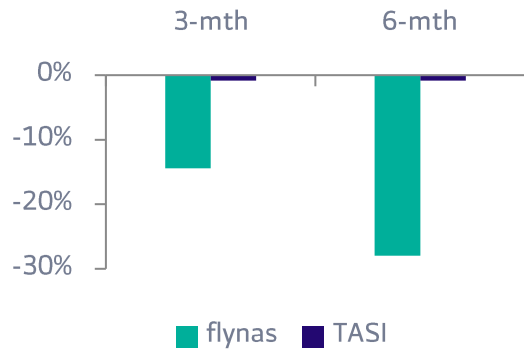


Market Data	
52-week high/low	SAR 84.10/48.20
Market Cap	SAR 8,918 mln
Shares Outstanding	171 mln
Free-float	43.01%
12-month ADTV	891,248
Bloomberg Code	flynas AB



## Downgrade to Neutral on Weaker Near-Term Visibility

May 12, 2026

Upside to Target Price	14.9%	Rating	Neutral
Expected Dividend Yield	0.0%	Last Price	SAR 52.20
Expected Total Return	14.9%	12-mth target	SAR 60.00

flynas	1Q2026	1Q2025	Y/Y	4Q2025	Q/Q	RC Estimate
Sales	2,006	1,828	10%	1,781	13%	1,899
Gross Profit	347	415	(16%)	245	42%	308
Gross Margins	17%	23%		14%		16%
Operating Profit	220	294	(25%)	104	111%	185
Net Profit	118	148	(20%)	67	75%	73

(All figures are in SAR mln)

- flynas reported resilient 1Q26 results, with revenue increasing +10% Y/Y and +13% Q/Q to SAR 2.0 bln, supported by continued fleet and network expansion alongside solid passenger demand across the unaffected portion of the network, in line with our estimate of SAR 1.9 bln. Passenger traffic reached 4.0 mln (+9% Y/Y, -7% Q/Q), while ASK expanded 19% Y/Y (+1% Q/Q) to 7.54 bln, broadly in line with our estimate of 7.59 bln.
- Load factor declined to 80.7% (vs. 84.6% in 1Q25 and 85.2% in 4Q25), reflecting softer demand following the regional conflict that began in late February. Meanwhile, RASK stood at 26.0 halalas (-6% Y/Y), primarily pressured by stage-length mix effects associated with the continued expansion of international routes, alongside operational disruptions during March, although remaining above of our estimate of 24.0 halalas.
- Gross profit declined to SAR 347 mln (-16% Y/Y (+42% Q/Q), with gross margin softening to 17.3% (vs. 22.7% in 1Q25), primarily reflecting higher operating activity associated with ongoing capacity expansion, additional wet-lease costs, and operational disruptions during March. Elevated fuel prices had a limited impact during the quarter due to the lag in the pricing mechanism, while SAR 7 mln in realized hedging gains partially offset fuel-related pressure.
- EBIT reached SAR 220 mln in 1Q26 (-25% Y/Y, +111% Q/Q), above our estimate of SAR 185 mln, supported by stronger-than-expected gross profit. Opex came in at SAR 127 mln (+5% Y/Y, -9% Q/Q), broadly in line with our estimate of SAR 123 mln, while net non-opex declined 30% Y/Y to SAR 102 mln versus our estimate of SAR 112 mln, supported by higher finance income and SAR 31 mln in derivative gains related to the fuel hedging program.
- Net profit reached SAR 118 mln in 1Q26 (-20% Y/Y, +76% Q/Q), above both our estimate and consensus expectations of SAR 73 mln and SAR 83 mln, respectively, driven by stronger-than-expected topline performance and lower non-operating expenses.
- While flynas continues to execute on its long-term growth strategy, near-term visibility remains constrained by ongoing regional disruptions, elevated fuel price volatility, and limited clarity on demand and yield trends. Management highlighted that jet fuel prices reached USD 200/bbl during the recent escalation period, prompting us to revise our assumptions to reflect a more conservative operating environment. Accordingly, we lower our TP to SAR 60.00 and downgrade the stock to Neutral, as we believe the current environment limits earnings visibility despite the company's structurally attractive growth story. That said, should regional conditions normalize and fuel prices stabilize, we see meaningful rerating potential supported by flynas' aggressive capacity expansion, network growth strategy, and strong exposure to Saudi Arabia's long-term aviation growth themes.

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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

For any feedback on our reports, please contact [research@riyadcapital.com](mailto:research@riyadcapital.com)

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