

Main Market (TASI):

Petrochemicals Sector

October 11, 2026

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	3Q2025	3Q2026E	Y/Y	3Q2025	3Q2026E	3Q2025	3Q2026E	Y/Y	3Q2025	3Q2026E	Y/Y	3Q2025	3Q2026E	3Q2025	3Q2026E
SABIC	34,333	24,790	(28%)	18%	17%	1,431	200	(86%)	435	(673)	-	1%	(3%)	0.15	(0.22)
SABIC Agri	3,522	2,404	(32%)	41%	34%	1,217	551	(55%)	1,290	555	(57%)	37%	23%	2.71	1.17
Tasnee	860	409	(52%)	5%	(8%)	(117)	(157)	-	(559)	(247)	-	(65%)	(60%)	(0.83)	(0.37)
Yansab	1,316	1,672	27%	16%	22%	64	222	246%	74	208	180%	6%	12%	0.13	0.37
Sipchem	1,366	760	(44%)	(1%)	(17%)	(211)	(286)	-	(469)	(287)	-	(34%)	(38%)	(0.64)	(0.40)
Advanced	1,018	932	(8%)	23%	19%	182	114	(37%)	72	(1)	-	7%	(0%)	0.28	(0.01)
Saudi Kayan	2,153	2,216	3%	(4%)	(4%)	(278)	(277)	-	(336)	(424)	-	(16%)	(19%)	(0.22)	(0.28)
SIIG	-	-	-	-	-	(17)	(18)	-	8	(41)	-	-	-	0.01	(0.06)
Group Total	44,566	33,181	(26%)	18%	16%	2,270	350	(85%)	516	(911)	-	1%	(3%)	-	-

Source: Riyadh Capital, Company Reports (SAR mln, except per share data)

- Petrochemical prices in 3Q26 retreated from the 2Q26 highs. The Argaam Petrochemical Index fell steeply through 2Q26 (from 269 in April to ~211 in June) and recovered only modestly through 3Q26 (from ~224 in July to ~246 in September), so its 3Q26 average still finished ~4% lower Q/Q, with most products troughing in July before firming into September. Feedstock costs fell further: naphtha, propane, and butane averaged -7%, -19%, and -22% Q/Q, respectively, which actually widened some spreads even where product prices dipped. We expect LPG feedstock prices to remain a marginal headwind given current oil-market dynamics, but we believe it will be overshadowed by the combination of war-risk insurance, logistics costs, and tanker rates. We again caution investors that quarter-average indices can severely overstate, or understate, the realized pricing for the more disrupted producers.
- Our volume assumptions draw on Bloomberg tanker-tracking data, conversations with management and industry experts, and disclosures from maritime logistics companies. Public shipping firms' 2Q26 earnings calls indicated that some carriers were still withholding vessels from re-entering the Arabian Gulf; we therefore treat the late-June window as a potential recognition blip in 3Q26, as the tail-end of 2Q26 cargoes are recognized as revenue, while acknowledging that transit activity recovered somewhat towards the end of the quarter. The framework differs from last quarter: with the late-June memorandum signed, many of the tankers trapped in the Arabian Gulf departed, and cargoes already loaded on pre-positioned vessels will be recognized in 3Q26. We believe this may flatter producers with less effective logistical solutions.
- As we wrote in our May 2026 sector update, the disruption is asymmetric across producers, products, and geographies; 3Q26 may exacerbate that asymmetry further, as some producers have found new routes and secured what limited capacity exists to move liquids overland from the east coast, and others have not. Yet 3Q26 may also be clouded by factors that belie this asymmetry, such as east-coast producers whose previously trapped cargoes left the Arabian Gulf, allowing that revenue to be recognized in 3Q26. Not all producers are equal, not all shipping companies are willing to transit the Strait, and 3Q26 is a sincere mixed bag.

