

## Daily Bulletin

May 3, 2026

### ***Cenomi Centers: 1Q 2026 net income miss driven by margin compression & higher finance costs***

**Last Price: SAR 17.6 | Consensus Target Price: SAR 19.7 | YoY Performance: -11.4%**

Cenomi Centers reported an 8.7% YoY decline in net income to SAR 203.3 mn in 1Q26. The result fell short of the Bloomberg consensus net profit of SAR 247.0 mn by 17.7%. The decline was mainly driven by lower gross profit of SAR 488.9 mn, down 4.5% YoY. Gross margin declined to 83.9% in 1Q26, compared to 86.6% in 1Q25, mainly driven by higher utility expenses following the increase in electricity tariffs, franchise fees, and higher staff costs. Additionally, higher net finance costs of SAR 215.5 mn in 1Q26, compared to SAR 162.6 mn in 1Q25, along with a higher share of losses from equity-accounted investees compared to 1Q25, weighed on profitability.

However, this was partially offset by strong operating performance, with operating profit increasing by 10.3% YoY. This was supported by an increase in net fair value gains on investment properties to SAR 71.5 mn in 1Q26, compared to SAR 44.5 mn in 1Q25, along with a significant reduction in impairment losses on accounts receivable, related parties, and accrued revenue to SAR 33.7 mn in 1Q26, compared to SAR 79.6 mn in 1Q25. EBITDA increased by 4.7% YoY to SAR 374.3 mn, supported by higher operating profit. On a post one-off basis, EBITDA increased by 7.2% YoY to SAR 383.3 mn.

Revenue stood at SAR 582.5 mn, down 1.4% YoY, broadly in line with the consensus estimate of SAR 566.0 mn. The marginal decline in reported revenue primarily reflects portfolio changes in the comparable period and does not capture the underlying growth of the operating portfolio. However, on a like-for-like basis, revenue increased by 4.9% YoY, supported by stronger leasing performance and higher visitor traffic across the portfolio. Footfall increased by 2.5% YoY to 34.7 mn visitors, underscoring the continued appeal of Cenomi Centers' retail destinations, while occupancy remained strong at 92.4% in 1Q26. Media sales also delivered strong growth, increasing by 28.0% YoY to SAR 33.3 mn, mainly driven by higher media activations during the quarter, supporting an improved revenue mix.

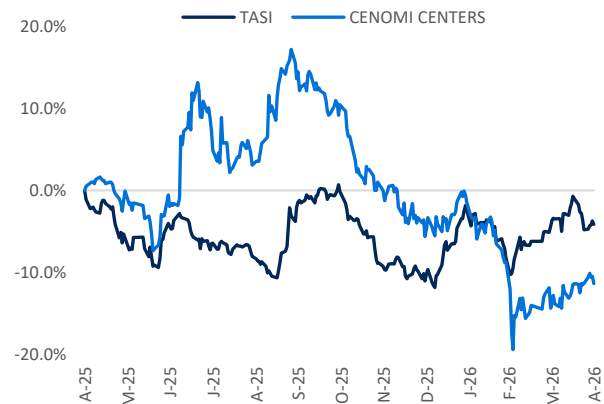
On a QoQ basis, net profit increased by 166.1% to SAR 203.3 mn from SAR 76.4 mn in 4Q25, driven by the higher operating profit, increased net fair value gains on investment properties, and lower impairment losses. Revenue increased by 3.3% QoQ from SAR 563.8 mn in 4Q25, driven by continued strength in media sales and leasing activity across the portfolio.

Cenomi Centers also continued to make strong progress on its flagship developments. Westfield Jeddah completed the structural phase in 1Q26, while Westfield Riyadh reached 99% structural completion. Both developments maintained strong pre-leasing momentum, with pre-leasing levels approaching 96% and 92%, respectively.

Management indicated that the company has thus far experienced a negligible direct impact on its performance from the regional conflict. The portfolio remained resilient, with footfall improving in 1Q26, primarily driven by an uptick in domestic consumption and internal tourism following airspace disruptions.

Cenomi Centers has declined 11.4% YoY, compared to TASI's decline of 4.1% over the same period. The stock is trading at a 2026e P/E of 9.7x and has a Bloomberg consensus target price of SAR 19.7/sh, implying an upside of 11.9% from the last close of SAR 17.6.

Relative price chart



Source: Tadawul, anb research

Key Financials (SAR mn)

	1Q26	1Q25	YoY (%)	4Q25	QoQ (%)	Consensus	Var (%)
Revenue	583	591	(1)	564	3	566	3
COGS	94	79	19	82	14	85	10
<b>Gross profit</b>	<b>489</b>	<b>512</b>	<b>(4)</b>	<b>482</b>	<b>1</b>	<b>481</b>	<b>2</b>
GM (%)	84	87		85		85	
Operating exp.	53	116	(55)	191	(72)	(6)	(995)
<b>Operating profit</b>	<b>436</b>	<b>396</b>	<b>10</b>	<b>291</b>		<b>487</b>	<b>(10)</b>
OM (%)	75	67		52		86	
<b>Net income</b>	<b>203</b>	<b>223</b>	<b>(9)</b>	<b>76</b>	<b>166</b>	<b>247</b>	<b>(18)</b>
Net margin (%)	35	38		14		44	
<b>EPS</b>	<b>0.4</b>	<b>0.5</b>		<b>0.2</b>		<b>0.5</b>	

Source: Company financials, Bloomberg, anb research

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