SAL Saudi Logistics Services Co.

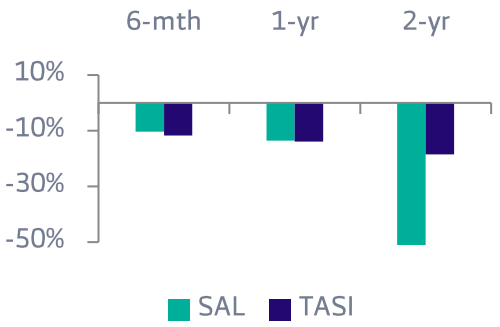
3Q2026 First Look

Strong Results, Attractive Entry

November 03, 2026

Upside to Target Price	13.9%	Rating	Buy
Expected Dividend Yield	4.9%	Last Price	SAR 153.70
Expected Total Return	18.7%	12-mth target	SAR 175.00

Market Data	
52-week high/low	SAR 186.0/143.0
Market Cap	SAR 11,832 mln
Shares Outstanding	80.0 mln
Free-float	44.59%
12-month ADTV	160,058
Bloomberg Code	SAL AB



SAL	3Q2026	3Q2025	Y/Y	2Q2026	Q/Q	RC Estimate
Sales	579	421	38%	512	13%	562
Gross Profit	355	251	42%	299	19%	328
Gross Margins	61%	59%		58%		58%
Operating Profit	252	188	34%	213	18%	234
Net Profit	232	181	28%	191	21%	210

(All figures are in SAR mln)

- SAL delivered another strong quarter, with revenue reaching SAR 579 mln (+38% Y/Y, +13% Q/Q), in line with our estimate of SAR 562 mln. Cargo Ground Handling revenue increased to SAR 504 mln (+35% Y/Y, +15% Q/Q), broadly in line with our forecast of SAR 491 mln. Consolidated handling volumes reached 278 mln kg (+18% Y/Y, +16% Q/Q), exceeding our estimate of 258 mln kg by 8%. The reported figures include two months of contribution from the newly acquired Liège operation, which added SAR 14 mln in revenue and 27 mln kg in volumes. Domestically, revenue increased +32% Y/Y to SAR 490 mln, while volumes grew +6% Y/Y to 251 mln kg. Based on our calculations, consolidated revenue per kg stood at SAR 1.81 (+15% Y/Y, -1% Q/Q), below our estimate of SAR 1.90, likely reflecting the dilutive mix effect of Liège's lower revenue per kg. Overall growth was supported by stronger import and general cargo activity, a higher-yielding cargo mix, increased terminal handling activity and continued pricing and service enhancements.
- The logistics segment also outperformed, with revenue increasing to SAR 76 mln (+53% Y/Y, +3% Q/Q), slightly above our estimate of SAR 71 mln, driven by continued expansion in freight forwarding and contract logistics activities. However, the segment recorded an operating loss of SAR (11) mln, compared with a profit of SAR 4 mln in 3Q25 and a loss of SAR (2) mln in 2Q26, although slightly better than our forecasted loss of SAR (12) mln. The weaker profitability reflects continued investment in commercial expansion and organizational capabilities, Dammam warehouse closure costs and a less favorable freight-forwarding project mix.
- The stronger revenue mix and lower-than-expected cost of revenue translated into better-than-expected profitability, with gross profit increasing to SAR 355 mln (+42% Y/Y, +19% Q/Q), exceeding our estimate of SAR 328 mln. Gross margin expanded to 61.3% (vs. 59.5% in 3Q25 and 58.4% in 2Q26), above our estimate of 58.4%. EBIT reached SAR 252 mln (+34% Y/Y, +18% Q/Q), 8% above our estimate of SAR 234 mln. The EBIT margin declined to 43.5%, (vs. 44.6% in 3Q25), due to continued strategic investments, higher Logistics-related costs and the initial consolidation of Liège.
- Net profit came in at SAR 232 mln (+28% Y/Y, +21% Q/Q), 10% ahead of our estimate of SAR 210 mln and 14% above the market consensus of SAR 204 mln. The earnings beat was primarily driven by stronger-than-expected gross profit and operating profitability, despite operating expenses exceeding our estimate and other income coming below expectations. The company also approved a 3Q26 cash dividend of SAR 2.17 per share, compared with SAR 1.70 per share in 3Q25.
- SAL currently trades at a FY26 P/E of 16.1x, representing a 26% discount to its two-year historical average and standing below the one-standard-deviation level. We believe the recent de-rating offers an attractive entry point, particularly given the company's resilient earnings performance and improving operating momentum. Accordingly, we maintain our target price and upgrade our recommendation to Buy.

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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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