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Banking Sector

Company	Net Commission			Net Income			Net Advances			Deposits		
	3Q2025	3Q2026E	Y/Y	3Q2025	3Q2026E	Y/Y	3Q2025	3Q2026E	Y/Y	3Q2025	3Q2026E	Y/Y
Al Rajhi	7,294	8,401	15%	6,366	6,905	8%	755,985	777,602	3%	670,180	693,178	3%
SNB	7,308	8,045	10%	6,473	6,361	(2%)	725,090	756,426	4%	639,488	705,152	10%
SAB	2,856	3,081	8%	2,144	2,234	4%	292,914	326,898	12%	315,068	345,579	10%
Alinma	2,365	2,602	10%	1,592	1,679	5%	225,684	252,448	12%	234,623	247,707	6%
BSF	2,162	2,436	13%	1,353	1,542	14%	215,592	228,195	6%	185,868	206,225	11%
ANB	2,008	2,247	12%	1,329	1,438	8%	191,356	209,864	10%	210,697	219,929	4%
Albilad	1,195	1,283	7%	766	762	(1%)	119,135	134,753	13%	129,023	150,132	16%
SAIB	857	936	9%	518	532	3%	110,581	119,666	8%	105,152	122,775	17%
BJAZ	711	888	25%	400	444	11%	107,812	123,436	14%	115,283	133,401	16%
Group Total	26,756	29,918	12%	20,942	21,898	5%	2,744,149	2,929,288	7%	2,605,382	2,824,076	8%

Source: Riyadh Capital, Company Reports (SAR mln)

- The FOMC raised the federal funds rate by 25 bps to 3.75%–4.00% at its September meeting, marking its first hike since 2023, as inflation remained above target and geopolitical and energy-related risks intensified. Market pricing currently implies only a 17% probability of another hike in October, suggesting that a pause followed by a possible December move is more likely. In line with the Fed, SAMA raised the Repo and Reverse Repo rates to 4.50% and 4.00%, respectively. Long-term rates remained elevated during the quarter, with the US 10-year Treasury yield reaching around 5.34%, a level not seen since 2002. This could weigh on fixed-income valuations and OCI, particularly for banks with larger FVOCI exposures. Domestically, liquidity improved modestly during 3Q26, while the three-month SAIBOR–SOFR spread averaged 107 bps, indicating that local funding conditions remained relatively tight. Sector NIMs are therefore expected to remain broadly resilient, although performance will vary depending in each bank's asset repricing and funding mix profile.
- Lending growth continued to moderate, with private-sector loans increasing by +6% Y/Y in August, compared with an +18% expansion in public-sector lending. We expect banks to remain selective in deploying capital, with greater emphasis on returns, asset quality rather than broad-based balance-sheet expansion.
- Deposit growth stood at +6% Y/Y, driven by a +24% increase in time and savings deposits, while demand deposits declined by 5.2%. Growth was supported by a +14% increase in corporate and individual deposits and a +38% rise in government deposits; however, government net deposits declined by SAR 30.4 bln during July and August to SAR 1,011 bln. The funding mix therefore continued to shift towards interest-bearing deposits, with time and savings balances accounting for 45% of total deposits versus 39% in August 2025, suggesting that funding costs are likely to remain sticky and partly offset the benefit of asset repricing.
- We expect sector earnings to deliver mid-single-digit Y/Y growth in 3Q26, with Profit After Zakat & Taxes for banks under coverage reaching SAR 21.9 bln. BSF is projected to post +14% Y/Y growth to SAR 1.5 bln, while SNB is expected to slightly decline by 2%, reaching SAR 6.4 bln. Albilad is forecast to lead sector growth in net advances, with a notable +13% Y/Y increase.

