

Forecasts Report

Saudi Stock Market | Q2-2026



Forecasts Q2-26: Adjusted earnings to decline 2.3% Y/Y with Banking and Petrochemicals expansion offset by Maaden and Transportation; sequentially earnings to remain flat at -0.5%

Head of Sell-Side Research
Jassim Al-Jubran
j.aljabran@aljazaracapital.com.sa

Senior Equity Analyst
Fahad Qureshi, CFA
f.irfan@aljazaracapital.com.sa

Senior Equity Analyst
Abdullah Umer
a.umer@aljazaracapital.com.sa

Equity Analyst
Renad Alshehri
r.alshehri@Aljazaracapital.com.sa

Forecasts Q2-26: Adjusted earnings to decline 2.3% Y/Y with Banking and Petrochemicals expansion offset by Maaden and Transportation; sequentially earnings to remain flat at -0.5%

We present the Q2-26 forecast for our coverage of **65 companies** across multiple sectors. **The combined results of these companies are estimated to increase 31% Y/Y to SAR 21.7bn led by growth in Petrochemicals and banking. Adjusted earnings (adjusted for major one-offs in Q2-25: SAR 4.5bn in SABIC and SAR 1.1bn in Flynas) are expected to decline by (-2.3% Y/Y), as the growth in baking and petrochemicals will be offset by decline in Maaden and adjusted earnings for Transportation.** Ma'aden's earnings (-24.5% Y/Y) are expected to be hit by lower sales volumes amid shipping delays despite higher product prices. Our banking universe is forecasted to post 9.7% Y/Y growth in earnings on back of healthy loan growth. The earnings for the telecom sector are expected to inch up by 0.8% Y/Y in Q2-26 to SAR 4.8bn, as growth in Mobily and Zain KSA will be offset by slight decline in STC, as Q2-25 results included SAR 216mn net tax reversal for STC. Adjusted earnings for Telecom are expected to grow 5.6% Y/Y. The petrochemicals sector is forecasted to post net profit of SAR 680mn compared to a net loss of SAR 3.6bn in Q2-25, as SABIC recorded one-off impairments of ~SAR 4.5bn in Q2-25. **On a Q/Q basis, the earnings of the companies under our coverage are forecasted to remain broadly flat -0.5%**, mainly due to sequential growth in Petrochemicals and Health care. The sequential performance of Petrochemicals will be driven by higher product prices and margin expansion, while healthcare will be driven by the normalization of patient volumes following the Ramadan/Eid-led slowdown in the previous quarter. Meanwhile, Transportation sector is likely to be a major drag sequentially due to travel disruptions.

In Q2-26, **crude oil prices** declined with Brent crude ending the quarter at USD 73.0 per barrel, down 26.8% from Q1-26-end level. Average prices were higher by 35.5% Q/Q. On a Y/Y basis, oil jumped 31.6%. Oil prices traded in the range of ~USD 72-113 per barrel during the quarter. Prices were driven by geopolitical escalations and tightening of supply amid closure of Strait of Hormuz in April and May, while prices eased in June with an agreement between US and Iran.

Saudi Arabia's GDP grew 3.0% Y/Y in Q1-26 (vs. 5.2% in Q4-25), driven by 2.9% expansion in both oil and non-oil GDP, while government activities rose 1.5%. The manufacturing PMI increased to 52.8 in May from 51.5 in April, reflecting improved domestic demand and stable supply chains. The Industrial Production Index dipped 19.1% Y/Y in April, driven by lower activity in mining and quarrying and manufacturing. Money supply decreased 11.7% M/M but rose 11.8% Y/Y in April 2026. Total deposits increased by 10.5% Y/Y driven by 24.1% Y/Y growth in time and saving deposits in April 2026. On a Y/Y basis, time and saving deposits as percentage of total deposits increased by 467bps to 42.5% in April 2026. Consumer spending increased by 17.5% Y/Y with the value of POS transactions growing by 11.8% Y/Y in April. Consumer inflation in Saudi Arabia rose to 1.8% in May.

TASI fell 4.0% Q/Q in Q2-26, ending the quarter at 10,800. Saudi equity markets remained under pressure during the quarter amid regional geopolitical tensions and challenges in export of oil and other products. Travel and tourism activities were also impacted during the quarter due to regional conflict. The equity market activity remained subdued with ADTV of 5.4bn in Q2-26 vs. SAR 5.0bn in Q1-26. As per June's YTD performance, **Insurance** (+23.6%) and **Energy** (+9.8%) topped the sector's leaderboards. Out of 21 sectors, 12 sectors registered a positive performance. At the other end of June's leaderboards were **Media** and **Healthcare** sectors which declined by 35.9%, and 11.9% YTD respectively.

