

Daily Bulletin

October 8, 2026

GAS: Ghazlan 1 award of SAR 288.1 mn equivalent to ~19% of 1H26 backlog, likely to uplift future earnings

Last Price: SAR 15.8 | YoY Performance: -6.4% | Consensus Target Price: SAR 17.4

GAS Arabian Services Co. (GAS) announced an award of a contract with Saudi Power Procurement Company (SPPC), for the construction of a Sales Gas Delivery System to Ghazlan 1 project. The value of the contract is expected to exceed 20% of its 2025 revenue of SAR 1,440.3 mn, which implies a contribution of around SAR 288.1 mn.

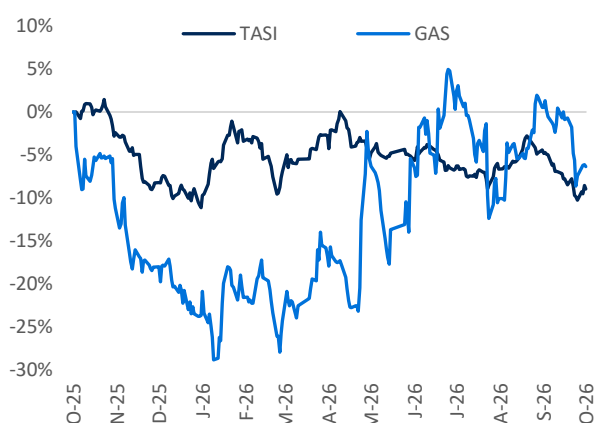
The project supports the company's backlog, which stood at SAR 1,553 mn at the end of 1H26, compared with SAR 1,983 mn at the end of 2025. Of this, the technical services backlog amounted to SAR 1,086 mn as of 1H26, down from SAR 1,465 mn at the end of 2025. The Ghazlan 1 contract is equivalent to ~18.6% of the 1H26 total backlog and ~26.5% of the 1H26 technical services backlog.

As of 1H26, GAS has 4 ongoing projects with SPPC. The Qassim and Taiba Gas Pipeline contracts signed in 2024 have a combined value of SAR 594.3 mn. Additionally, the company also signed two contracts with SPPC in 2025 for the Rumah IPP Sales Gas and Nairiyah IPP Sales Gas, which have a combined value of SAR 830.6 mn, with a duration of 24 months and financial impact extending through 2027.

During 1H26 the company reported a revenue of SAR 725.8 mn, up 13.1% YoY, driven by a 24.8% YoY growth in revenue from Technical Services projects to SAR 451.6 mn. Gross profit recorded a 12.2% YoY growth during the period to SAR 132.1 mn, while gross margins remained broadly stable at 18.2%, compared to 18.3% in 1H25. The share of results from associates rose by 51.6% YoY to SAR 17.7 mn, supporting the net profit growth of 15.4% YoY to SAR 80.9 mn. Net margins for 1H26 arrived at 11.1%, up from 10.9% in 1H25.

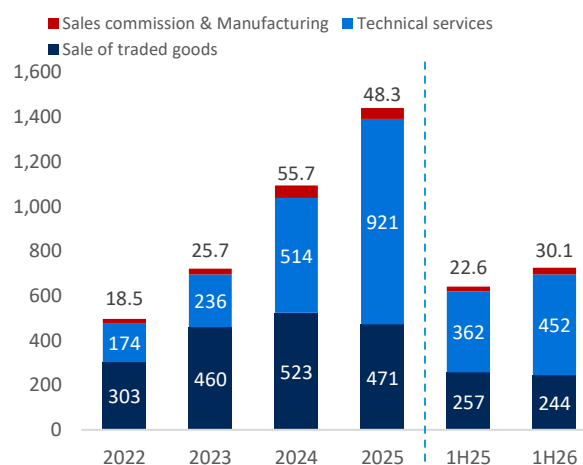
GAS Arabian Services' stock price has declined 6.4% YoY, outperforming TASI, which declined 9.0% during the same period. The company is currently trading at a 2027f P/E of 13.8x, with a consensus target price of SAR 17.4/share, implying a 9.8% upside from its last close of SAR 15.8/share.

Relative price chart



Source: Bloomberg, anb research

Revenue composition (SAR mn)



Source: Company financials, anb research

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