

■ Margins Under Pressure Despite Solid Topline Growth

February 12, 2026

Upside to Target Price	(9.0%)	Rating	Neutral
Expected Dividend Yield	3.9%	Last Price	SAR 182.50
Expected Total Return	(5.1%)	12-mth target	SAR 166.00

Market Data	
52-week high/low	SAR 289.2/156.0
Market Cap	SAR 14,600 mln
Shares Outstanding	80.0 mln
Free-float	44.59%
12-month ADTV	462,000
Bloomberg Code	SAL AB

SAL	4Q2025	4Q2024	Y/Y	3Q2025	Q/Q	RC Estimate
Sales	509	409	25%	421	21%	441
Gross Profit	274	223	22%	251	9%	269
Gross Margins	54%	55%		59%		61%
Operating Profit	202	155	31%	188	8%	197
Net Profit	202	142	42%	181	11%	190

(All figures are in SAR mln)



- SAL reported a strong topline performance, with revenue growing by 25% Y/Y and 21% Q/Q to SAR 509 mln, exceeding our estimate of SAR 441 mln. The increase was mainly driven by strong growth in the Ground Handling segment, which rose by 27% Y/Y, supported by a 5% Y/Y increase in handled volumes to 265 mln kg. Meanwhile, the Logistics segment grew by 16% Y/Y, primarily driven by an expanded service portfolio and new client acquisitions.
- Gross profit reached SAR 274 mln (+22% Y/Y, +9% Q/Q), slightly above our estimate. However, gross margin in 4Q declined to 54% compared to 59% in the previous quarter and 55% last year, falling below our estimate of 61%, primarily reflecting higher cost pressures during the period.
- Operating profit came in line with our estimate, increasing by +31% Y/Y and +8% Q/Q to SAR 202 mln (vs. our estimate of SAR 197 mln). Operating margin declined to 39.7% from 44.6% in the previous quarter and came below our estimate of 44.6%, as the strong margin performance in Ground Handling (51.9%) was partly offset by negative margins in the logistics segment. The logistics division's operating performance was also impacted by a one-off lease asset write-off. The company reported SAR 71 mln in operating expenses (+4% Y/Y, +14% Q/Q), broadly in line with our estimate of SAR 72 mln.
- Net income reached SAR 202 mln, up 42% Y/Y and 11% Q/Q, broadly in line with our estimate. The strong growth was mainly driven by revenue performance, with potential support from non-operating factors. SAL's BOD declared a cash dividend for 4Q25 of SAR 1.89 per share.
- SAL's core Ground Handling business continues to support earnings resilience and cash generation; however, near-term performance is expected to remain pressured by ongoing investments and margin dilution from the logistics division. While these initiatives may weigh on performance in the short term, they are expected to support scalability and margin expansion over the long term. We therefore maintain a Neutral stance, reflecting balanced risk-reward dynamics.

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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

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