Amount in SARmn, unless otherwise specified

Sector	Forecasted Net Profit				
	Q2-2026	Q2-2025	Y/Y	Q1-2026	Q/Q
Energy	45	196	-77.2%	243	-81.7%
Banks	9,314	8,490	9.7%	9,166	1.6%
Telecommunication Services	4,819	4,781	0.8%	4,777	0.9%
Consumer Staple	129	124	3.9%	221	-41.7%
Consumer Discretionary	635	533	19.1%	587	8.1%
Materials	2,129	(1,677)	NM	1,758	21.1%
Cement	496	492	0.8%	569	-12.8%
HealthCare	1,219	1,242	-1.9%	985	23.7%
Consumer Services	109	76	43.6%	91	20.3%
Food & Beverages	707	697	1.5%	797	-11.3%
Transportation	51	(413)	NM	444	-88.6%
Commercial & Professional Services	112	98	15.1%	133	-15.2%
Software & Services	1,103	1,071	3.0%	1,060	4.0%
Utilities	62	62	0.9%	64	-3.5%
Capital Goods	412	454	-9.2%	455	-9.4%
Household & Personal Products	18	24	-24.8%	110	-83.4%
Financial Services	135	156	-13.4%	120	12.6%
Pharma, Biotech & Life Science	166	157	6.0%	195	-14.8%
	21,661	16,562	30.8%	21,775	-0.5%

Source: The companies's financial report, Aljazeera capital Research

Energy: Earnings to plunge 81.7% Q/Q on temporary rig suspensions triggered by geopolitical instability

The combined net income of Energy sector companies under our coverage is estimated to drop to SAR 45mn (-81.7% Q/Q) in Q2-26 from SAR 243mn in Q2-25, mainly driven by full quarter impact of temporary suspensions of offshore rigs for both ADES and Arabian Drilling due to regional conflict. **ADES's** net income is estimated to slip 50.5% Q/Q to SAR 117mn, reflecting 8.9% Q/Q decline in revenue amid suspension of multiple offshore rigs. Additionally, elevated insurance costs would also weigh on earnings. **Arabian Drilling** is likely to register net loss SAR 72mn in Q2-26 as against a net profit of SAR 7mn in Q1-26 due to 11.4% Q/Q drop in revenue amid offshore rig suspension and compressed margins due to decreased utilization and shift in revenue mix.

Banking: Earnings for AJBC banking universe are expected to grow by 9.7% Y/Y and 1.6% Q/Q in Q2-26, driven by 6.2% Y/Y increase in loans. Pretax and zakat earnings for the sector are up 6.5% Y/Y in Apr-May 2026

The US Federal reserve maintained federal funds rate range at 3.50-3.75 in Q2-26, elevated energy prices have pushed the Fed to maintain a restrictive policy stance rather than easing rates. SAMA, given the pegged exchange rate system, also maintained repo and reverse repo rates at 4.25% and 3.75% in Q2-26. CME Fedwatch projections indicate one 25bps rate increase in Sept-2026, while market expects cumulative two 25bps rate hikes by year end.

Latest SAMA data shows pre-zakat & tax profit of commercial banks grew by 6.5% Y/Y in Apr-May 2026, deposits were up 9.3% Y/Y in May-26 (+6.3% YTD), while total credit increased by 7.1% Y/Y and 3.0% since Dec-25; new mortgage issuances declined by 21.8% Y/Y in Apr-May 2026. For our banking universe (ALRAJHI, ALINMA and ALBILAD), the combined net income is estimated to rise 9.7% Y/Y to SAR 9.3bn in Q2-26. Loan growth for the banks under our coverage in Q2-26 is projected at 6.2% Y/Y (+2.6% Q/Q). **Albilad Bank** is expected to lead this growth; we forecast a 13.8% Y/Y and 5.7% Q/Q increase in its loan portfolio. We expect **Alinma bank** to post a loan growth of 12.3% Y/Y and 4.3% Q/Q, respectively. On a cumulative basis deposit growth for banks under our coverage is expected at 8.2% Y/Y and 2.8% Q/Q. **Albilad** will lead on the deposits front, with a 14.8% Y/Y (4.4% Q/Q) increase in deposits (due low base effect), followed by **AlRajhi** and **Alinma** at 7.4% Y/Y (1.6% Q/Q) and 6.8% Y/Y (5.4% Q/Q) respectively.

In terms of profitability, we expect **Alrajhi** to outperform its peers with a 11.0% Y/Y increase in bottom-line in Q2-26, to SAR 6,830mn (on Q/Q basis earnings are expected to see a 1.2% increase). We forecast **Alinma** to see net income growth of 7.9% Y/Y in Q2-26 to SAR 1,698mn (+1.2% Q/Q). For **Albilad** we estimate a 2.6% Y/Y increase in net profit in Q2-26 to SAR 786mn (up 6.8% Q/Q), the nominal increase in profits is mainly due to 64% expected increase in credit provisions.

Saudi Petrochemical Sector: Although product prices have increased, the sector continues to face significant headwinds, with export restrictions, rising freight and feedstock costs remaining the main factors affecting its performance.

