Dr. Soliman Abdel Kader Fakeeh Hospital Co.

Rating: Overweight | Target Price: SAR 37.7 **March 5, 2026**

Topline growth remains strong, but Madinah ramp-up pressures margins

Market Data	
Last Price (SAR)*	30.50
Target Price (SAR)	37.7
Upside / Downside (%)	23.7%
Market Cap (bn) (SAR/USD)	7.1/1.9
52 week High / Low (SAR)	56.9/27.2
12-month ADTV (mn) (SAR/USD)	15.2/4.1
YTD Return (%)	-10.6%
Bloomberg Code	FAKEEHCA AB

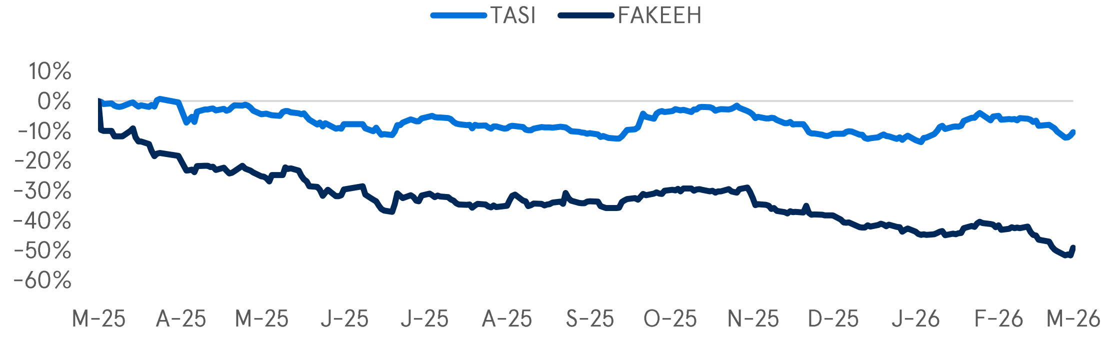
last price as of 04th March 2026

Valuations	2025A	2026E	2027E	2028E
Net Income (SAR mn)	290	312	294	306
EPS (SAR)	1.3	1.2	1.1	1.1
PER (x)	24	26	28	27
P/BV (x)	2.0	1.9	1.8	1.7
DPS (SAR)	n/a	0.3	0.3	0.3
Div. Yield (%)	n/a	0.8%	0.8%	0.8%
RoAE (%)	8%	8%	8%	7%
RoAA (%)	5%	5%	4%	4%

Financials (SAR mn)	4Q25A	4Q25E*	Var (%)	4Q24A	YoY (%)	3Q25A	QoQ (%)
Revenue	799	822	-2.8	743	7.6	778	2.7
COGS	(629)	(634)	-0.8	(578)	8.9	(601)	4.7
Gross profit	**170**	**188**	**-9.5**	**165**	**3.1**	**177**	**-4.2**
Gross margin (%)	*21.2%*	*22.8%*		*22.2%*		*22.8%*	
OPEX	(103)	(107)	-6.1	-93	2.1	(101)	1.6
Operating profit	**67**	**81**	**-27.4**	**72**	**4.3**	**76**	**-12.0**
Operating margin (%)	*8.4%*	*9.8%*		*9.7%*		*9.8%*	
Net income	**64**	**73**	**-11.8**	**74**	**-12.9**	**72**	**-10.3**
Net margin (%)	*8.0%*	*8.9%*		*9.9%*		*9.2%*	
EPS	***0.28***	***0.31***	-11.8	***0.32***	-12.9	***0.31***	-10.3
DPS	n/a	0.30		0.30		-	

*anbc estimates

Price Performance



Source: Tadawul, Bloomberg and anbc research

Dr. Soliman Abdel Kader Fakeeh Hospital Co. reported a profit attributable to shareholders of SAR 290.2 mn in 2025, broadly stable compared to SAR 287.6 mn in 2024, despite ramp-up costs associated with newly launched facilities. However, profitability declined by 13% YoY in 4Q25, primarily driven by a 93 bps decline in gross margins. Profitability in 4Q25 came in 12% below our expectations, mainly due to gross margins being 158 bps lower than our estimates. The decline in margins is largely attributable to the ramp-up of DSFH Madinah. Notably, gross margins declined to 23% in 2025 compared to 25% in 2024. Excluding the impact of DSFH Madinah, gross margins would have remained broadly flat at 25%.

- Topline in 4Q25 was broadly in line with our estimates, coming 3% below expectations at SAR 799 mn, reflecting 8% YoY growth. For 2025, revenue reached SAR 3.1 bn (+11% YoY), mainly driven by the scaling of DSFH Riyadh and the opening of DSFH Madinah. Revenue from the new hospitals (Riyadh and Madinah) grew 52% YoY in 2025 (including 35% YoY growth at Riyadh) contributing 12% of the healthcare operations revenue. Meanwhile, the revenue from the mature business (Jeddah based facilities) recorded 7% YoY growth and represented 88% of healthcare revenue. Healthcare operations generated 91% of total revenue, while medical-related, education, and IT revenues made up the remaining 9% and grew 16% YoY in 2025.

- Total operational beds increased to 544 beds in 4Q25 compared to 457 beds in 4Q24, reflecting the scaling of DSFH Riyadh and the ramp-up of DSFH Madinah. The total now includes 105 operational beds at DSFH Riyadh and 66 operational beds at DSFH Madinah (out of a total capacity of 200 beds), following its opening in 2Q25. Despite the larger bed base, inpatient utilization remained stable at 81% in 2025 compared to 82% in 2024. Patient volumes also remained strong, with total patients increasing 8% YoY in 4Q25, driven by inpatient (+12% YoY) and outpatient (+9% YoY) growth. For 2025, the Group served 1.89 mn patients (+8% YoY), supported by growth in both inpatient (+9% YoY) and outpatient (+8% YoY) volumes. Surgical activity also increased 9% YoY, reflecting continued progress in case mix optimization toward higher-value procedures.

- Despite strong topline growth, profitability remained impacted by the ramp-up of DSFH Madinah. Gross margin in 4Q25 stood at 21%, 158 bps below our estimate and 152 bps down QoQ. On a full-year basis, gross margin declined to 23% in 2025 from 25% in 2024, reflecting higher operating costs associated with the ramp-up of DSFH Madinah. Cost of revenue increased 14% YoY, primarily driven by higher staffing costs related to clinical hiring and operational readiness for the new hospital. While 4Q25 operating expenses remained broadly in line with our estimates, the decline in gross margins translated into operating margins coming in 146 bps below our expectations. Consequently, 4Q25 net profit declined by 13% YoY and came 12% below our expectations. However, net profit for 2025 increased slightly by 0.9% YoY, supported by a 49% YoY drop in finance costs.

- *Although we have revised our target price downward to reflect pressure on gross margins during the year, we maintain an Overweight rating. However, we await further clarification from management regarding the upcoming acquisition to update our estimates. Notably, the stock has declined by 49% over the past 12 months, which we believe presents an attractive entry point. The company's capacity is expected to more than double by 2030, supported by a pipeline of expansions scheduled to come online over the coming years, primarily concentrated in Makkah and Jeddah. Our target price implies a potential upside of 24%.*

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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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