

SAL Saudi Logistics Services Co.

Strong cargo momentum is offset by looming capex and weaker logistic zone returns. Neutral maintained while TP cut to SAR 183.7

Rating: Neutral | 12M Target Price: SAR 183.7

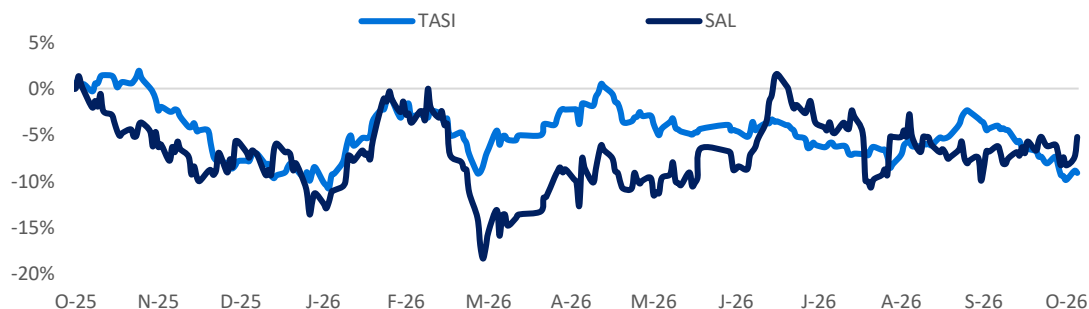
October 05, 2026

Market Data		Valuations	2025a	2026e	2027f	2028f	2029f
Last Price (SAR)*	173.0	Net Profit (SAR mn)	698	758	803	874	960
Target Price (SAR)	183.7	EPS (SAR)	8.7	9.5	10.0	10.9	12.0
Upside / Downside (%)	6.2	PER (x)	19.8	18.3	17.2	15.8	14.4
Market Cap (bn) (SAR/USD)	13.8/3.7	P/BV (x)	8.5	7.6	6.9	6.2	5.6
52 week High / Low (SAR)	186.0/148.2	DPS (SAR)	6.5	7.1	7.5	8.2	9.0
12-month ADTV (mn) (SAR/USD)	31.1/8.3	Div. Yield (%)	3.8	4.1	4.4	4.7	5.2
YTD Return (%)	7.9	RoAE (%)	46.1	44.1	42.0	41.2	40.8
Bloomberg Code	SAL AB	RoAA (%)	20.0	17.3	14.8	14.9	15.0

*last price as of 5th October, 2026

Financials (SAR mn)	2025a	2026e	2027f	2028f	2029f
Revenue	1,708	1,990	2,217	2,387	2,586
COGS	746	895	994	1,067	1,152
Gross profit	962	1,095	1,223	1,319	1,433
Gross margin (%)	56.3	55.0	55.2	55.3	55.4
Operating expense	235	264	287	304	322
Operating profit/(loss)	727	832	936	1,016	1,111
Operating margin (%)	42.6	41.8	42.2	42.6	43.0
Net income	698	758	803	874	960
Net margin (%)	40.8	38.1	36.2	36.6	37.1
EPS	8.7	9.5	10.0	10.9	12.0

Price Performance



Source: Tadawul, Bloomberg and anbc research

SAL's 2Q26 net profit rose 18% YoY to SAR 191 mn on revenue growth of 30% YoY to SAR 512 mn. Strong import activity (+9% YoY) and a richer cargo mix which lifted blended revenue to SAR 1.83/kg, underpinned 2Q26 performance. We expect pricing to normalize, moderating net profit growth to an 8.3% CAGR over 2025a-2029f. Our outlook reflects an improving cargo mix and logistics profitability, a maintained 75% payout ratio (4.4% 2027f yield), offset by SAR 5.2 bn of capex that is expected to keep FCFF negative in 2026e-27f, raise leverage, and leave logistics zone investments susceptible to higher construction costs. We maintain our "Neutral" rating on stock and revise our target price to SAR 183.7/share (previously SAR 198.3/share), implying a return of 6.2% from the last close of SAR 173.0/share.

- We expect SAL to report revenue of SAR 1,990 mn in 2026e, up 16.5% YoY, and to deliver a revenue CAGR of 10.9% over 2025a-2029f. EBITDA is likely to reach SAR 956 mn in 2026e, with EBITDA margins expected at 48.0%. Net profit is estimated to reach SAR 758 mn in 2026e, from SAR 698 mn in 2025a, and SAR 960 mn by 2029f.
- 2Q26 volumes rose 9.0% YoY to 239 mn kgs, with imports up to 153 mn kgs from 127 mn kgs in 2Q25. Handling revenue rose 29.0% YoY to SAR 438 mn in 2Q26. Logistics operating losses narrowed to SAR 2 mn in 2Q26 from SAR 13 mn in 1Q26. Our forecast implies 2026e revenue of SAR 1,990 mn, up 16.5% YoY, and net profit of SAR 758 mn, up 8.6% YoY. We forecast pricing gains normalizing at SAR 1.67/kg in 2026e, compared to SAR 1.51/kg in 2025a, up 10.5%. Company's volumes are likely to reach around 994.3K tonnes in 2026e compared to 961.0K tonnes in 2025a, up 3.5% YoY.
- SAL completed the acquisition of Aviapartner Liège for EUR 28 mn, which is expected to be consolidated from 3Q26e and support topline growth. Management plans SAR 5.2 bn of capex over 2026-2030, including SAR 4.1 bn for SAL Zones, to lift capacity to 2.2 mn tonnes by 2028f. However, SAL volumes fell 1.1% to 0.96 mn tonnes in 2025a, and similarly KSA air cargo volumes fell 0.5% YoY in 2025a.
- Due to planned capex, we believe company's total debt is likely to increase from SAR 1.6 bn in 2025a to SAR 2.5 bn in 2026e and to SAR 3.9 bn by 2030. The elevated borrowing is expected to increase the finance cost from SAR 58 mn in 2025a to SAR 97 mn in 2026e and to SAR 176 mn by 2030.
- Our target price is based on a DCF valuation. Key risks to include lower SAL logistic zone returns, slower cargo volumes and higher construction costs. Company's stock price has declined 5.2% YoY, outperforming TASI, which is down 9.1% over the same period. The stock is currently trading at a 2027f P/E of 17.2x.

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