Saudi Petrochemical sector is forecasted to post net profit of SAR 680mn in Q2-26 vs. net profit of SAR 122mn in the previous quarter. The earnings of the sector are expected to be supported by growth in earnings for SABIC and YANSAB coupled with lower losses in Sipchem and Tasnee. Overall product prices showed significant uptrend owing to supply tightening due to regional conflict, which translated into better margins for most of the players. On the other hand, increase in feedstock costs, volumes hit by logistic constraints and feedstock availability, and elevated shipping costs countered the product price hikes.

Manufacturing activity showed resilience as major economies held in expansionary territory in June, though growth momentum softened across the board. China's Caixin manufacturing PMI eased marginally to 51.7 in June from 51.8 in May, supported by a 13-month streak of new order growth alongside cooling input cost inflation. Similarly, the Eurozone HCOB manufacturing PMI edged down to 51.4 from 51.6, reflecting a minor slowdown as marginal new orders and Middle East supply chain disruptions countered a slight uptick in output. The US ISM manufacturing PMI also dipped to 53.3 in June from 54.0 in May, sustained by robust new orders and production despite ongoing tariff uncertainties and geopolitical price volatility.

Crude oil (Brent) prices fell 26.8% in Q2-26 from Q1-26 end, while average oil prices jumped 35.5% Q/Q. Average prices of feedstock **Naphtha** increased 27.2% Q/Q in Q2-26 to USD 891/tonne. Among LPG feedstocks, average prices of **propane** rose 39.9% Q/Q to USD 753/tonne and average **butane** prices surged 51.3% Q/Q to USD 807/tonne.

Average quarterly prices of **Urea** increased 33.2% Q/Q in Q2-26, due to tightening supply in the first half of the quarter owing to the conflict in the Middle East. However, prices eased later in Q2-26 due to weak seasonality and supply from China. **Ammonia** prices jumped 27.7% Q/Q, impacted by disruption in supply from Middle East due to closure of strait of Hormuz. The average prices of **VAM** shot up by 71.7% Q/Q driven by severe supply disruption due to geopolitical issues and bad weather. The average prices of **EVA** rose 30.7% Q/Q amid increased feedstock and shipping costs. **Acetic acid (AA)** prices rose by 31.1% Q/Q due to confluence of tight supply in India and Europe and outages in Asia. **Polycarbonate (PC)** prices increased 31.8% Q/Q due to higher upstream and energy costs. **MEG (Asia)** prices gained 24.4% Q/Q primarily on account of supply disruptions. **MTBE** prices were up 19.8% Q/Q due to increased feedstock prices and surge in gasoline prices amid the conflict in the Middle East though prices eased towards the end of the quarter. **Methanol** prices increased by 37.0% Q/Q. Among the PE grades, average **LDPE** prices rose 35.1% Q/Q, **LLDPE** gained 36.8% Q/Q, while **HDPE** increased 34.1%. **PP-Asia** prices edged up 34.8% Q/Q.

SABIC is forecasted to register a net profit of SAR 65mn in Q2-26, a significant improvement compared to a net profit of SAR 13mn in Q1-26, better margins and expected lower losses from discontinued operations though volumes are likely to be hit by shipping constraints due to closure of Strait of Hormuz. **SABIC Agri-Nutrients'** earnings are expected to increase 5.0% Q/Q to SAR 1,288mn, driven by better margin owing to higher urea prices but partially offset by volumes impacted by shipping delays. **YANSAB** is forecasted to post a net income of SAR 167.4mn in Q2-26 vs. SAR 11.2mn in Q1-26, as volumes recovery after turnaround in the previous quarter will be further supported by higher product prices and better margins. **Sipchem** is expected to reduce net losses to SAR 204mn in Q2-26 compared to a net loss of SAR 215mn in Q1-26, as higher margins and expected lower losses from JVs and associated would compensate for lower sales volumes amid shipping challenges. **KAYAN's** losses are projected to shrink to SAR 491mn from a loss of SAR 615mn in the previous quarter with better pricing is likely to offset shipping issues, particularly for MEG. **Tasnee** is likely to post net loss of SAR 164mn vs. a loss of SAR 341mn in the previous quarter, primarily due to lower losses from associates also aided by better margins. However, extended plant maintenance will keep bottom-line in the losses. **Advanced Co.** is likely to post net loss of SAR 11mn with product price improvement being outweighed by production issues due to feedstock supply disruption. Moreover, absence of SAR 20mn gain recorded in Q1-26 will also lead to lower net income. **Alujain** is forecasted to post a net profit of SAR 28mn vs. a net profit of SAR 12mn in Q1-26, benefiting from higher PP prices, exports to EU market, stable margins and uninterrupted feedstock supply.