Cement Sector

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	3Q2025	3Q2026E	Y/Y	3Q2025	3Q2026E	3Q2025	3Q2026E	Y/Y	3Q2025	3Q2026E	Y/Y	3Q2025	3Q2026E	3Q2025	3Q2026E
Yamama	312	370	19%	18%	28%	33	76	132%	36	72	101%	12%	19%	0.18	0.36
Saudi	364	360	(1%)	30%	26%	65	42	(35%)	53	32	(41%)	15%	9%	0.35	0.21
Qassim	247	223	(10%)	13%	16%	36	30	(17%)	41	27	(36%)	17%	12%	0.37	0.24
Southern	219	253	15%	16%	15%	16	18	10%	2	12	435%	1%	5%	0.02	0.08
Yanbu	298	200	(33%)	26%	28%	30	27	(10%)	28	22	(22%)	10%	11%	0.18	0.14
Riyadh	149	169	14%	20%	18%	15	22	48%	15	21	41%	10%	12%	0.12	0.17
Group Total	1,588	1,576	(1%)	21%	23%	195	215	10%	176	185	5%	11%	12%	-	-

Source: Riyadh Capital, Company Reports (SAR mln, except per share data).

- For our covered cement companies, 3Q2026 cement sales volumes declined -6% Y/Y, likely reflecting softer construction activity, primarily driven by Qassim (-19%) and Southern (-11%), alongside smaller declines at Yamama and Yanbu. Clinker exports fell -30% Y/Y, led by Yanbu (-80%) and Saudi (-33%), partly offset by Southern's sharp growth (+552%), bringing total volumes down -9% Y/Y. The group's blended ASPs are expected to improve +9% Y/Y to SAR 167/ton, with improvement expected across most of the names, supported by a favorable pricing base and a lower export mix. Accordingly, we forecast the group's aggregate revenue to edge down -1% Y/Y on weaker volumes, while Net Income is expected to grow +5% Y/Y on improved pricing.

Healthcare Sector

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	3Q2025	3Q2026E	Y/Y	3Q2025	3Q2026E	3Q2025	3Q2026E	Y/Y	3Q2025	3Q2026E	Y/Y	3Q2025	3Q2026E	3Q2025	3Q2026E
HMG	3,463	4,077	18%	30%	30%	666	773	16%	602	672	12%	17%	16%	1.72	1.92
Mouwasat	777	890	15%	42%	40%	212	221	4%	200	205	3%	26%	23%	1.00	1.02
Group Total	4,241	4,967	17%	32%	32%	878	994	13%	802	877	9%	19%	18%	-	-

Source: Riyadh Capital, Company Reports (SAR mln, except per share data)

- We expect Dr. Sulaiman Al Habib's and Mouwasat's topline to grow by +17% Y/Y in 3Q26. We also forecast the group's net profit to increase by +9% Y/Y, led by Dr. Sulaiman Al Habib's +12% growth, while Mouwasat is expected to post +3% growth. Despite good revenue growth, higher operating and expansion-related costs are expected to limit the upside to net profit.

■ Telecom Sector

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	3Q2025	3Q2026E	Y/Y	3Q2025	3Q2026E	3Q2025	3Q2026E	Y/Y	3Q2025	3Q2026E	Y/Y	3Q2025	3Q2026E	3Q2025	3Q2026E
STC*	19,264	19,970	4%	48%	49%	3,627	3,805	5%	4,107	3,559	(13%)	21%	18%	0.82	0.71
Mobily	4,849	5,022	4%	55%	56%	1,038	982	(5%)	916	890	(3%)	19%	18%	1.19	1.16
Zain KSA	2,751	2,693	(2%)	60%	61%	318	303	(5%)	153	129	(16%)	6%	5%	0.17	0.14
Group Total	26,864	27,685	3%	51%	51%	4,983	5,091	2%	5,176	4,578	(12%)	19%	17%	-	-

Source: Riyadh Capital, Company Reports (SAR mln, except per share data). *STC's 3Q2025 profit includes Zakat reversal & revaluation gains.

