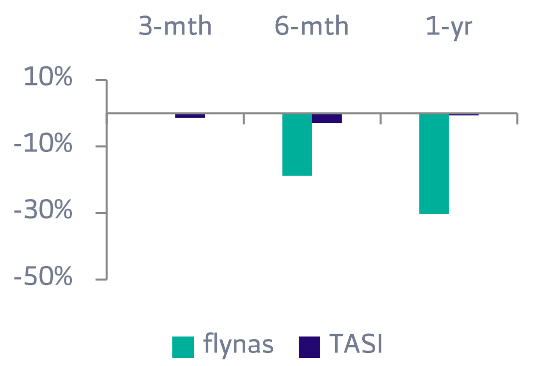
Short-Term Pressure, Long Term Opportunity

Aug 06, 2026

Upside to Target Price	20.8%	Rating	Buy
Expected Dividend Yield	0.0%	Last Price	SAR 49.68
Expected Total Return	20.8%	12-mth target	SAR 60.00

Market Data	
52-week high/low	SAR 81.70/48.20
Market Cap	SAR 8,461 mln
Shares Outstanding	171 mln
Free-float	43.01%
12-month ADTV	581,855
Bloomberg Code	flynas AB



flynas	2Q2026	2Q2025	Y/Y	1Q2026	Q/Q	RC Estimate
Sales	2,213	2,144	3%	2,006	10%	2,189
Gross Profit	26	451	(94%)	347	(92%)	(26)
Gross Margins	1%	21%		17%		(1%)
Operating Profit	(110)	(684)	-	220	-	(163)
Net Profit	(241)	(863)	-	118	-	(299)

(All figures are in SAR mln)

- Revenues came in at SAR 2.21 bln (+3% Y/Y and +10% Q/Q), supported by stronger unit revenues despite lower passenger traffic, broadly in line with our estimate of SAR 2.18 bln. Passenger traffic declined to 2.6 mln (-28% Y/Y, -35% Q/Q) as regional disruptions weighed on travel demand. ASK also decreased to 5.43 bln (-15% Y/Y, -28% Q/Q), broadly in line with our estimate of 5.46 bln, reflecting deliberate capacity reductions aimed at protecting yields and profitability during the disruption. Consequently, load factor declined to 71% (vs. 80% in 2Q25 and 80.7% in 1Q26), also in line with our estimate of 70%. Meanwhile, RASK improved to 29.9 halalas (+22% Y/Y, +15% Q/Q) as flynas proactively raised fares to partially offset the sharp increase in jet fuel costs, slightly below our estimate of 31.0 halalas.
- Gross profit declined to SAR 26 mln (-94% Y/Y, -92% Q/Q), vs. our estimate of a loss of SAR 26 mln. Despite stronger unit revenue, elevated jet fuel prices (+86% Y/Y), together with lower capacity utilization, limited the absorption of largely fixed operating costs, weighing on margins.
- flynas reported an operating loss of SAR (110) mln in 2Q26, outperforming our estimated operating loss of SAR (163) mln. Opex came in at SAR 136 mln (-88% Y/Y), in line with our estimate of SAR 138 mln, while net non-operating expenses declined to SAR 122 mln (-27% Y/Y), versus our estimate of SAR 127 mln, mainly supported by higher finance income and lower interest expense on loans and bank guarantees.
- flynas reported a net loss of SAR (241) mln in 2Q26, compared with an adjusted net profit of SAR 220 mln in 2Q25 (excluding the SAR 1,083 mln one-off IPO-related expense) as the sharp increase in jet fuel prices and the proactive reduction in capacity more than offset the improvement in unit revenue. The reported loss was nevertheless better than our estimated net loss of SAR (299) mln.
- While near-term catalysts remain limited amid ongoing regional disruptions and fuel price uncertainty, we continue to view flynas as a compelling long-term growth story. We expect earnings visibility to improve as regional conditions normalize, with the company's aggressive capacity expansion, network growth strategy, and structural exposure to Saudi Arabia's aviation market supporting a gradual re-rating of the stock. We therefore maintain our target price and upgrade the stock to Buy, as the recent share price weakness provides an attractive entry point.

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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

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