Telecom Sector: Mid-single-digit normalized earnings growth back by steady increase in revenue and margin expansion

The earnings for the telecom sector are expected to inch up by 0.8% Y/Y in Q2-26 to SAR 4.8bn, as growth in Mobily and Zain KSA will be offset by slight decline in STC, as Q2-25 results included SAR 216mn net tax reversal for STC. Adjusted for this amount telecom sector's earnings are expected to grow 5.6% Y/Y, supported by 3.6% Y/Y growth in topline along with margin expansion. The GP margin for the sector is forecasted to expand from 51.3% in Q2-25 to 52.0% in Q2-26. **STC's** net income is expected to decrease 1.0% Y/Y to SAR 3.8bn, as Q2-25 earnings were aided by SAR 216mn net tax reversals. Additionally, higher finance costs are likely to weigh on Q2-26 earnings. However, a 3.5% Y/Y revenue growth and better margins will deliver operating profit growth of 13.0% Y/Y. **Mobily** is forecasted to post a 7.7% Y/Y growth in net income to SAR 894mn, driven by 5.0% revenue growth and improved margin with expected favorable revenue mix. Revenue growth is likely to be fueled by expanding subscriber base and healthy wholesale growth. Gross margin is forecasted to widen from 54.3% in Q2-25 to 55.3% in Q2-26. **Zain KSA** is expected to post a net profit of SAR 138mn (+8.0% Y/Y), mainly driven by lower finance expenses and GP margin expansion, despite modest revenue growth and elevated OPEX. On a Q/Q basis, the telecom sector's earnings are expected to increase 0.9% Y/Y on the back of 0.9% Y/Y rise in revenue, as gross and operating margin expansion will be offset by absence of SAR 98mn one-off in Zain KSA in the previous quarter.

Cement sector: stable volumes sales of 9.9MT (1.0% Y/Y, 3% Q/Q), while ASPs are projected to decline to SAR 188/Tonne (-4% Q/Q).

The earnings for the Saudi cement sector are expected to inch up by 0.8% Y/Y in Q2-26 to SAR 496mn, supported by stable volumetric sales and firmer ASPs. While ASPs recovered strongly in Q1-26, reaching SAR 196, we expect this trend to reverse in Q2-26, with ASPs declining to SAR 188. Nevertheless, ASPs are expected to remain broadly stable on a Y/Y basis. ASPs are expected to come under pressure from weaker mortgage issuance (down 22% Y/Y in April-May) and heightened competition amid elevated inventories, as weaker exports have increased domestic supply. Correspondingly, we forecast sector revenue to decline 6% Y/Y and 4% Q/Q to SAR 2.29bn, while net income is expected to reach SAR 496mn, up 0.8% Y/Y and down 12.8% Q/Q. We expect **Yamama Cement** to report net income of SAR 110mn (-9% Y/Y), reflecting a 3% decline in volumetric sales and a 5% Y/Y decline in ASPs to SAR 178. **Saudi Cement** is forecast to post net income of SAR 103mn (7.5% Y/Y, 2.5% Q/Q), supported by recovering oil and gas-related demand in the Eastern Region despite a 6% Q/Q decline in ASPs. Meanwhile, **Riyadh Cement** is expected to report net income of SAR 53mn (-7% Y/Y), driven by a 9% Y/Y decline in ASPs to SAR 188, compared with SAR 201 in Q2-25. **SPCC** is expected to record a loss of SAR 3.0mn vs. a net profit of SAR 15mn in Q2-25, resulted from 1,022bps Y/Y contraction in GPM absorbing the higher depreciation and lower utilization.

Retail: Tanmiah to turn to profits after three consecutive quarters of losses; grocery retailers would be pressured by higher costs.

The POS sales increased by 8.8% Y/Y in Apr-May 2026 to SAR 121.5bn, while POS transactions increased by 14.0% Y/Y to 2.14bn. E-commerce sales using MADA cards were up 33.9% Y/Y in Apr-May 2026 to SAR 67.8bn. We highlight that POS sales of electronic & electric devices increased by 11.2% Y/Y in Apr-May 2026, while Apparel clothing & accessories saw growth of 53.2% Y/Y. Moreover, Food & beverage segment's POS sales were up 20.1% Y/Y in Apr-May 2026. Despite 9.2% Y/Y increase in revenues, we expect **Almarai's** earnings to remain largely unchanged on Y/Y basis at SAR 645.7mn (-0.2% Y/Y) due to cost pressures. We expect **Almajed Oud** to record a decline of 24.9% Y/Y (-83.4% Q/Q) in net income to SAR 18mn, driven by decline in gross margins due to promotions and higher selling and marketing cost intensity. We expect **Tanmiah** to post positive set of results with net income of SAR 9.1mn, after three consecutive quarters of losses, the improvement is mainly due to better poultry selling prices and improvement in restaurant business. We forecast **AlOthaim's** earnings to decline by 20.5% Y/Y (39.1% Q/Q) to SAR 32.7mn, due to higher selling & distribution cost intensity. **Bindawood** is expected to post an earnings growth of 3.3% Y/Y in Q2-26 to SAR 53.5mn. **Americana** is forecasted to post net income growth of 35.8% Y/Y in Q2-26 to SAR 305mn driven by 227bps improvement in gross margins due

to lesser discounts. **Leejam** is likely to see a 40.1% Y/Y decline in earnings to SAR 43.8mn due to increase in fixed costs associated to gyms that are yet to ramp up. We see **Jarir's** earnings to improve 7.1% Y/Y to SAR 211mn (down 16.7% Q/Q) due to higher online sales; the Q/Q decline is due to slowdown in momentum of i-phone sales. **Extra** is forecasted to post earnings growth of 8.3% Y/Y to SAR 115.4mn on the back of strong performance in electronics segment; for **Tasheel** we see a 4.8% Y/Y increase to SAR 62.7mn (-2.6% Q/Q); the improvement in loan book would be offset to an extent by higher provision expenses.

