Fakeeh Care

November 5, 2026

Net profit in line with estimates as higher revenue offsets higher opex

Last Price: SAR 30.5 | YoY Performance: -24.8%

3Q26 FIRST TAKE

KEY TAKEAWAYS

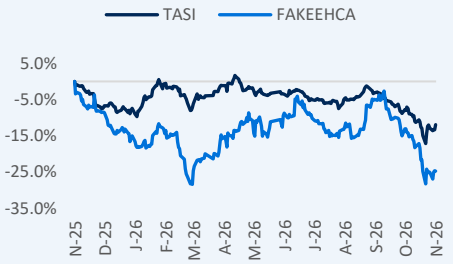
- Fakeeh Care Group reported revenue of SAR 931 mn in 3Q26, up 19.7% YoY and 5.4% above our estimate of SAR 883 mn. The new business more than tripled its revenue to SAR 272 mn (3Q25: SAR 87 mn), with Dr. Mohammed Al Fagih Hospital (DMFH) consolidated from July 2026 and DSFH Riyadh and DSFH Madinah continuing to ramp up. Excluding DMFH, Group revenue grew 5%. Patients served rose 24% to 592,977, while inpatient admissions and surgical procedures each rose 54%. QoQ revenue rose 16.6%, mainly on the DMFH consolidation and the continued ramp-up of DSFH Madinah (patients served up 39% QoQ).
- Gross profit came in at SAR 202 mn, up 13.9% YoY and 15.4% QoQ, and 3.1% above our estimate of SAR 196 mn. Gross margin was 21.7%, slightly below our forecast of 22.2% and down from 22.8% in 3Q25 (21.9% in 2Q26). Management attributed the margin decline to salaries rising to 42.4% of revenue (3Q25: 40.2%) as new capacity was staffed ahead of its ramp-up, to higher materials costs (24.1% of revenue vs. 23.5%), and to mix, since the lower-margin new business now accounts for 29% of revenue. The new business itself turned a gross loss of SAR 20 mn into a gross profit of SAR 34 mn.
- Operating profit reached SAR 70 mn, down 5.0% YoY and up 1.1% QoQ, and 16.6% below our estimate of SAR 84 mn. Implied operating expenses were SAR 131 mn, 18.1% above our estimate of SAR 111 mn and up 27.5% YoY. Management said SG&A rose to SAR 125 mn (3Q25: SAR 99 mn), with almost all of the increase coming from the new business as DMFH was consolidated, DSFMC Al Awali opened and DSFMC North Obhur was prepared. G&A rose 30.9% to SAR 103 mn and the impairment loss on receivables rose 61.2% to SAR 9 mn. Operating margin was 7.6%, compared with our forecast of 9.6% and 9.5% in 3Q25.
- Net profit attributable to shareholders was SAR 39 mn, down 45.9% YoY and 33.1% QoQ, and in line with our estimate of SAR 37.7 mn (+2.8%). Management attributed the YoY decline to 3Q26 being the first quarter to carry the depreciation and financing costs of the DMFH acquisition: depreciation and amortization rose to SAR 66 mn (3Q25: SAR 49 mn) and net finance costs to SAR 28 mn (3Q25: SAR 9 mn). Minority partners in DSFH Riyadh and DSFH Madinah also absorbed a smaller share of losses (SAR 1 mn vs. SAR 15 mn). Net margin was 4.2%, compared with our forecast of 4.3%. EPS was SAR 0.17 versus SAR 0.31 in 3Q25.
- Based on our last update, we have an 'Overweight' rating on the stock with a target price of SAR 37.7/share.

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Issuer Information

Bloomberg Code	**FAKEEHCA AB**
Last Price (SAR)	**30.5**
No. of Shares (mn)	**232**
Market Cap bn (SAR/USD)	**7.1 / 1.9**
52-week High / Low (SAR)	**40.4 / 27.2**
12-month ADTV (mn) (SAR/USD)	**5.2 / 1.4**
Free Float (%)	**22.8**
Foreign Holdings (%)	**3.0**

Relative Price Performance



Source: Bloomberg, anbc research
Last price as of November 4th, 2026

Financials (SAR mn)	3Q26A	3Q26E*	Var (%)	3Q25A	YoY (%)	2Q26A	QoQ (%)
Revenue	931	883	5.4	778	19.7	799	16.6
Cost of Revenues (COGS)	729	688	6.1	601	21.4	624	16.9
Gross Profit	202	196	3.1	177	13.9	175	15.4
Gross Margin (%)	***21.7***	***22.2***		***22.8***		***21.9***	
Operating Expenses	131	111	18.1	103	27.5	105	24.9
Operating Profit	70	84	(16.6)	74	(5.0)	70	1.1
Operating Margin (%)	***7.6***	***9.6***		***9.5***		***8.7***	
Net Profit	39	38	2.8	72	(45.9)	58	(33.1)
Net Margin (%)	***4.2***	***4.3***		***9.2***		***7.3***	
EPS (SAR)	0.17	0.16	2.8	0.31	(45.9)	0.25	(33.1)

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

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