

Daily Bulletin

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- > *Saudi listed firms trade at steep discounts to historical averages*
- > *Riyadh Air, SATS Saudi Arabia tie-up to provide cargo handling services*

Saudi listed firms trade at steep discounts to historical averages

At a time when TASI is trading at a 25% discount to its 5-year average TTM P/E due to factors such as the recent decline in oil prices and regional conflicts, we highlight five companies trading at steep discounts to historical 5-year average TTM P/E's presenting potential re-rating opportunities.

- Mobile Telecommunications Company Saudi Arabia (Zain KSA) is trading at 14.9x TTM P/E, a 54% discount to its 5-year average of 32.1x. However, the stock's upside potential remains limited at 7% based on consensus TP of SAR 11.4/sh.
- United Cooperative Assurance Company trades at 17.8x TTM P/E, a 50% discount to its 5-year average of 35.6x. No consensus TP is available, limiting visibility on near-term re-rating potential.
- Eastern Province Cement Company is currently valued at 9.4x TTM P/E, a 48% discount to its historical average of 18.2x. Consensus TP of SAR 36.9/sh implies the strongest upside potential among the group at 38%.
- Qassim Cement Company trades at 15.4x TTM P/E, a 47% discount to its 5-year average of 28.8x. Consensus TP of SAR 53.0/sh indicates an upside of 22%.
- Saudi Awwal Bank (SAB) is currently trading at a TTM P/E of 8.3x versus a 5-year average of 15.5x, reflecting a 46% discount. Consensus TP of SAR 41.7/sh suggests a 31% upside.

Overall, while broad-based discounts reflect investor caution, consensus upside potential is most notable in Eastern Province Cement (38%) and Saudi Awwal Bank (31%), making them the standout re-rating candidates from these five companies.

Saudi Listed Companies P/Es

	Current TTM P/E	5Y average TTM P/E	Discount (%)	Consensus TP	Upside (%)
Mobile Telecommunications Company Saudi Arabia	14.9x	32.1x	54	11.4	7
United Cooperative Assurance Company	17.8x	35.6x	50	-	-
Eastern Province Cement Company	9.4x	18.2x	48	36.9	38
Qassim Cement Co.	15.4x	28.8x	47	53.0	22
Saudi Awwal Bank	8.3x	15.5x	46	41.7	31

Source: Bloomberg, anbc research

Riyadh Air, SATS Saudi Arabia tie-up to provide cargo handling services

Riyadh Air, signed a five-year strategic partnership with SATS Saudi Arabia Co., a subsidiary of SATS Ltd (SATS), to provide comprehensive cargo handling services at key airports across the Kingdom.

The agreement covers cargo operations at King Khalid International Airport in Riyadh, King Fahd International Airport in Dammam, and King Abdulaziz International Airport in Jeddah. SATS Saudi Arabia will also develop advanced hub management capabilities for Riyadh Air, establishing Riyadh as a premier regional cargo hub and directly supporting KSA's Vision 2030 target of handling 4.5 mn tons of air cargo annually.

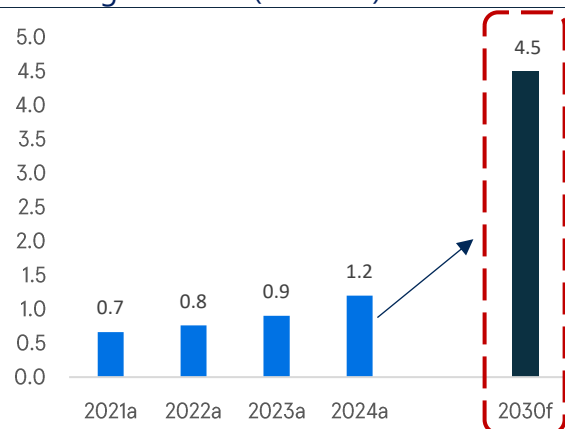
Under the deal, SATS Saudi Arabia will provide cargo handling at its 60,000 square-metre Riyadh airfreight terminal, featuring specialized zones for pharmaceuticals, e-commerce, live animals, valuables, and dangerous goods. The partnership also grants Riyadh Air access to SATS' global network of over 225 stations, supported by 250+ airline partners and leading freight forwarders.

Hub management operations will include centralized cargo and security control centers, leveraging SATS' expertise to ensure real-time oversight and seamless routing of shipments across Riyadh Air's growing global network. These efforts will be supported by SATS' proprietary COSYS+ Next Generation Cargo Management System, along with advanced digitization and automated truck dock management to boost efficiency.

We note that SATS is a competitor of SAL and is a global air cargo handling service provider. The recent developments at Riyadh Air highlight the competitive dynamics in the Saudi cargo sector, as discussed in our initiation report on SAL published in Apr-25. SAL's market share declined from 95% to 92% in 2024, with SATS accounting for the remaining 8%. Additionally, we flag recent waves of tariffs and counter-tariffs as a potential risk to international trade volumes, which may also weigh on SAL.

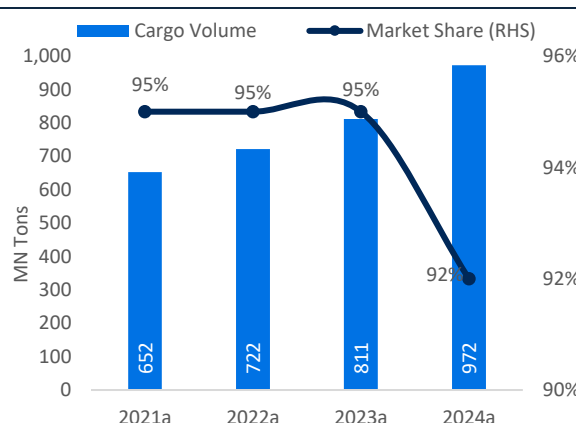
We maintain a Neutral rating on SAL with a target price of SAR 192.4/sh, offering an upside of 13.3%. On a YTD basis, SAL fell 32.8%, underperforming TASI, which fell by 9.6% over the same period. The stock trades at 2025e P/E of 20.2x.

KSA cargo volume (mn tons)



Source: GACA, anbc research

SAL's market share fell to 92% in 2024



Source: Company financials, anbc research

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