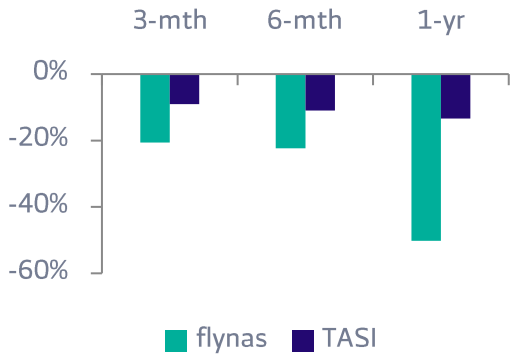
Restored Capacity Drives a Return to Profit

November 05, 2026

Upside to Target Price	48.1%	Rating	Buy
Expected Dividend Yield	0.0%	Last Price	SAR 40.52
Expected Total Return	48.1%	12-mth target	SAR 60.00

Market Data	
52-week high/low	SAR 79.40/34.00
Market Cap	SAR 6,923 mln
Shares Outstanding	171 mln
Free-float	43.01%
12-month ADTV	523,844
Bloomberg Code	flynas AB



flynas	3Q2026	3Q2025	Y/Y	2Q2026	Q/Q	RC Estimate
Sales	2,226	2,091	6%	2,213	1%	2,225
Gross Profit	310	372	(17%)	26	1,087%	251
Gross Margins	14%	18%		1%	-	11%
Operating Profit	164	259	(37%)	(110)	-	100
Net Profit	27	120	(78%)	(241)	-	(22)

(All figures are in SAR mln)

- Revenues came in at SAR 2.23 bln (+6% Y/Y and +1% Q/Q), in line with our estimate of SAR 2.23 bln, supported by stronger unit revenues despite lower passenger traffic. Passenger traffic declined to 3.6 mln (-14% Y/Y, +38% Q/Q), 13% below our estimate of 4.1 mln. Meanwhile, ASK reached 7.81 bln (-1% Y/Y, +44% Q/Q), broadly in line with our forecast of 8.06 bln, reflecting the restoration of capacity following the disruptions in 2Q26. Consequently, load factor improved to 77.4% (vs. 83.1% in 3Q25 and 71.2% in 2Q26), compared with our estimate of 76.0%. RASK reached 27.8 halalas (+11% Y/Y, -7% Q/Q), 3% ahead of our expectation of 27.0 halalas, as flynas maintained disciplined pricing to partially offset elevated jet fuel costs.
- Gross profit declined to SAR 310 mln (-17% Y/Y), but recovered significantly from SAR 26 mln in 2Q26, exceeding our estimate of SAR 251 mln. Gross margin stood at 13.9% (vs. 17.8% in 3Q25 and 1.2% in 2Q26), versus our forecast of 11.3%. Adjusted CASK reached 27.5 halalas (+20% Y/Y, -20% Q/Q), compared with our estimate of 25.0 halalas, as elevated jet fuel prices continued to weigh on profitability despite the recovery in capacity.
- flynas reported an operating profit of SAR 164 mln in 3Q26 (-37% Y/Y), compared with an operating loss of SAR 110 mln in 2Q26 and well above our estimate of SAR 100 mln. Opex came in at SAR 146 mln versus our forecast of SAR 152 mln. Net non-opex came in at SAR 137 mln (-1% Y/Y, +5% Q/Q), above our estimate of SAR 121 mln, as lower interest expenses were partially offset by lower finance income due to reduced average cash balances.
- flynas reported a net profit of SAR 27 mln in 3Q26, compared with SAR 120 mln in 3Q25 and a net loss of SAR 241 mln in 2Q26, as the restoration of capacity and stronger unit revenues partially offset elevated jet fuel costs. The result was significantly better than our estimated net loss of SAR 22 mln and the market consensus net loss of SAR 13 mln.
- While 3Q26 reflected a solid sequential recovery and profitability exceeded our expectations, near-term visibility remains limited following the disruptions at several airports in October. Management expects 4Q26 results to be significantly affected and has maintained the suspension of its FY26 guidance. Nevertheless, we continue to view flynas as a compelling long-term growth story, supported by its young and fuel-efficient fleet, capacity expansion and structural exposure to Saudi Arabia's aviation market. We therefore maintain our target price and Buy recommendation.

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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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