.6%	19.3x	14.9x
Hammadi	27.14	4,342	-3.0%	320	302	6.0%	340	-5.8%	47	74	-35.8%	54	-12.2%	22.9x	20.1x
<b>Pharma</b>															
Jamjoom	152.80	10,696	7.4%	487	458	6.3%	305	59.8%	170	157	8.2%	68	149.7%	15.7x	39.3x
Avalon	103.50	2,070	-6.9%	130	97	33.2%	138	-5.7%	26	19	34.0%	45	-41.6%	19.9x	11.6x
<b>Real Estate</b>															
Akaria	13.42	5,033	4.1%	323	628	-48.6%	353	-8.6%	4	135	-97.0%	27	-85.0%	306.1x	45.8x
Cenomi Center**	17.25	8,194	-8.6%	575	591	-2.7%	564	2.0%	77	167	-53.9%	59	29.5%	26.7x	34.5x
Retal	13.85	6,925	18.2%	597	567	5.3%	706	-15.4%	52	68	-23.4%	104	-49.6%	33.2x	16.7x
Masar	16.75	24,097	-2.6%	93	502	-81.6%	466	-80.1%	(67)	160	NM	70	NM	NM	85.5x
<b>Commercial &amp; Professional Svc</b>															
Mawarid	85.40	1,708	-12.5%	669	589	13.6%	719	-7.0%	35	30	15.6%	39	-11.7%	12.3x	10.9x
SMASCO	5.49	2,196	4.0%	552	498	10.8%	549	0.6%	45	40	12.1%	40	13.4%	12.1x	13.7x

Source: Company data, GIB Capital. Prices as of 13 April 2026.

Note: Marafiq and Al Arabia are under preview. NM: Not meaningful.

\* Total operating income. \*\* Net profit is adjusted for FV gain/(losses) and one-offs. ^ Results are in USD, ^^ 3QFY26 period (Mar-ended).

# Alujain: 4Q25a earnings includes SAR1.2bn impairment. Sipcchem: 1Q25a earnings include one-off gains/losses due to the restructuring of debt and impairment. Arabian Drilling: 4Q25a net profit includes SAR114mn impairment. ADES: 4Q25a earnings include one-off line items such as bargain purchase gain, business acquisition cost, insurance claim, and gain on equity instrument designated at FVTP. Alamar: SAR1.5mn non-recurring expenses in 1Q25a. Leejam: SAR6mn non-recurring items included in 1Q25a.

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