Aldawaa Medical Services Co.

November 5, 2026

Net profit ahead of estimates on lower-than-expected operating expenses

Last Price: SAR 36.5 | YoY Performance: -41.9%

3Q26 FIRST TAKE

KEY TAKEAWAYS

- Aldawaa reported revenue of SAR 1,632.8 mn in 3Q26, down 4.1% YoY and 3.0% below our estimate of SAR 1,683.6 mn. Management attributed the decline to softer demand in the retail business, although retail still posted growth in both front-shop and online sales. Distribution revenue rose 21% and logistics revenue 14.1% YoY on the expansion of third-party logistics services. QoQ revenue was broadly flat (-0.2%), with retail revenue rising to SAR 1,416.7 mn from SAR 1,401.0 mn in 2Q26.
- Gross profit came in at SAR 565.0 mn, down 4.6% YoY and up 3.4% QoQ, and 2.1% below our estimate of SAR 576.9 mn. Gross margin was 34.6%, in line with our forecast of 34.3% and up from 33.4% in 2Q26 (34.8% in 3Q25). Management attributed the QoQ margin gain to improved margin realization and disciplined commercial execution, noting that the retail gross margin held at 36%.
- Operating profit reached SAR 87.1 mn, down 15.5% YoY and up 20.4% QoQ, and 27.3% above our estimate of SAR 68.5 mn. Implied operating expenses were SAR 477.9 mn, 6.0% below our estimate of SAR 508.4 mn. Management said operating expenses fell to 28.4% of revenue from 28.7% a year earlier, with total expenses down to SAR 464.2 mn from SAR 470.7 mn in 2Q26, while it continued to invest in omnichannel capabilities, technology and the retail network. Operating margin was 5.3%, compared with our forecast of 4.1%, 6.1% in 3Q25 and 4.4% in 2Q26.
- Net profit was SAR 47.7 mn, down 31.0% YoY and up 57.5% QoQ, and 38.7% above our estimate of SAR 34.4 mn, as lower-than-expected operating expenses outweighed the lower revenue. Management attributed the YoY decline to lower revenue and gross profit, and the QoQ increase to the stronger gross margin and cost optimization. Net margin was 2.9%, compared with our forecast of 2.0%, 4.1% in 3Q25 and 1.8% in 2Q26.
- Based on our last update, we have a 'Neutral' rating on the stock with a target price of SAR 40.8/share. Additionally, The company announced a cash dividend of SAR 0.63 per share for 2Q26.

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Issuer Information

Bloomberg Code	**ALDAWAA AB**
Last Price (SAR)	**36.5**
No. of Shares (mn)	**85**
Market Cap bn (SAR/USD)	**3.1 / 0.8**
52-week High / Low (SAR)	**64.0 / 33.0**
12-month ADTV (mn) (SAR/USD)	**6.8 / 1.8**
Free Float (%)	**50.4**
Foreign Holdings (%)	**3.9**

Last price as of November 4th, 2026

Relative Price Performance



Source: Bloomberg, anbc research

Financials (SAR mn)	3Q26A	3Q26E*	Var (%)	3Q25A	YoY (%)	2Q26A	QoQ (%)
Revenue	1,633	1,684	(3.0)	1,703	(4.1)	1,636	(0.2)
Cost of Revenues (COGS)	1,068	1,107	(3.5)	1,110	(3.8)	1,089	(2.0)
Gross Profit	565	577	(2.1)	593	(4.6)	547	3.4
Gross Margin (%)	***34.6***	***34.3***		***34.8***		***33.4***	
Operating Expenses	478	508	(6.0)	489	(2.4)	474	0.8
Operating Profit	87	68	27.3	103	(15.5)	72	20.4
Operating Margin (%)	***5.3***	***4.1***		***6.1***		***4.4***	
Net Profit	48	34	38.7	69	(31.0)	30	57.5
Net Margin (%)	***2.9***	***2.0***		***4.1***		***1.8***	
EPS (SAR)	0.56	0.40	38.7	0.81	(31.0)	0.36	57.5

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

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