

Daily Bulletin

May 17, 2026

Saudi Chemical unit signs a SAR 742 mn agreement for the supply of military materials

Last Price: SAR 8.3 | YoY Performance: -4.7%

Saudi Chemical Company Holding, through its subsidiary Saudi Chemical Company Limited (SCCL), has signed a five-year framework agreement with the National Company for Mechanical Systems (NCMS) for the supply of military materials, including Trinitrotoluene (TNT). The maximum contract value stands at SAR 742 mn (USD 198 mn), inclusive of VAT, with actual volumes to be determined by purchase orders issued by NCMS over the contract term.

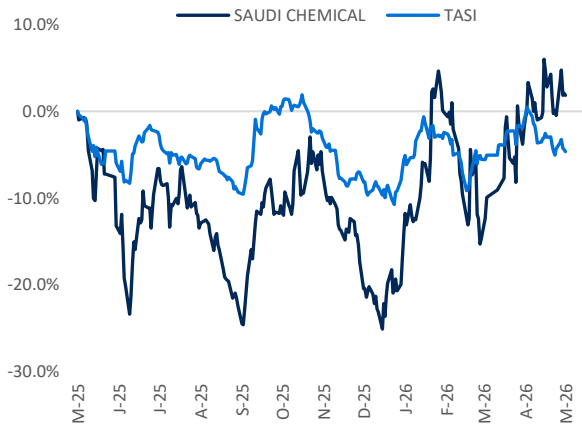
The contract is strategically significant, representing approximately 10.8% of the company's 2025 revenue of SAR 6.9 bn. Assuming a net margin in line with 2025 levels (~4.9%), the incremental net profit contribution is estimated at approximately SAR 36 mn, with financial impact expected to be reflected from 4Q26 onwards.

This agreement follows the company's recent announcement of a key operational milestone, the successful completion of the trial phase for its TNT production line and the production of its first batch in full compliance with approved international military specifications and standards. Management has indicated that production lines are currently being prepared and equipped ahead of the transition to commercial production, with a formal commencement date to be announced in due course.

From a revenue mix perspective, Saudi Chemical generated SAR 6.9 bn in 2025, up from SAR 6.4 bn in 2024, with the non-government segment contributing 64% of revenues in 2025 vs. 66% in 2024, indicating a gradual shift toward government/defense-linked business.

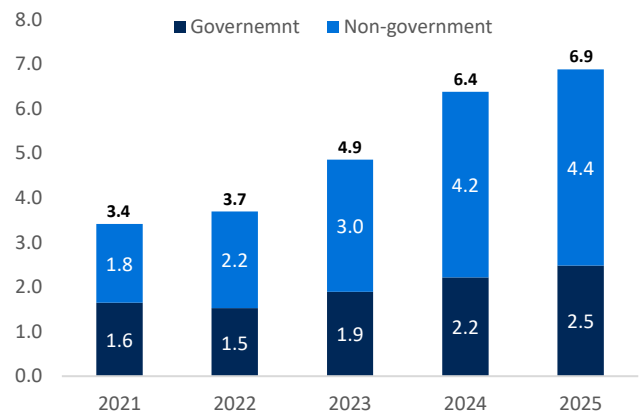
Saudi Chemical Co.'s stock price has increased by 1.8% YoY, compared with the TASI's 4.7% decline over the same period. The stock is currently trading at a TTM P/E of 21.2x.

Relative price chart



Source: Tadawul, anbc research

Saudi Chemical's revenue mix (SAR bn)



Source: Company financials, anbc research

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