

Saudi Ground Services Co.

Profitability supported by higher non-operating income and lower zakat

Rating: Overweight | Target Price: SAR 53.6

April 6, 2026

Market Data		Valuations	2024A	2025A	2026F	2027F
Last Price (SAR)*	33.3	Net Income (SAR mn)	327	405	491	589
Target Price (SAR)	53.6	EPS (SAR)	1.7	2.2	2.6	3.1
Upside / Downside (%)	61%	PER (x)	19.2	15.5	12.8	10.6
Market Cap (bn) (SAR/USD)	6/2	P/BV (x)	2.5	2.4	2.1	1.9
52 week High / Low (SAR)	52/29	DPS* (SAR)	2.0	2.0	2.1	2.5
12-month ADTV (mn) (SAR/USD)	16/4	Div. Yield* (%)	6.0	6.0	6.3	7.5
YTD Return (%)	-8	RoAE (%)	13.5	15.9	17.9	18.9
Bloomberg Code	SGS AB	RoAA (%)	7.7	9.4	10.7	11.6

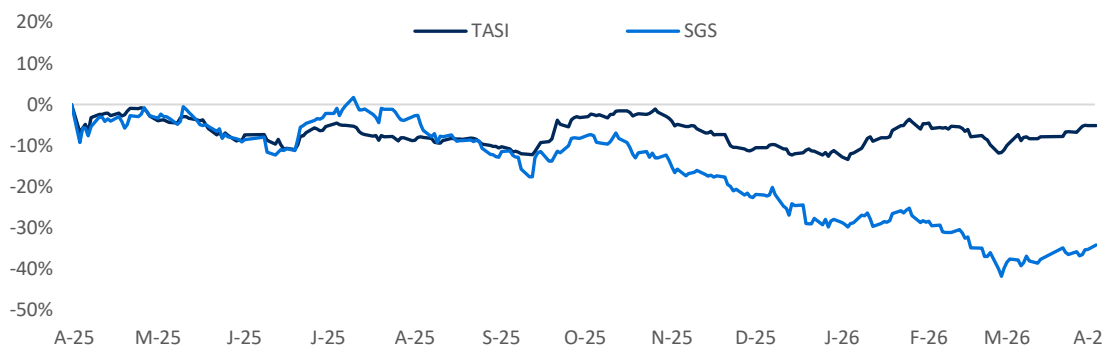
*last price as of 05th April 2026

*Estimated for 2025

Financials (SAR mn)	4Q25A	4Q25E*	Var (%)	4Q24A	YoY (%)	3Q25A	QoQ (%)
Revenue	686	751	-8.7	675	1.5	683	0.4
Cost of revenue	(524)	(561)	-6.7	(461)	13.7	(528)	-0.7
Gross profit	162	190	-14.8	215	-24.6	156	4.0
Gross margin (%)	23.6	25.3		31.8		22.8	
OPEX	(123)	(74)	65.4	(123)	-0.1	(57)	115.2
Operating profit	39	115	-66.5	91	-57.7	98	-60.7
Operating margin (%)	5.6	13.1		13.5		14.4	
Net profit	106	114	-6.6	96	10.9	102	4.6
Net margin (%)	15.5	15.1		14.2	1.3	14.9	
EPS	0.56	0.60		0.51		0.54	
DPS	-	1.00		1.00		-	

*anbc estimates

Price Performance



Source: Tadawul, Bloomberg, and anbc research

Saudi Ground Services Co. (SGS) reported a net profit of SAR 106 mn (EPS: SAR 0.56) in 4Q25, up 10.9% YoY and 4.6% QoQ. The result came in 6.6% below anbc estimate of SAR 114 mn. For FY 2025, company delivered a net profit of SAR 405 mn (EPS: SAR 2.15), up 23.8% YoY. Profitability improved primarily due to a higher contribution from equity accounted investments and reduction in zakat expenses. We maintain our "Overweight" rating on SGS with a target price of SAR 53.6/share.

- Revenue for the quarter increased 1.5% YoY to SAR 686 mn (up 0.4% QoQ). For 2025, revenue reached SAR 2.7 bn, an increase of 1.7% YoY, supported by growth in both domestic and international flight activity by 107% and 102%, respectively. The total number of flights catered by the company during the year increased to ~403,000, up 105% YoY. However, the market share of the company for 2025, declined to 91% compared to 94% in 2024.
- Gross margins for the 4Q25 declined to 23.6%, compared to 31.8% in 4Q24. The margins were below our estimated gross margins of 25.3%. For full year, gross margins remained flat with a meager decline of 47 bps YoY to 22.7% primarily due to 37.8% YoY increase in material consumption to SAR 79.8 mn.
- Total operating profit declined 57.7% YoY to SAR 39 mn for the quarter, with operating margins decreasing to 5.6% versus 13.5% in 4Q24. The decline in operating profit during 4Q25 is due to the one-off adjustment related to the joint venture as increase in share of profit results in higher ECL charge on receivables. For 2025, company's operating profit rose to SAR 331 mn, up 5.4% YoY, due to decrease in impairment losses by SAR 50.6 mn. The company has reclassified certain 2024 figures, resulting in a decline of around 5 mn in operating profit; however, net profit for the year remained unchanged.
- Lackluster gross and operating level performance was offset by higher non-operating income and lower zakat as 4Q25 profitability increased 10.9% YoY to SAR 106 mn. The result came below our estimate of SAR 114 mn, down 6.6%. However, for 2025 net income expanded to SAR 405 mn, up 23.8% YoY, as the company's share of profit for the year from equity accounted investments increased by SAR 39 mn to SAR 67 mn and zakat charge decreased by SAR 26 mn to SAR 25 mn. The decrease in zakat expense is due to the reversal of provisions related to the previous years.
- For 4Q25, net margins improved by ~130 bps YoY to 15.5%, while for 2025 net margins clocked in at 14.8%, up 2.6% YoY. Furthermore, management expects net margins to remain in range of 12-14% for 2026.
- SGS currently trades at a 2026f P/E of 12.8x, below its 10-year historical average of 24.5x, and at a P/BV of 2.1x, compared to a historical average of 2.7x. The stock is down 34.2% YoY, underperforming the broader market which fell 5.1% over the same period. We maintain our 'Overweight' stance with a target price of SAR 53.6, implying potential upside of 61% from the last close.

Raed N. Alshalhoub

Raed.Alshalhoub@anbcapital.com.sa
+966 11 4062500 Ext. 2677

anbcapital

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Contact

ANB Capital Head Office

3581 Al Mouyyad Al Jadid, Al Murabba, Riyadh 11311,

PO Box 22009, Kingdom of Saudi Arabia

Tel: +966 11 406 2500, 800 124 0055

Email: research@anbcapital.com.sa

Web: www.anbcapital.com.sa