

# Nahdi Medical Co.

Earnings beat led by lower-than-expected OPEX

Rating: Overweight | Target Price: SAR 125.7

May 6, 2026

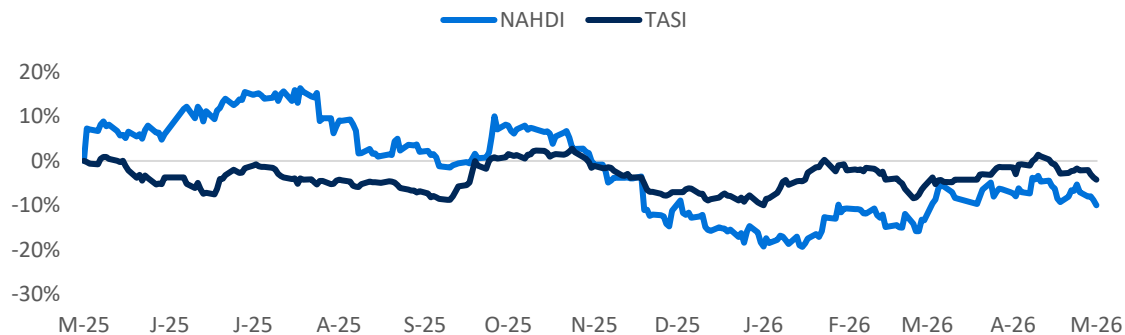
Market Data		Valuations				
		2025A	2026E	2027E	2028E	
Last Price (SAR)*	101.7	Net Income (SAR mn)	831	726	762	824
Target Price (SAR)	125.7	EPS (SAR)	6.39	5.58	5.86	6.34
Upside / Downside (%)	23.6%	PER (x)	15.9	18.2	17.4	16.0
Market Cap (bn) (SAR/USD)	13.2/3.5	P/BV (x)	4.8	4.7	4.6	4.4
52 week High / Low (SAR)	132/91	DPS (SAR)	5.6	5.0	5.3	5.5
12-month ADTV (mn) (SAR/USD)	26.4/7.0	Div. Yield (%)	5.5%	4.9%	5.2%	5.4%
YTD Return (%)	7.1%	RoAE (%)	31%	26%	27%	28%
Bloomberg Code	NAHDI AB	RoAA (%)	13%	11%	11%	11%

\*last price as of 6<sup>th</sup> May 2026

Financials (SAR mn)	1Q26A	1Q26E*	Var (%)	1Q25A	YoY (%)	4Q25A	QoQ (%)
Revenue	2,794	2,764	1.1	2,635	6.0	2,589	7.9
COGS	-1,807	-1,770	2.1	-1,691	6.8	-1,634	10.6
<b>Gross profit</b>	<b>988</b>	<b>994</b>	<b>-0.6</b>	<b>944</b>	<b>4.7</b>	<b>955</b>	<b>3.4</b>
Gross margin (%)	35.3	36.0		35.8		36.9	
OPEX	-728	-750	-3.0	-674	8.0	-747	-2.5
<b>Operating profit</b>	<b>260</b>	<b>244</b>	<b>6.6</b>	<b>270</b>	<b>-3.8</b>	<b>208</b>	<b>24.7</b>
Operating margin (%)	9.3	8.8		10.2%		8.0%	
<b>Net income</b>	<b>236</b>	<b>220</b>	<b>7.1</b>	<b>255</b>	<b>-7.6</b>	<b>176</b>	<b>34.0</b>
Net margin (%)	8.4	8.0		9.7%		6.8%	
<b>EPS</b>	<b>1.81</b>	<b>1.69</b>	7.1	<b>1.96</b>	-7.6	<b>1.35</b>	34.0
DPS	-	-	-	-	-	3.0	-

\*anbc estimates

## Price Performance



Source: Tadawul, Bloomberg and anbc research

Nahdi's 1Q26 results came in ahead of our expectations, with net profit exceeding our estimate by 7.1%, primarily driven by lower-than-expected operating expenses and slightly higher-than-expected revenue, despite gross margins coming in below expectations. On a reported basis, net profit declined 7.6% YoY; however, adjusting for the one-off zakat provision release of SAR 17.8 mn in 1Q25, underlying net profit was broadly flat YoY. Although net profit exceeded our estimate, the decline in gross margins is a key concern, and we therefore do not view the results as unequivocally positive. We await the company's earnings call for further details on margin pressures before revisiting our gross margin forecasts for the year.

- Nahdi reported a revenue of SAR 2,794 mn in 1Q26, up 6.0% YoY, driven by the retail segment (+4.7% YoY), with healthcare and regional expansion businesses delivering strong growth of 34.8% and 31.8% YoY, respectively. The online channel continued to outperform, contributing 31% of total revenues versus 24% in 1Q25, driven by increased digital engagement and continued investments into digital and AI capabilities. Private label revenues grew 18% YoY, with their share of total revenues rising to 18% from 16% in 1Q25. The QoQ total revenue improvement of 7.9% was primarily seasonal in nature.
- Gross profit increased 4.7% YoY and 3.4% QoQ to SAR 988 mn. Gross margin declined 47 bps YoY to 35.3% (vs. 35.8% in 1Q25), which the company attributes to a shift in business mix, driven by accelerated growth in healthcare revenue and a higher contribution from online sales. On a QoQ basis, gross margin contracted by 154 bps from 36.9% in 4Q25.
- Operating profit reached SAR 260 mn in 1Q26, declining 3.8% YoY but rising 24.7% QoQ, with operating margin at 9.3% versus 10.2% in 1Q25 and 8.0% in 4Q25. Operating expenses of SAR 728 mn increased 8.0% YoY, as the company continued to invest in its healthcare expansion, regional rollout, and AI and digital technology initiatives. However, opex came in 3.0% below our estimate, which drove the beat at the operating level. EBITDA was broadly flat YoY at SAR 461 mn, while the EBITDA margin stood at 16.5% versus 17.5% in 1Q25.
- Net profit for the quarter was SAR 236 mn, down 7.6% YoY but up 34.0% QoQ. The YoY decline is primarily attributable to the non-recurrence of a SAR 17.8 mn one-time zakat provision release in 1Q25. Excluding this one-off, underlying net profit was approximately flat YoY. Net margin stood at 8.4% versus 9.7% in 1Q25 and 6.8% in 4Q25. Notably, capex for the quarter stood at approximately 3% of revenue.
- At current price levels, we believe the stock's 10.0% decline over the past 12 months presents an attractive entry point, with our target price implying a 23.6% upside. However, we remain cautious on the gross margin outlook. While management has attributed the recent margin compression to a shift in business mix, driven by higher healthcare revenue and increased online contribution, we expect continued pressure going forward. In particular, the anticipated increase in Wasfaty contribution, which carries different pricing dynamics and structurally lower margins, could weigh on overall profitability. We await the company's earnings call for further clarity on the margin drop before revisiting our gross margin forecasts for the year.

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