Riyadh Cables

July 29, 2026

Volumetric growth and operational improvements supported bottom-line

Last Price: SAR 102.9 | YoY Performance: -23.8%

2Q26 RESULTS REVIEW

KEY TAKEAWAYS

- Riyadh Cables delivered SAR 306.8 mn in 2Q26 net profit, up 9.9% YoY and 8.8% QoQ, essentially in line with our estimates with only a 1.8% variance, as strong volume-led revenue growth was offset by gross margin compression.
- Revenue rose 7.9% YoY to SAR 2,930 mn, in line with our expectations of SAR 3,045 mn (-3.8% var.), driven by higher volumes of quantities sold; revenue also grew 5.8% QoQ on the same volume driver.
- Gross profit declined 1.0% YoY to SAR 439.2 mn, while gross margin contracted 134 bps YoY to 15.0% in 2Q26, as COGS rose 9.7% YoY to SAR 2,490 mn and outpaced revenue growth. On a QoQ basis, gross profit increased 2.0% but gross margin narrowed 57 bps from 15.6% in 1Q26, which we believe reflects a mix shift back toward copper cables, which typically carry lower margins than aluminum.
- Operating margin held broadly steady at 11.7% from 11.9% YoY as a SAR 23 mn decline in opex partly offset the gross margin compression; operating profit rose 5.8% YoY to SAR 342.4 mn, in line with our estimate.
- Net profit rose 9.9% YoY and 8.8% QoQ to SAR 306.8 mn, in line with our estimates of SAR 312.5 mn (-1.8% var.), as volume-led revenue growth was largely offset by gross margin compression.
- Based on our last review, we maintain our 'Overweight' rating on the stock, with a target price of SAR 152.3/share. The stock is currently trading at a 2026e P/E and P/B of 11.1x and 3.9x, respectively.

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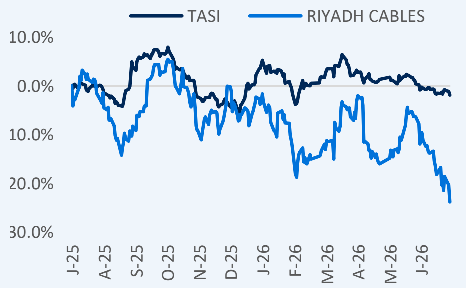
Issuer Information

Bloomberg Code	**RIYADHCA AB**
Last Price (SAR)	**102.9**
No of Shares (mn)	**149.7**
Market Cap bn (SAR/USD)	**15.4 / 4.1**
52-week High / Low (SAR)	**143.8 / 102.9**
12-month ADTV (mn) (SAR/USD)	**26.4 / 7.0**
Free Float (%)	**77.4**
Foreign Holdings (%)	**11.9**

Last price as of July 28th, 2026

Relative Price Performance



Source: Bloomberg, anbc research

Financials (SAR mn)	2Q26A	2Q26E*	Var (%)	2Q25A	YoY (%)	1Q26A	QoQ (%)
Revenue	2,930	3,045	(3.8)	2,714	7.9	2,768	5.8
Cost of Revenues (COGS)	2,490	2,576	(3.3)	2,271	9.7	2,337	6.5
Gross Profit	439	469	(6.4)	443	(1.0)	431	2.0
Gross Margin (%)	***15.0***	***16.5***		***16.3***		***15.6***	
Operating Expenses	97	110	(11.8)	120	(19.2)	103	(6.0)
Operating Profit	342	359	(4.6)	324	5.8	327	4.6
Operating Margin (%)	***11.7***	***11.8***		***11.9***		***11.8***	
Net Income	307	312	(1.8)	279	9.9	282	8.8
Net Margin (%)	***10.5***	***10.3***		***10.3***		***10.2***	
EPS (SAR)	2.0	2.1		1.9		1.9	

anbc estimates
Source: Company Financials, anbc research

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