Healthcare Sector: Patient volumes rebound sharply following Ramadan and easing geopolitical disruptions; margin recovery remains gradual

The healthcare sector is expected to witness a sharp sequential recovery in Q2-26, driven by the normalization of patient volumes following the Ramadan/Eid-led slowdown and easing geopolitical disruptions witnessed in the previous quarter. We forecast the sector to report a net income of SAR 1.21bn, up 23.7% Q/Q, supported by improved operating leverage, higher patient throughput and a modest recovery in gross margins across most operators. However, sector profitability is still expected to decline 1.9% Y/Y, as elevated hiring costs, gradual ramp-up of newly commissioned facilities, recent acquisitions and ongoing pressure on gross margins continue to weigh on earnings. **HMG** is expected to account for the largest contribution to the sector's sequential earnings growth, reporting a net income of SAR 630.2mn (+25.2%/+6.6% QQ/YY), supported by a rebound in patient volumes, double-digit revenue growth and an improvement in gross margins, as no additional operational beds are expected to be added during the quarter. **Dallah** is forecast to report net income of SAR 126.5mn (+49.6%/+1.8% QQ/YY), driven by an 8.5% Y/Y increase in revenues, supported by 6.1% growth in the legacy business on improved patient volumes along with the continued ramp-up of the Al Khobar hospital, while Al Ahsa maintains its stable profitability. **Mouwasat** is expected to report net income of SAR 204.1mn, up 1.5% Q/Q, driven by the recovery in patient volumes, insurance contract repricing and the first full quarter of operations from the 200-bed Yanbu Hospital. Among our covered hospitals, Mouwasat is expected to deliver the strongest Y/Y earnings growth of 9.2% in Q2-26, supported by robust double-digit revenue growth and resilient margins. MEH (Saudi German) is expected to post net income of SAR 40.2mn (+56.5% Q/Q) as patient volumes recover and gross margins improve sequentially by around 90bps, mainly due to improved IPD margins. However, earnings remain 36.8% lower Y/Y due to approximately 500bps contraction in gross margins as recently added sub-specialties are yet to translate into meaningful revenue while operating expenses remain elevated. **AIMoosa** Health is expected to report net income of SAR 42.0mn (+78.7% Q/Q), benefiting from double-digit revenue growth and the likely absence of the SAR 13.3mn derivative loss recorded in Q1. Nevertheless, earnings are expected to decline 18.8% Y/Y due to gross margin compression associated with the ongoing ramp-up of the Nakheel (Opened in Q3-25) and Aziziya (Opened in Q3-25) Medical Centers and the addition of two more medical centers during 2026. **Fakeeh Care** is forecast to report net profitability of SAR 49.6mn (+29.1% Q/Q), supported by sequential revenue recovery and modest improvement in gross margins. On a Y/Y basis, however, profitability is expected to decline 39.6%, reflecting a high base from last year's SAR 80mn Hajj contract and margin pressure from ongoing expansion and the ramp-up of the DSFH Madinah and DSFH Riyadh hospitals. **Hammadi** is expected to post net income of SAR 59.4mn (+3.7% Q/Q), reflecting the sequential recovery in patient volumes. However, earnings are expected to remain 4.2% lower Y/Y, primarily due to elevated employee-related costs and margin normalization Care is expected to post net income of SAR 66.8mn (+27.3% Q/Q), driven by improving GOSI revenues, resulting in gross margin recovery to 33.5% from 31.6% in Q1. However, earnings are still expected to decline 16.5% Y/Y, as GOSI-related challenges continue to keep gross margins around 360bps below than the last year's level.

Software & Services: Solutions drives sequential earnings recovery, while Elm's margins normalize following a strong Q1

Our Software & Services coverage is expected to report a net income of SAR 1.10bn, up 4.0% Q/Q and 3.0% Y/Y in Q2-2026. **Solutions** is expected to account for the majority of the sector's sequential earnings growth, reporting a net income of SAR 448.7mn (+21.1% Q/Q, +0.5% Y/Y). The sequential improvement is primarily expected to be driven by higher other income, lower Zakat provisions and an increase in non-controlling interest losses, partially offsetting relatively modest operating growth. **Elm** is forecast to report a net income of SAR 618.9mn, down 5.7% Q/Q but up 4.9% Y/Y. The sequential decline is expected to reflect a 130bps contraction in gross margins and higher operating expenses following the partial recognition of Hajj-related Nusuk revenues in Q1-26, which had supported margins in the previous quarter. On a Y/Y basis, earnings growth is expected to remain healthy, supported by approximately 17% Y/Y revenue growth. **2P** is expected to report a net income of SAR 35.2mn, up 6.6% Q/Q while remaining broadly flat Y/Y. Despite an expected 14.8% Y/Y increase in revenues, earnings growth is likely to be constrained by higher finance expenses and increased ECL provisions, which are forecast to rise to SAR 7.2mn in Q2-26 from SAR 4.4mn in the same period last year.

