Al Hammadi Holding

November 10, 2026

Net profit below estimates on lower-than-expected revenue and gross margin

Last Price: SAR 22.2 | YoY Performance: -26.9%

3Q26 FIRST TAKE

KEY TAKEAWAYS

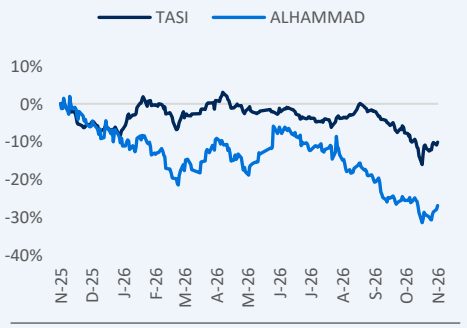
- Al Hammadi Holding reported revenue of SAR 307.7 mn in 3Q26, up 4.3% YoY and 6.9% below our estimate of SAR 330.6 mn. Growth was driven by the pharmaceutical products segment, up 12.5% YoY to SAR 69.2 mn on higher retail sales at the subsidiary, and by medical services, up 2.2% YoY to SAR 238.5 mn. QoQ revenue declined 4.4%, which management attributed to lower patient footfall as the quarter coincided with the school summer holidays and vacation season.
- Gross profit came in at SAR 78.6 mn, down 5.4% YoY and 1.7% QoQ, and 21.5% below our estimate of SAR 100.1 mn, reflecting lower-than-expected revenue and a lower-than-expected gross margin. Gross margin was 25.5%, compared with our forecast of 30.3%, 28.2% in 3Q25 and 24.8% in 2Q26. Management attributed the YoY margin decline to an increase in certain operating items related to employee costs, utilities and other services.
- Operating profit reached SAR 46.0 mn, down 15.3% YoY and 33.9% QoQ, and 28.8% below our estimate of SAR 64.6 mn. Management said selling, marketing, G&A expenses rose to SAR 32.3 mn from SAR 26.6 mn in 3Q25 on higher promotional spending, employee costs and professional fees, and that it recognized an expected credit loss expense of SAR 4.3 mn versus a SAR 9.2 mn reversal in 2Q26. The QoQ decline also reflects the non-recurrence of the SAR 7.0 mn gain on disposal of property recognized in 2Q26.
- Net profit was SAR 45.2 mn, down 12.9% YoY and 37.2% QoQ, and 24.5% below our estimate of SAR 59.8 mn, as lower-than-expected revenue and gross margin flowed through to the bottom line. Net margin was 14.7%, compared with our forecast of 18.1%. Management attributed the YoY decline to the lower gross margin, higher selling and administrative expenses. The QoQ decline reflects the SAR 14.1 mn fall in revenue, the ECL swing from a SAR 9.2 mn reversal to a SAR 4.3 mn expense, a lower share of profit from associates (SAR 10.5 mn vs. SAR 14.7 mn), and the non-recurrence of the SAR 6.99 mn gain on disposal of property recognized in 2Q26. Excluding the ECL reversal and the disposal gain in 2Q26 (combined SAR 16.2 mn), 2Q26 net profit would have been about SAR 55.7 mn, so 3Q26 net profit declined about 19% QoQ on that basis.
- Based on our last update, we have an 'Overweight' rating on the stock with a target price of SAR 40.5/share. Additionally, The company announced a cash dividend of SAR 0.20 per share for 3Q26.

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Issuer Information

Bloomberg Code	**ALHAMMAD AB**
Last Price (SAR)	**22.2**
No. of Shares (mn)	**160.0**
Market Cap bn (SAR/USD)	**3.6 / 0.9**
52-week High / Low (SAR)	**31.2 / 20.5**
12-month ADTV (mn) (SAR/USD)	**7.2 / 1.9**
Free Float (%)	**76.2**
Foreign Holdings (%)	**6.7**

Relative Price Performance



Source: Bloomberg, anbc research
Last price as of November 9th, 2026

Financials (SAR mn)	3Q26A	3Q26E*	Var (%)	3Q25A	YoY (%)	2Q26A	QoQ (%)
Revenue	308	331	(6.9)	295	4.3	322	(4.4)
Cost of Revenues (COGS)	229	231	(0.6)	212	8.1	242	(5.3)
Gross Profit	79	100	(21.5)	83	(5.4)	80	(1.7)
Gross Margin (%)	***25.5***	***30.3***		***28.2***		***24.8***	
Operating Expenses	33	35	(8.1)	29	13.5	10	213.6
Operating Profit	46	65	(28.8)	54	(15.3)	70	(33.9)
Operating Margin (%)	***15.0***	***19.5***		***18.4***		***21.6***	
Net Profit	45	60	(24.5)	52	(12.9)	72	(37.2)
Net Margin (%)	***14.7***	***18.1***		***17.6***		***22.3***	
EPS (SAR)	0.28	0.37	(24.5)	0.32	(12.9)	0.45	(37.2)

**anbc estimate*
Source: Company Financials, anbc research

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Expected return is more than +15%	Expected return is between +15% & -10%	Expected return is lower than -10%

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