

Daily Bulletin

September 10, 2025

Al Hammadi falls to lowest level since Mar - 22

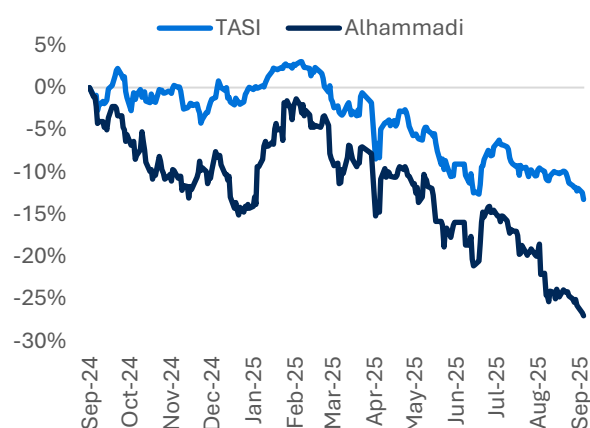
Al Hammadi's share price dropped to its lowest level since March 2022, hitting an intraday low of SAR 31.9 on 9 September 2025. The stock has declined by approximately 27% over the past 12 months.

In recent earnings calls, management has communicated that the company is transitioning its service mix, with greater emphasis on complex procedures and aligning its operations ahead of the DRG system implementation. This shift has weighed on margins, with gross margins falling from 37-38% during 2021-2023 to 33% in 2024 and 32% in 1H25. Additionally, patient volumes had also come under pressure, declining 3% in 2024.

In 1H25, net profit fell 25% YoY, largely due to a high base effect. Last year's bottom line was supported by one-off proceeds from the sale of a vacant plot in Al Rayyan, which boosted 2Q24 profitability. On the topline, however, performance remained healthy with revenues up 11% YoY, driven by a 12% YoY increase in inpatient volumes, while outpatient visits grew modestly by 1% YoY. Despite this growth, gross margins contracted by c.110 bps YoY in 1H25.

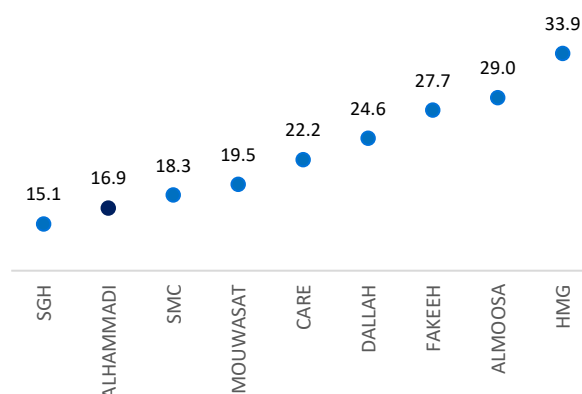
Al Hammadi trades at a 2025e P/E of 16.9x, among the lowest in the healthcare sector. Based on the consensus target price of SAR 44.8/sh, the current stock price implies a 38% upside.

Relative price performance



Source: Bloomberg, anbc research

Healthcare 2025e P/E Multiples



Source: Bloomberg, anbc research

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