Pharmaceutical Sector: Seasonal normalization weighs on sequential earnings, while Y/Y profitability remains positive despite the overall slowdown in the pharmaceutical market

Our pharmaceutical coverage (excluding Astra) is expected to report a net income of SAR 166.3mn, down 14.8% Q/Q but up 6.0% Y/Y. The Saudi pharmaceutical market witnessed slower Y/Y growth during the quarter as the market continued to normalize from last year's elevated base, resulting in softer revenue growth across the sector. Consequently, companies that have consistently delivered double-digit revenue growth in recent years, such as Jamjoom Pharma, are expected to report a more modest 5.1% Y/Y increase in revenues. Sector profitability is also expected to be impacted by a modest contraction in gross margins, reflecting higher API procurement and shipping costs, partially offsetting the benefit of continued top-line growth. **Jamjoom Pharma** is expected to account for the majority of the sector's sequential earnings decline, as its sales typically moderate after a seasonally strong first quarter. The company is forecast to report a net income of SAR 138.4mn, down 17.7% Q/Q but up 4.8% Y/Y, reflecting the normalization in revenues following three years of robust double-digit second-quarter growth. **Avalon Pharma**, meanwhile, is expected to report a net income of SAR 27.9mn, up 3.7% Q/Q and 12.4% Y/Y, supported by the continued contribution from newly acquired customers added during Q1-26. Despite the broader sector slowdown, the company is expected to maintain double-digit Y/Y earnings growth, underpinned by its expanding customer base and resilient operating performance.

Tourism and Transportation Sectors: Earnings to be dragged by the regional conflict; lower tourism flow; and inflation on operational costs

The Tourism and Transportation sector's combined net profit is forecasted at SAR 175mn in Q2-26 (-79.0% Y/Y), compared to SAR 738mn in Q2-25. Car rental companies are expected to be the primary drag on sector earnings, bearing the brunt of travel and flight disruptions, as well as higher ECL provisions and increased depreciation resulting from changes in accounting treatment. While **Flynas** is projected to post a net loss of SAR 303mn in Q2-26 normalized SAR 220mn Q1-25 (excluding 1.08bn one-off), primarily due to margin pressure resulting from capacity cuts and significantly higher jet fuel cost. **Catrion's** earnings are expected to marginally decrease by 3.5% Y/Y to SAR 63.0mn in Q2-26, reflecting the slowdown in air traffic and a 130bps contraction in GPM due to inflation in raw material costs. **SGS** is estimated to post a 59.2% Y/Y decline in net profit to SAR 40.6mn, reflecting 4.1% Y/Y decline in revenue, along with higher COGS and OPEX associated with the Hajj season in which expected to pressure profitability. **Seera's** net income is forecasted at SAR 65.6mn in Q2-26, compared to SAR 54.4mn in Q2-25, supported by revenue growth of 4.6% Y/Y and a 423bps Y/Y improvement in operating margins, as Q2-25 included one-off charges related to legacy account. **Theeb's** net profit is estimated to decrease by 25% Y/Y to SAR 35.9mn, as revenue growth of 13.6% Y/Y is expected to be offset by lower gross profit margins due to higher depreciation expense and increased ECL provisions. **Budget Saudi's** net profit is projected to decline by 24.3% Y/Y to SAR 64.8mn, as the company is recording more conservative depreciation, leading GPM to contract by 407bps Y/Y. **Lumi** is expected to post lower earnings of SAR 37.0mn (-31.7% Y/Y), driven by a 5.9% Y/Y decline in revenue, reflecting lower utilization. **SAL's** net income is forecasted to increase by 5.8% Y/Y to SAR 172mn, supported by revenue growth of 19.1% partly offset by SAR 23mn positive one-off OPEX recorded in Q2-25