- We forecast telecom sector revenue growth of +3% Y/Y in 3Q2026E, while net income is expected to contract -12% Y/Y, primarily reflecting a high base from STC's favorable net Zakat and tax impact of SAR 157 mln and revaluation gains of SAR 474 mln, alongside Mobily's SAR 50 mln one-off reversal in 3Q2025. On a normalized basis, sector earnings would have grown Y/Y. For STC, we forecast revenue growth of +4% Y/Y and a -13% Y/Y decline in net profit, largely reflecting a high earnings base from prior-year non-recurring gains. Excluding these items, underlying earnings would have grown Y/Y. For Mobily, we expect revenue growth of +4% Y/Y, while net profit is projected to decline -3% Y/Y on cost pressures and a high base from last year's SAR 50 mln reversal, excluding which earnings would have grown Y/Y. For Zain KSA, we forecast a -2% Y/Y revenue decline on softer handset sales and a -16% Y/Y contraction in net profit, driven by higher OPEX.

■ Software & Services Sector

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	3Q2025	3Q2026E	Y/Y	3Q2025	3Q2026E	3Q2025	3Q2026E	Y/Y	3Q2025	3Q2026E	Y/Y	3Q2025	3Q2026E	3Q2025	3Q2026E
Solutions	3,098	3,299	6%	23%	22%	462	442	(4%)	417	419	1%	13%	13%	3.47	3.49
Elm	2,535	2,724	7%	42%	41%	584	607	4%	559	589	5%	22%	22%	6.98	7.37
Group Total	5,633	6,022	7%	32%	30%	1,046	1,050	0%	976	1,008	3%	17%	17%	-	-

Source: Riyadh Capital, Company Reports (SAR mln, except per share data).

- For our covered IT names, we forecast aggregate revenue growth of +11% in FY2026E. For 3Q2026E, revenue is projected to grow +7% Y/Y, broadly in line with Solutions' FY2026E revenue growth guidance of 6–8%, but below Elm's guidance of 17–19%. At the bottom line, aggregate net income is expected to grow +3% Y/Y. For Solutions, we forecast revenue growth of +6% Y/Y, while net profit is expected to remain broadly flat Y/Y amid margin compression. For Elm, we project revenue growth of +7% Y/Y, reflecting a moderation from previous quarters due to the high base from Thigah's full-quarter consolidation in 3Q2025. Net profit is expected to grow +5% Y/Y, lagging topline growth.

■ Energy, Utilities, and Materials Sectors

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	3Q2025	3Q2026E	Y/Y	3Q2025	3Q2026E	3Q2025	3Q2026E	Y/Y	3Q2025	3Q2026E	Y/Y	3Q2025	3Q2026E	3Q2025	3Q2026E
ADES	1,654	2,156	30%	37%	34%	486	516	6%	215	71	(67%)	13%	3%	0.19	0.06
Arabian Drilling	835	807	(3%)	12%	13%	54	60	11%	(9)	8	-	(1%)	1%	(0.11)	0.10
Marafiq	2,002	1,919	(4%)	18%	12%	363	219	(40%)	171	30	(83%)	9%	2%	0.68	0.12
SEC	31,047	34,301	10%	24%	23%	7,016	7,985	14%	3,031	4,222	39%	17%	19%	0.73	1.01
MAADEN	10,011	10,641	6%	40%	28%	2,932	1,856	(37%)	2,205	1,668	(24%)	22%	16%	0.57	0.43
AMAK	271	310	14%	45%	41%	105	105	0%	81	87	7%	30%	28%	0.90	0.98

Source: Riyadh Capital, Company Reports (SAR mln, except per share data)

