Daily Bulletin

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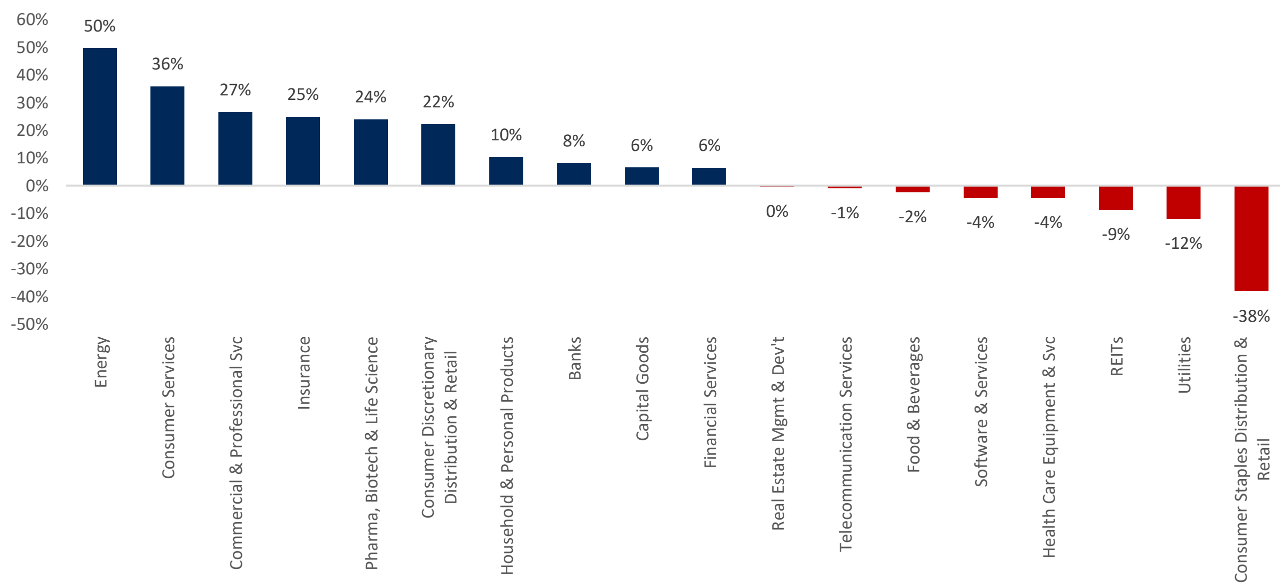
TASI 2Q26 earnings season wraps up: Aggregate profitability rises 36.2% YoY in 2Q26, Ex-Energy net profit up 8.8% YoY

For the quarter ending Jun-26, Tadawul listed companies[1], excluding REITs, reported an aggregate profitability of SAR 172.6 bn, up 36.2% YoY. However, Saudi Aramco accounted for 78.3% (SAR 35.9 bn) of the total profitability increase of SAR 45.8 bn for the quarter, compared to the same period last year. Similarly, the Energy sector contributed SAR 42.2 bn of the incremental profits (92.0% of the total increase) with total profit of SAR 127.0 bn. Excluding Energy, the market profitability rose by 8.8% YoY to SAR 45.6 bn. REITs announced their results for 1H26, with aggregate net profit reaching SAR 239 mn, down 8.7% YoY.

Sector Profitability Performance (YoY)*



**Excludes Consumer Durables & Apparel, Media & Entertainment, Transportation, and Materials due to incomparability*
**REITs performance for 1H26*
Source: Tadawul, anbc research

Overall profitability came in line with consensus estimates[2], with the cumulative profitability of the 135 companies with Bloomberg consensus estimates reported at SAR 163.9 bn, 2.8% above the consensus of SAR 159.3 bn. Aramco alone beat consensus by SAR 6.7 bn (net profit of SAR 121.5 bn against consensus estimate of SAR 114.8 bn). However, Ex-Aramco, the remaining 134 companies, missed consensus by 4.9%, a weaker in line result. The market level beat is therefore almost entirely an Aramco effect rather than a broad based one. 55 companies posted results above the consensus estimates, while results for 23 companies were in line with consensus and results for 57 companies came lower than the consensus estimates for the period.