Amount in SARmn, unless otherwise specified

Code	Company Name	Forecasted- Revenue Q2-26	Forecasted-Net Profit Q2-26	Forecasted-EPS Q2-26	Forecasted- Q/Q growth	Forecasted- Y/Y growth	Forecasted-EPS FY26	Prospective PE-FY26
Energy								
2381	Arabian Drilling	728	(72.4)	(0.81)	NM	NM	(1.49)	NEG
2382	ADES	2,178	117.1	0.10	-50.5%	-37.9%	0.73	26.0
Banks								
1120	Bank Alrajhi	10,813	6,830.1	1.10	1.2%	11.0%	4.26	16.1
1150	Bank Alinma	3,135	1,697.9	0.55	1.2%	7.9%	2.34	10.3
1140	Bank Albilad	1,603	785.5	0.53	6.8%	2.6%	2.10	11.5
Telecommunication Services								
7010	STC	20,132	3,787.0	0.76	2.5%	-1.0%	2.87	15.2
7020	Mobily	5,071	894.1	1.16	1.6%	7.7%	4.95	12.4
7030	Zain	2,694	137.5	0.15	-31.5%	8.0%	0.85	12.0
Consumer Staple								
4001	Al Othaim	2,489	32.7	0.03	-39.1%	-20.5%	0.40	14.5
4161	Bindawood	1,584	53.5	0.05	-23.7%	3.3%	0.23	21.4
4162	ALMUNAJEM	799	42.5	0.71	-56.1%	37.3%	Under Review	-
Consumer Discretionary								
4190	Jarir	2,859	211.3	0.18	-16.7%	7.1%	0.95	18.1
4008	SACO	243	3.5	0.10	73.0%	-31.5%	Under Review	-
4003	Extra	2,229	115.4	1.51	21.8%	8.3%	7.88	9.2
6015	Americana	2,645	304.7	0.04	28.6%	35.8%	0.11	19.0
Materials								
2010	SABIC	22,044	65.1	0.02	NM	NM	1.52	34.2
2060	TASNEE	521	(164.3)	(0.25)	NM	NM	(0.78)	NEG
2290	YANSAB	1,765	167.4	0.30	NM	275.8%	0.85	34.3
2020	SABIC AGRI-NUTRIENTS	2,892	1,288.0	2.71	5.0%	21.5%	9.79	12.5
2310	SIPCHEM	1,334	(204.3)	(0.28)	NM	NM	(0.28)	NEG
2330	Advanced Petro	1,092	(11.4)	(0.04)	NM	NM	0.53	44.0
2350	Saudi KAYAN	1,944	(491.0)	(0.33)	NM	NM	(1.04)	NEG
2170	ALUJAIN	505	28.4	0.41	133.4%	128.7%	1.06	25.0
1211	MA'ADEN	8,313	1,451.5	0.37	-11.3%	-24.5%	2.13	27.7
Cement								
3020	Yamamah Cement	334	110.2	0.54	-23.4%	-8.9%	2.18	11.4
3030	Saudi Cement	436.0	102.7	0.67	2.5%	7.5%	2.82	10.9
3050	Southern Cement	201.2	(3.0)	(0.02)	NA	-119.9%	0.11	HIGH
3040	Qassim Cement	292	66.1	0.60	-3.8%	8.3%	2.82	15.8
3010	Arabian Cement	233.0	47.8	0.48	-20.2%	133.1%	2.56	11.1
3060	Yanbu Cement	222	22.5	0.14	-40.2%	3.9%	0.85	17.9
3003	City Cement	100	24.7	0.18	-18.1%	-32.0%	1.01	11.1
3080	Eastern Cement	353	71.6	0.83	-0.6%	13.0%	2.71	9.7
3092	Riyadh Cement	184	53.4	0.44	-11.4%	-7.1%	1.98	11.5
Health Care								
4007	Hammadi	321	59.4	0.37	5.5%	-4.2%	1.40	19.5
4002	Mouwasat	886	204.1	1.02	1.5%	9.2%	4.00	15.6
4005	Care	420	66.8	1.49	27.3%	-16.5%	7.70	13.7
4004	Dallah	1,152	126.5	1.24	49.6%	1.8%	6.40	17.3
4013	Sulaiman Al Habib	3,852	630.2	1.80	25.2%	6.6%	8.20	26.5
4009	Saudi German	846	40.2	0.44	56.5%	-36.8%	1.30	24.9
4018	AIMoosa	388	42.0	0.95	78.7%	-18.8%	5.50	21.7
4017	FAKEEH CARE	794	49.6	0.18	29.1%	-39.6%	1.10	32.8
Consumer Services								
1810	SEERA	1,263	65.6	0.22	55.8%	NM	0.95	22.1
1830	Leejam	377	43.8	0.84	-10.3%	-40.1%	5.54	14.2
Food & Beverage								
2280	AlMarai	5,777	645.7	0.65	-11.8%	1.7%	2.52	18.1
2284	Modern Mills	259	52.4	0.64	-20.5%	5.4%	2.49	11.5
2281	Tanmiah	776	9.1	0.45	NM	1724.9%	0.16	HIGH

