Dallah Healthcare Co.

November 4, 2026

Net profit below estimates on lower-than-expected revenue

Last Price: SAR 57.3 | YoY Performance: -53.8%

3Q26 FIRST TAKE

KEY TAKEAWAYS

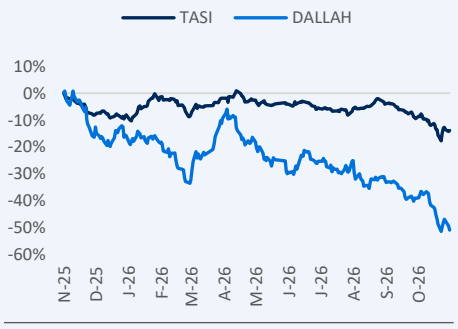
- Dallah Healthcare Co. (DALLAH) reported revenue of SAR 1,086 mn in 3Q26, up 2.3% YoY and 8.2% below our estimate of SAR 1,182 mn. Patient visits rose 7% YoY to 1.04 mn, led by the Eastern Region (+20.4%), with Dallah Al-Khobar and Al-Ahsa hospitals growing revenue 20%. Growth was held back by Dallah Namar, where long-term government care patients fell 55% (partly offset by a 19% rise in insured and self-pay patients), and by Kingdom hospital, where visits fell 9% because of surrounding roadworks. QoQ revenue declined 2.0%, which management attributed to summer-holiday seasonality and a 10% decline in Kingdom hospital visits.
- Gross profit came in at SAR 376 mn, down 1.2% YoY and 3.0% QoQ, and 9.0% below our estimate of SAR 413 mn. Gross margin was 34.6%, slightly below our forecast of 35.0% and down from 35.9% in 3Q25, with the decline mainly reflecting lower revenues.
- Reported operating profit of SAR 505 mn includes the one-off gain on the disposal of the investment in Dr. Mohammed Rashid Al Faqih Hospital. Adjusted operating profit was SAR 139 mn, down 12% YoY and 6.3% below our estimate of SAR 148 mn. Management noted that the expected credit loss expense rose about SAR 18 mn YoY on changed macroeconomic assumptions in the ECL model.
- Net profit was SAR 436 mn, up 207.3% YoY and 12.6% below our estimate of SAR 499 mn, as lower-than-expected revenue and gross profit flowed through to the bottom line. The result includes a SAR 356.6 mn gain on the Al Faqih disposal (net of zakat). Excluding non-recurring items, net profit fell 28.6% YoY to SAR 79.5 mn and 31.0% QoQ, which management attributed to lower gross profit, the higher ECL expense and a SAR 9 mn rise in finance costs on acquisition financing. Net margin was 40.2%, compared with our forecast of 42.2%. Management said the disposal proceeds, received in July 2026, are being used to repay financing facilities in stages.
- Based on our last update, we have a 'Neutral' rating on the stock with a target price of SAR 115.0/share. Additionally, The company announced a cash dividend of SAR 0.5 per share for 3Q26.

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Issuer Information

Bloomberg Code	**DALLAH AB**
Last Price (SAR)	**57.3**
No. of Shares (mn)	**121.9**
Market Cap bn (SAR/USD)	**7.0 / 1.9**
52-week High / Low (SAR)	**125.2 / 55.1**
12-month ADTV (mn) (SAR/USD)	**12.6 / 3.4**
Free Float (%)	**48.0**
Foreign Holdings (%)	**5.3**

Relative Price Performance



Source: Bloomberg, anbc research
Last price as of November 3rd, 2026

Financials (SAR mn)	3Q26A	3Q26E*	Var (%)	3Q25A	YoY (%)	2Q26A	QoQ (%)
Revenue	1,086	1,182	(8.2)	1,061	2.3	1,108	(2.0)
Cost of Revenues (COGS)	710	769	(7.7)	681	4.3	721	(1.5)
Gross Profit	376	413	(9.0)	381	(1.2)	387	(3.0)
Gross Margin (%)	***34.6***	***35.0***		***35.9***		***35.0***	
Operating Expenses	(129)	265	(148.7)	223	(157.8)	238	(154.2)
Operating Profit	505	148	240.5	158	220.4	149	238.2
Operating Margin (%)	***46.5***	***12.5***		***14.8***		***13.5***	
Net Profit	436	499	(12.6)	142	207.3	100	336.0
Net Margin (%)	***40.2***	***42.2***		***13.4***		***9.0***	
EPS (SAR)	3.58	4.09	(12.6)	1.16	207.3	0.82	336.0

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

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