2Q26 FIRST TAKE

Saudi Ground Services Co.

August 9, 2026

Lower operational activity and rise in costs drive a swing to a SAR 56.6 mn net loss; results came in below consensus estimates

Last Price: SAR 25.8 | YoY Performance: -44.8%

KEY TAKEAWAYS

- SGS posted a net loss of SAR 56.6 mn in 2Q26, against a net profit of SAR 99.4 mn in 2Q25 and SAR 60.5 mn in 1Q26, coming in well below consensus estimates. The swing to a loss was mainly driven by the ongoing decline in operational activities that began at the end of the previous quarter, alongside the cost of maintaining operational readiness and the resources needed to support a recovery, while servicing the Hajj and Umrah season.
- Revenue fell 7.8% YoY to SAR 635.1 mn coming in 10% below our SAR 705.4 mn estimate. The decline of SAR 53.8 mn YoY reflects lower operational activity across the period.
- Gross margin compressed to 2% in 2Q26 from 20% in 2Q25 and 16% in 1Q26. Cost of revenue rose 13.4% YoY to SAR 625.0 mn despite the drop in the topline, as the company maintained operational readiness and the resources required for the Hajj and Umrah season.
- The company posted an operating loss of SAR 61.9 mn, compared to operating profit of SAR 96.7 mn in 2Q25 and SAR 27.4 mn in 1Q26. Operating expenses rose 74.6% YoY to SAR 72.1 mn, driven by a SAR 20.2 mn increase in general and administrative expenses and lower other income of SAR 7.3 mn.

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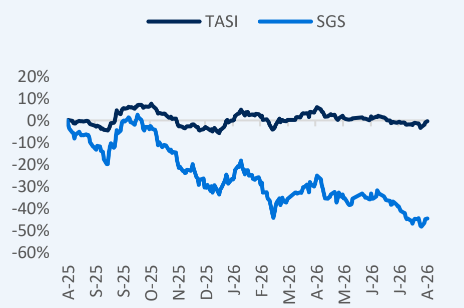
Issuer Information

Bloomberg Code	**SGS AB**
Last Price (SAR)	**25.8**
No. of Shares (mn)	**187.5**
Market Cap bn (SAR/USD)	**5.2 / 1.4**
52-week High / Low (SAR)	**47.7 / 25.2**
12-month ADTV (mn) (SAR/USD)	**15.8 / 4.2**
Free Float (%)	**47.5**
Foreign Holdings (%)	**6.7**

Last price as of August 9th, 2026

Relative Price Performance



Source: Bloomberg, anbc research

Financials (SAR mn)	2Q26A	2Q26E*	Var (%)	2Q25A	YoY (%)	1Q26A	QoQ (%)
Revenue	635.1	705.4	-10.0	688.9	-7.8	672.5	-5.6
Cost of Revenues (COGS)	625.0	557.5	12.1	551.0	13.4	564.9	10.6
Gross Profit	10.2	147.8	-93.1	137.9	-92.6	107.6	-90.6
Gross Margin (%)	***2***	***21***		***20***		***16***	
Operating Expenses	72.1	71.8	0.4	41.3	74.6	80.2	-10.1
Operating Profit/ (Loss)	-61.9	76.0	nm	96.7	nm	27.4	nm
Operating Margin (%)	***nm***	***11***		***14***		***4***	
Net Income/ (Loss)	-56.6	91.0	nm	99.4	nm	60.5	nm
Net Margin (%)	***nm***	***13***		***14***		***9***	
EPS/LPS (SAR)	-0.30	0.48		0.53		0.32	

**anbc estimate*
Source: Company Financials, anbc research

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