Amount in SARmn, unless otherwise specified

Code	Company Name	Forecasted- Revenue Q2-26	Forecasted-Net Profit Q2-26	Forecasted-EPS Q2-26	Forecasted- Q/Q growth	Forecasted- Y/Y growth	Forecasted-EPS FY26	Prospective PE-FY26
Transportation								
4260	Budget	590	64.8	0.84	88.1%	-24.3%	3.45	9.5
4261	Theeb	414	35.9	0.54	4.1%	-24.9%	1.98	11.6
4262	Lumi	392	37.0	0.67	-7.8%	-31.7%	3.21	10.1
4263	SAL	469	171.7	2.15	9.6%	5.8%	8.97	19.5
4264	Flynas	2,196	(303.7)	(1.78)	N/A	N/A	0.23	HIGH
4031	Saudi Ground Services	660	40.6	0.22	-32.9%	-59.2%	1.74	17.7
Commercial & Professional Services								
6004	Catrion	644	63.0	0.77	-21.5%	-3.5%	3.92	19.3
1833	Al Mawarid Manpower	780	49.4	2.47	-5.3%	52.6%	9.26	10.8
Software & Services								
7203	Elm	2,635	618.8	7.75	-5.7%	4.9%	29.33	22.8
7202	Solutions	3,080	448.7	3.74	21.1%	0.5%	13.80	14.5
7204	2P	343	35.2	0.12	6.6%	0.6%	0.47	14.1
Utilities								
2081	Alkhorayef	555	62.2	1.78	-3.5%	0.9%	9.92	11.4
Capital Goods								
4142	Riyadh Cables	2,885	278.6	1.86	-1.2%	-0.2%	7.98	14.8
1212	Astra Industrial	704	133.6	1.67	-22.8%	-23.6%	7.37	17.8
Household & Personal Products								
4165	AlMajed Oud	219	18.3	0.73	-83.4%	-24.9%	9.12	14.3
Financial Services								
1111	Saudi Tadawul	310	72.4	0.60	30.1%	-24.8%	3.08	43.3
4083	UIHC	188	62.7	0.85	-2.6%	4.8%	4.15	8.3
Pharma, Biotech & Life Science								
4015	Jamjoom Pharma	416	138.4	1.97	-17.7%	4.8%	7.17	20.7
4016	AVALON Pharma	134	27.9	0.80	3.7%	12.4%	3.10	19.6

* Source: Aljazeera Capital, Tadawul. Prices as of 06th of July 2026, NM: Not meaningful, NA: Not Available

* Zain KSA includes one-off gain of SAR 98mn in Q1-26

* STC includes one-off tax reversals of SAR 216mn in Q2-25

*SABIC includes SAR 4.5bn one-off loss in Q2-25 related to asset impairments.

* Seera includes one-off charges related to legacy account with negative impact of ~SAR 60mn

* Mouwasat includes one off Zakar reversal of SAR 8.1mn in Q1-26

*Dallah includes one-off Zakat reversal of SAR 12.5mn in Q2-25.

*Elm includes one-off gain of SAR 59.1mn on equity investments in Q1-26 and a Zakat reversal of SAR 69.3mn in Q2-25.

Solutions includes one-off reversal of SAR 63mn in lieu of royalties in Q1-26

RESEARCH DIVISION

Director - Head of Sell-Side
Research
Jassim Al-Jubran
+966 11 2256248
j.aljabran@aljazaracapital.com.sa

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

The purpose of producing this report is to present a general view on the company/economic sector/economic subject under research, and not to recommend a buy/sell/hold for any security or any other assets. Based on that, this report does not take into consideration the specific financial position of every investor and/or his/her risk appetite in relation to investing in the security or any other assets, and hence, may not be suitable for all clients depending on their financial position and their ability and willingness to undertake risks. It is advised that every potential investor seek professional advice from several sources concerning investment decision and should study the impact of such decisions on his/her financial/legal/tax position and other concerns before getting into such investments or liquidate them partially or fully. The market of securities, macroeconomic or microeconomic variables are of a volatile nature and could witness sudden changes without any prior warning, therefore, the investor in securities or other assets might face some unexpected risks and fluctuations. All the information, views and expectations and fair values or target prices contained in this report have been compiled or arrived at by Al-Jazira Capital from sources believed to be reliable, but Al-Jazira Capital has not independently verified the contents obtained from these sources and such information may be condensed or incomplete. Accordingly, no representation or warranty, express or implied, is made as to, and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information and opinions contained in this report. Al-Jazira Capital shall not be liable for any loss as that may arise from the use of this report or its contents or otherwise arising in connection therewith. The past performance of any investment is not an indicator of future performance. Any financial projections, fair value estimates or price targets and statements regarding future prospects contained in this document may not be realized. The value of the security or any other assets or the return from them might increase or decrease. Any change in currency rates may have a positive or negative impact on the value/return on the stock or securities mentioned in the report. Some securities maybe, by nature, of low volume/trades, or may become so, unexpectedly in special circumstances, and this might increase the risk on the investor. Some fees might be levied on some investments in securities. Aljazira Capital, its employees, one or more of its board members, its affiliates, or its clients may have investments in the securities or assets referred to in this report. This report has been produced independently and separately by the Research Division at Al-Jazira Capital and no party (in-house or outside) who might have interest whether direct or indirect have seen the contents of this report before its publishing, except for those whom corporate positions allow them to do so, and/or third-party persons/institutions who signed a non-disclosure agreement with Al-Jazira Capital. No part of this report may be reproduced whether inside or outside the Kingdom of Saudi Arabia without the written permission of Al-Jazira Capital. Persons who receive this report should make themselves aware, of and adhere to, any such restrictions. By accepting this report, the recipient agrees to be bound by the foregoing limitations.