Al Babtain Power & Telecommunication Co.

November 9, 2026

Cost discipline lifts YoY profit despite QoQ revenue dip

Last Price: SAR 48.40 | YoY Performance: -26.4%

3Q26 FIRST TAKE

KEY TAKEAWAYS

- Al Babtain reported 3Q26 net profit of SAR 148.5 mn, up 16.7% YoY but down 2.0% QoQ, with the YoY growth supported by lower operating and financing costs. However, earnings came in 5.3% below our estimate of SAR 156.9 mn, primarily reflecting a 5.0% revenue shortfall against our forecast amid geopolitical headwinds and supply chain disruptions. The revenue shortfall, coupled with a 29 bps lower-than-expected gross margin, left gross profit 6.1% below our estimate.
- Revenue rose 1.5% YoY to SAR 788.5 mn, 5.0% below our estimate, driven by higher sales in the Poles and Lighting and Towers and Steel Structures sectors; revenue fell 2.6% QoQ on geopolitical effects and supply chain disruptions.
- Gross margin improved 28 bps YoY to 25.2%, compared to 24.9% in 3Q25, but declined 47 bps QoQ from 25.7% in 2Q26. The margin was also 29 bps below our estimate. Gross profit increased 2.6% YoY to SAR 198.8 mn.
- Operating profit increased 7.8% YoY to SAR 178.4 mn, although 6.0% below our estimate. The improvement was supported by a 27.7% YoY decline in operating expenses to SAR 20.4 mn, primarily reflecting lower administrative and marketing costs.
- Net profit rose 16.7% YoY to SAR 148.5 mn, 5.3% below our SAR 156.9 mn estimate. 9M26 net profit rose 41.5% YoY to SAR 443.4 mn.
- Alongside its results, the company announced a cash dividend of SAR 0.5/share for 3Q26, down from SAR 1.0/share in 3Q25.
- Based on our last review, we have an Overweight rating with a target price of SAR 88.2/share.

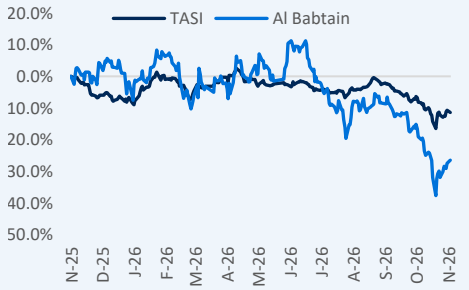
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Issuer Information

Bloomberg Code	**ALBABTAI AB**
Last Price (SAR)	**48.40**
No of Shares (mn)	**63.9**
Market Cap bn (SAR/USD)	**3.1 / 0.8**
52-week High / Low (SAR)	**74.6 / 41.0**
12-month ADTV (mn) (SAR/USD)	**26.5 / 7.1**
Free Float (%)	**94.2**
Foreign Holdings (%)	**26.6**

Last price as of November 8th, 2026

Relative Price Performance



Source: Bloomberg, anbc research

Financials (SAR mn)	3Q26A	3Q26E	Var (%)	3Q25A	YoY (%)	2Q26A	QoQ (%)
Revenue	788.5	829.9	-5.0	776.8	1.5	809.9	-2.6
Cost of Revenues (COGS)	589.7	618.3	-4.6	583.1	1.1	601.9	-2.0
Gross Profit	198.8	211.6	-6.1	193.7	2.6	208.0	-4.4
Gross Margin (%)	***25.2***	***25.5***		***24.9***		***25.7***	
Operating Expenses	20.4	21.7	-6.2	28.2	-27.7	22.0	-7.3
Operating Profit	178.4	189.9	-6.0	165.5	7.8	186.0	-4.1
Operating Margin (%)	***22.6***	***22.9***		***21.3***		***23.0***	
Net Income	148.5	156.9	-5.3	127.3	16.7	151.6	-2.0
Net Margin (%)	***18.8***	***18.9***		***16.4***		***18.7***	
EPS (SAR)	2.32	2.45		1.99		2.37	
DPS (SAR)	0.5	0.5		1.0		0.5	

Source: Company Financials, anbc research

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

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