- **ADES:** We forecast revenues roughly flat Q/Q at SAR 2.2 bln (+30% Y/Y), with the Saudi Arabian Saipem rigs consolidated for only around two weeks of the quarter. EBIT expands +6% Y/Y to SAR 516 mln, while net profit falls -67% Y/Y to SAR 71 mln on higher finance costs and conflict-related insurance expenses.
- **Arabian Drilling:** We forecast revenues of SAR 807 mln (+6% Q/Q, -3% Y/Y), in line with management's +4-6% Q/Q guidance, as three offshore rigs returned to service on 1 August. Gross margin recovers to ~13% on a largely fixed offshore cost base, lifting operating profit to SAR 60 mln and net profit to around SAR 8 mln.
- **Marafiq:** We expect a -4% Y/Y decline in topline to SAR 1.9 bln with gross margins likely to contract from 18% to 12% on higher fuel costs. We forecast a bottom-line of just SAR 30 mln for 3Q2026 versus SAR 171 mln last year.
- **SEC:** We forecast a decent +10% Y/Y topline growth for the quarter to SAR 34.3 bln in what is a seasonally strong quarter. Net income is likely to rise by +39% Y/Y to SAR 4.2 bln.
- **MAADEN:** We estimate revenues of SAR 10.6 bln (+6% Y/Y), driven by commodity price trends and new logistical route adaptation. We put particular emphasis on the phosphate segment this quarter, as we believe margins have materially degraded, driven by high input costs for DAP (sulfur) and merchant ammonia remaining curtailed. We forecast operating profit of SAR 1.9 bln (-37% Y/Y) and attributable net profit of SAR 1,668 mln (-24% Y/Y).
- **AMAK:** 3Q2026 is the first full quarter of operation at the Al Masane base-metals plant since the January-May suspension, which, together with firmer copper and zinc prices (Y/Y and Q/Q), lifts revenues to SAR 310 mln (+14% Y/Y). Gross margin recovers to 41% (2Q2026: 28%) but remains below the 45% of 3Q2025, Guyan's high-grade quarter. We also forecast operating profit of SAR 105 mln (flat Y/Y) and net profit of SAR 87 mln (+7% Y/Y).

■ Transportation Sector

Company	Revenue			Gross Margins		EBIT			Net Income			Net Margins		EPS (SAR)	
	3Q2025	3Q2026E	Y/Y	3Q2025	3Q2026E	3Q2025	3Q2026E	Y/Y	3Q2025	3Q2026E	Y/Y	3Q2025	3Q2026E	3Q2025	3Q2026E
Budget	630	685	9%	28%	27%	106	98	(8%)	80	69.5	(13%)	13%	10%	0.77	0.67
Lumi	414	420	1%	27%	24%	85	40	(53%)	52.7	14.4	(73%)	13%	3%	0.96	0.26
Theeb	404	439	9%	30%	26%	80	46	(42%)	50.2	18.0	(64%)	12%	4%	0.76	0.27
flynas*	2,091	2,225	6%	18%	11%	259	100	(62%)	120.2	(21.7)	-	6%	(1%)	0.70	(0.13)
SAL	421	562	33%	59%	58%	188	234	24%	181	210	16%	43%	37%	2.26	2.63
Group Total	3,960	4,331	9%	26%	22%	717	517	(28%)	484	290	(40%)	12%	7%	-	-

Source: Riyadh Capital, Company Reports (SAR mln, except per share data)

- We expect the transportation sector's net profit to decline by -40% Y/Y in 3Q26, led by the car rental segment amid weaker profitability in used-car sales and softer demand in short-term rentals. We expect Budget Saudi to post a -13% decline in net profit, while Lumi and Theeb are expected to report declines of -73% and -64%, respectively. We expect flynas to report a net loss of SAR 21.7 mln in 3Q26, significantly narrowing from SAR 240.6 mln in 2Q26. The sequential improvement is mainly driven by the restoration of operating capacity following the reductions implemented during the regional disruptions, alongside an expected recovery in load factor to 76% from 71%. Fuel costs are also expected to improve compared with the previous quarter. Accordingly, revenue is forecast to increase by +6% Y/Y to SAR 2.2 bln. We expect SAL's net profit to grow by +16% Y/Y to SAR 210 mln, supported by resilient cargo volumes, improved pricing mix, and the first-time consolidation of Aviapartner Liège. However, we expect some margin dilution from the lower-margin international operation.

■ 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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