February 2026

SAL Saudi Logistics Services Co.

Results Flash Note Q4-25

Earnings growth driven by strong topline performance and certain non-operating gain; gross margin under pressure

SAL Saudi Logistics Services Co. (SAL) posted 42.0% Y/Y surge in net profit to SAR 202mn in Q4-25, beating our estimate of SAR 185mn. The deviation from our estimate was mainly due to higher-than-expected revenue, lower OPEX and possibly a certain non-operating gain/income (maybe zakat reversal). We estimate normalized net profit excluding on-off non-operating gain at SAR 190mn. This was partially offset by lower GP margin. Revenue grew 24.6% Y/Y to SAR 509mn, above our estimate of SAR 460mn, as both Ground handling (+27% Y/Y) and Logistics (+16% Y/Y) divisions recorded strong topline growth. GP margin decreased ~90 bps to 53.7% and came significantly below our expectations. However, operating margin expanded to 39.7% vs. 37.9% in Q4-24 (AJBC estimate: 42.0%). We maintain our TP on SAL at SAR 186/share and the "Neutral" recommendation.

- SAL posted a net profit of SAR 202mn (+42.0% Y/Y) in Q4-25, above AJBC's estimate of SAR 185mn. Better-than-anticipated revenue and lower OPEX, alongside potential non-operating income, pushed results above our estimate. This was partially offset by lower GP margin.
- Revenue jumped 24.6% Y/Y to SAR 509mn, above our estimate of SAR 460mn. The topline growth was led by Ground handling division (+27% Y/Y), benefiting from 5% Y/Y increase in handling volumes to 265mn Kg, with transit volumes witnessing a strong 14% Y/Y growth. Additionally, revenue for Logistic division rose 16% Y/Y in Q4-25, attributable to higher activity levels, stronger commercial execution and expanded service offerings.
- Gross profit increased 22.5% Y/Y to SAR 274mn, in line with AJBC's estimate of SAR 273mn. The deviation from higher revenue was offset by lower GP margin. The GP margin contracted ~90 bps to 53.7%, significantly below our expectations of 59.5%. We believe higher contribution from logistic segment weighed on the margin.
- Operating profit rose 30.6% Y/Y to SAR 202mn (AJBC estimate: SAR 193mn). Operating margin expanded to 39.7% vs. 37.9% in Q4-24 but came below our estimate of 42.0% as record margin of 51.9% in Ground handling was partly offset by negative (-16%) margin in Logistic segment. Operating profit for Logistic division was hit by a one-off lease asset write-off.

AJBC view and valuation: SAL's Q4-25 performance was primarily driven by robust revenue growth and non-operating gain/income (maybe zakat reversal). However, the loss in Logistic division is weighing on the margins. Nevertheless, positive momentum in handling volumes over the last two quarters and multiple contracts signed in both logistic and handling segments ensure revenue visibility. In the long term, SAL, being the dominant player in the sector, will benefit from huge demand potential in the segment. That said, margins would remain under pressure from shift in revenue mix and contribution from low-margin Logistic segment in addition to extension of some large contracts by the company at lower prices. SAL is currently trading at 19.6x P/E and dividend yield 4.0% based on our FY26E estimates. We maintain our TP on SAL at SAR 186/share and the "**Neutral**" recommendation.

Results Summary

SAR mn	Q4-24	Q3-25	Q4-25	Change Y/Y	Change Q/Q	Deviation from AJBC Estimates
Revenue	409	421	509	24.6%	20.9%	10.8%
Gross Profit	223	251	274	22.5%	9.2%	0.0%
Gross Margin	**54.6%**	**59.5%**	**53.7%**	-	-	-
EBIT	155	188	202	30.6%	7.6%	4.7%
Net Profit	**142**	**181**	**202**	42.0%	11.5%	9.2%
EPS	1.78	2.26	2.52	-	-	-

Source: Company Reports, AlJazira Capital Research

Recommendation	**Neutral**
Target Price (SAR)	**186.0**
Upside / (Downside)*	**5.4%**

Source: Tadawul *prices as of 10th of February 2026

Key Financials

SARmn (unless specified)	FY23	FY24	FY25	FY26E
Revenues	1,456	1,634	1,708	1,900
Growth %	19.1%	12.2%	4.6%	11.2%
Gross Profit	776	915	962	1,070
Net Income	510	661	698	719
Growth %	40.6%	29.8%	5.5%	3.0%
EPS	6.37	8.27	8.72	8.98
DPS	4.40	5.99	6.54	7.00

Source: Company reports, Aljazira Capital Research

Key Ratios

	FY23	FY24	FY25	FY26E
Gross Margin	53.3%	56.0%	56.3%	56.3%
Net Margin	35.0%	40.5%	40.8%	37.8%
ROE	44.2%	50.2%	46.8%	43.4%
ROA	15.5%	20.3%	21.4%	19.4%
P/E (x)	30.5	30.6	18.4	19.6
P/B (x)	12.6	14.4	8.1	8.1
EV/EBITDA (x)	22.9	24.8	15.3	15.3
Dividend Yield	2.3%	2.4%	4.1%	4.0%

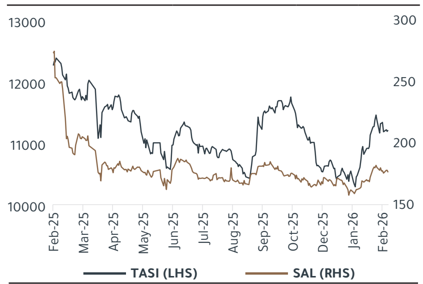
Source: Company reports, Aljazira Capital Research

Key Market Data

Market Cap(bn)	14.1
YTD%	10.0%
52 week (High)/(Low)	289.2/156.0
Share Outstanding (mn)	80.0

Source: Company reports, Aljazira Capital Research

Price Performance (indexed)



Source: Tadawul, Aljazira Capital Research

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RESEARCH DIVISION

AlJazira Capital, the investment arm of Bank AlJazira, is a Shariaa Compliant Saudi Closed Joint Stock company and operating under the regulatory supervision of the Capital Market Authority. AlJazira Capital is licensed to conduct securities business in all securities business as authorized by CMA, including dealing, managing, arranging, advisory, and custody. AlJazira Capital is the continuation of a long success story in the Saudi Tadawul market, having occupied the market leadership position for several years. With an objective to maintain its market leadership position, AlJazira Capital is expanding its brokerage capabilities to offer further value-added services, brokerage across MENA and International markets, as well as offering a full suite of securities business.

RATING TERMINOLOGY

1. Overweight: This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated “Overweight” will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. Underweight: This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated “Underweight” would typically decline by over 10% from the current price levels over next twelve months.
3. Neutral: The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated “Neutral” is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. Suspension of rating or rating on hold (SR/RH): This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

Disclaimer