Outperforming sectors

The Energy sector was the top performing sector, on a value basis, contributing SAR 42.2 bn in incremental profitability (+49.7% YoY) compared to 2Q25. The growth in the Energy sector was largely driven by higher crude oil prices. Saudi Aramco reported a net profit of SAR 121.5 bn in 2Q26, up 41.9% YoY, supported by a 62.1% YoY increase in average realized crude oil price, which reached USD 108.1/bbl during the quarter. The effect of higher oil prices was partially offset by a decrease in total hydrocarbon production, which fell to 9,463 mboed (thousand barrels of oil equivalent per day) in 2Q26, down 26.0% YoY.

[1]Includes net profit for quarter ending Jun-26 for companies with different fiscal years. Excludes ATAA and NCLE (FY end Jul-26).
[2]Results are classified as below consensus if they are more than 5% below consensus, in line if they are within ±5%, and above expectations if over +5% above consensus.

Notably, Materials sector reported profitability of SAR 1.8 bn during 2Q26 compared to a net loss of SAR 605.4 mn in 2Q25. Within Materials, SABIC narrowed its losses by 79.5% YoY to a net loss of SAR 832.9 mn in 2Q26, driven by lower losses from discontinued operations following the absence of the impairment charges and provisions recorded in 2Q25 related to the closure of the Teesside cracker in the UK. Other outperforming sectors were Consumer Services (+35.9%), Commercial & Professional Services (+26.6%), and Insurance (24.9%).

Additionally, the Transportation sector marked an improvement to a net profit of SAR 156.0 mn during the quarter, compared to a net loss of SAR 341.4 mn in 2Q25.

Underperforming sectors

In terms of value, the Utilities sector posted the largest decline in profits to SAR 5,278.6 mn in 2Q26 compared to the net profit of SAR 5,998.3 mn in 2Q25. Within Utilities, Saudi Energy posted a 7.4% YoY decline in net profit to SAR 4,891.0 mn during the quarter. The decrease in net profit was due to a 17.6% YoY increase in purchased power and 18.5% YoY higher operations and maintenance costs because of an increase in operating asset base and to support the reliability of the electrical service. Additionally, net finance cost increased by 21.9% YoY to SAR 1.6 bn due to additional financing obtained to fund capital expenditure plans.

The Consumer Durables & Apparel sector recorded a net loss of SAR 12.3 mn during the quarter, against a net profit of SAR 0.03 mn in 2Q25. The decline in profitability was led by NASEEJ, which reported a net loss of SAR 14.6 mn during 2Q26, against a profit of SAR 16.3 mn in the same period last year, mainly due to a decrease in production volumes, which resulted in an 81.4% YoY decline in sales, as well as the absence of non-recurring profits that were recorded in 2Q25 from the sale of a building. The Media & Entertainment sector also swung to a net loss of SAR 484.2 mn in 2Q26, compared to a net profit of SAR 104.7 mn in 2Q25.

Sector Performance: Net Profit (SAR mn)

Sectors	2Q26	2Q25	Performance YoY (%)	Variance with Consensus (%)*
Energy	127,000	84,844	49.7	5.8
Banks	24,869	22,984	8.2	6.0
Utilities	5,279	5,998	-12.0	-50.3
Telecommunication Services	4,796	4,842	-1.0	4.9
Materials	1,777	(605)	-	-72.4
Real Estate Mgmt & Development	1,455	1,462	-0.5	-0.7
Health Care Equipment & Svc	1,292	1,351	-4.4	4.8
Food & Beverages	1,137	1,164	-2.3	-1.7
Software & Services	1,075	1,124	-4.3	11.2
Capital Goods	1,023	960	6.5	17.1
Insurance	923	739	24.9	-7.0
Financial Services	640	601	6.5	-6.6
Consumer Services	537	396	35.9	32.1
Consumer Disc. Distribution & Retail	438	358	22.2	-4.1
Consumer Staples Distribution & Retail	275	446	-38.2	-31.9
REITs**	239	262	-8.7	-
Pharma, Biotech & Life Science	235	189	24.0	42.6
Commercial & Professional Svc	202	160	26.6	-9.7
Transportation	156	(341)	-	-67.7
Household & Personal Products	27	24	10.3	126.2
Consumer Durables & Apparel	(12)	0	-	-
Media and Entertainment	(484)	105	-	-35.4

**Variance calculated based on net profit for companies with Bloomberg consensus available*
***For 1H26*
Source: Tadawul, Bloomberg, anbc research

Disclaimer: