

Saudi Logistics Services Co.

Earnings grow despite softer volumes.

Rating: Neutral | 12M Target Price: SAR192.4

August 10, 2025

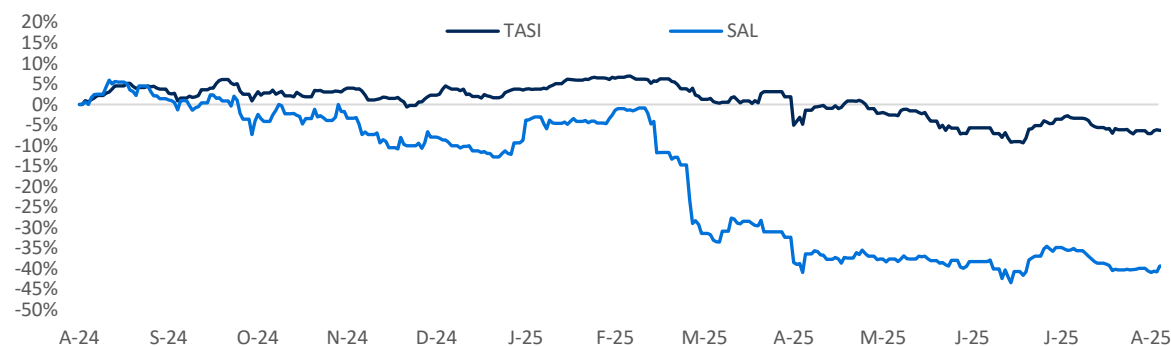
Market Data		Valuations	2024A	2025E	2026E	2027E
Last Price (SAR)*	175.2	Net Income (SAR mn)	661	668	716	753
Target Price (SAR)	192.4	EPS (SAR)	8.3	8.3	9.0	9.4
Upside / Downside (%)	10%	PER (x)	21.2	21.0	19.6	18.6
Market Cap (bn) (SAR/USD)	14/4	P/BV (x)	10.0	8.9	8.0	7.2
52 week High / Low (SAR)	306/156	DPS (SAR)	6.0	6.3	6.7	7.1
12-month ADTV (mn) (SAR/USD)	42/11	Div. Yield (%)	3.4%	3.6%	3.8%	4.0%
YTD Return (%)	-31%	RoAE (%)	50%	45%	43%	41%
Bloomberg Code	SAL AB	RoAA (%)	20%	18%	16%	14%

*last price as of 10th August 2025

Financials (SAR mn)	2Q25A	2Q25E*	Var (%)	2Q24A	YoY (%)	1Q25A	QoQ (%)
Revenue	394	427	-7.8	405	-2.8	384	2.6
COGS	(170)	(199)	-14.5	(183)	-7.1	(170)	0.0
Gross profit	224	229	-2.1	222	0.7	214	4.6
Gross margin (%)	57	54		55		56	
OPEX	(52)	(65)	-20.4	(55)	-5.9	(49)	5.0
Operating profit	172	164	5.2	168	2.9	165	4.5
Operating margin (%)	44	38		41		43	
Net income	162	156	4.2	155	4.4	153	6.0
Net margin (%)	41	36		38		40	
EPS	2.03	1.95	4.2	1.94	4.4	1.91	6.0
DPS	1.52	1.50		1.45		1.40	

*anbc estimates

Price Performance



Source: Tadawul, Bloomberg and anbc research

Saudi Logistics Services Co. (SAL AB) reported a net profit of SAR 162.2 mn (EPS: SAR 2.03) in 2Q25, up 4.4% YoY and 6.0% QoQ. The results were broadly in line with our estimates. Profitability improved despite a softer volume environment, supported by enhanced commercial execution, improved service mix in handling, and ongoing cost discipline across operations. The board declared a cash dividend of SAR 1.52 per share.

- Revenue fell 2.8% YoY (+2.6% QoQ) to SAR 394.0mn, driven by lower logistics division revenue from timing differences in project activity and reduced cargo volumes due to seasonality, regional conflict, airspace closures, and flight diversions. However, a 2% YoY increase in handling division revenue, helped cushion the decline. Overall, revenue fell short of our estimates by 7.8%.
- The company posted a gross profit of SAR 224.0 mn, up 0.7% YoY (+4.6% QoQ), with gross margins improving to 56.9% from 54.9% in 2Q24, despite softer volumes. The margin expansion was driven by the handling division's strong performance, supported by enhanced service offerings, solid client retention, and a leaner operational model.
- Operating expenses fell 5.9% YoY (+5.0% QoQ) to SAR 51.6mn, driving operating profit growth of 2.9% YoY (+4.5% QoQ) and margin expanded to 43.8% from 41.3% in 2Q24. The improvement was supported by enhanced commercial execution, service mix upgrades in handling, and sustained cost discipline. Operating profit exceeded our estimate by 5.2%.
- Despite softer cargo volumes and a volatile operating environment from regional conflict, the company achieved higher net margins of 41.2% vs. 38.3% in 2Q24. Net profit stood at SAR 162.2 mn, broadly in line with our expectations, up 4.2%.
- The company declared a dividend of SAR 1.52/sh for 2Q25, reflecting a payout ratio of 75%, in line with the same period last year. We estimate the 2025e dividend yield at 3.6%.
- SAL reported earnings growth despite a softer volume environment, demonstrating resilience. During the period company improved its financial position, with adjusted free cash flow increasing to SAR 281 mn. CAPEX by the end of the period stood at SAR 39 mn, reflecting continued capital deployment to support growth initiatives. The result came in line with our estimates, with net profit exceeding by 4.2%. We maintain our 'Neutral' rating on the stock at a target price of SAR 192.4/sh, offering a limited upside potential of 9.8% from the last close on 10th Aug-25. The stock is trading at a 2025e PE of 21.0x and PBV of 8.9x. On a YTD basis, it has fallen 30.6%, significantly underperforming the TASI's 9.4% decline over the same period.

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