2Q26 FIRST TAKE

Al Hammadi Holding

August 4, 2026

Profitability in line with estimates on an adjusted basis, amid gross margin weakness

Last Price: SAR 27.8 | YoY Performance: -22.7%

KEY TAKEAWAYS

- Al Hammadi reported revenue of SAR 321.8 mn in 2Q26, up 7.9% YoY, in line with our estimate of SAR 320.5 mn (+0.4%). Growth was driven by the pharmaceutical products segment, up 24.4% YoY to SAR 72.1 mn on higher retail sales at the subsidiary, while the dominant medical services segment grew 3.9% YoY to SAR 249.7 mn. QoQ, revenue was broadly stable, up 0.8%, driven by a 1.1% increase in medical services segment revenue.
- Gross profit for 2Q26 came in at SAR 79.9 mn, down 14.0% YoY and 20.9% QoQ, and below our estimate of SAR 96.3 mn (-17.0%). Gross margin was 24.8%, versus 31.2% in 2Q25 and came below our forecast of 30.0%, driven by an increase in some operating cost items.
- Operating profit rose to SAR 69.5 mn, up 8.8% YoY and 32.3% QoQ. Operating margin was 21.6%, versus 21.4% in 2Q25 and above our forecast of 19.3%, supported by a reversal of expected credit losses (ECL) provision of SAR 9.2 mn, versus a SAR 10.9 mn provision charge in 2Q25, on improved collection from key clients, a SAR 7.0 mn gain on disposal of property and equipment related to the compulsory expropriation of a land parcel in Al-Munsiyah, Riyadh, and a decrease in general, administrative and marketing expenses, which fell to SAR 30.4 mn on lower promotional and advertising costs. These factors more than offset the gross profit miss versus our estimate.
- Net profit was SAR 71.9 mn, up 16.0% YoY on a reported basis. However, excluding the SAR 9.2 mn ECL provision reversal and the SAR 7.0 mn one-off gain on disposal of property, adjusted net profit was approximately SAR 55.7 mn, down approximately 11.2% YoY versus SAR 62.0 mn in 2Q25, in line with our estimate of SAR 56.7 mn.
- Based on our last update, we have an 'Overweight' rating on the stock with a target price of SAR 40.5/share. Additionally, The company announced a cash dividend of SAR 0.27 per share for 2Q26.

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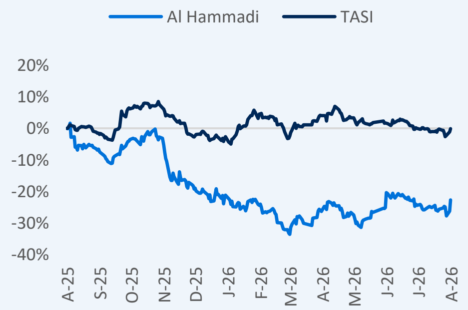
Issuer Information

Bloomberg Code	**ALHAMMAD AB**
Last Price (SAR)	**27.8**
No. of Shares (mn)	**160.0**
Market Cap bn (SAR/USD)	**4.4 / 1.2**
52-week High / Low (SAR)	**36.5 / 23.4**
12-month ADTV (mn) (SAR/USD)	**8.8 / 2.3**
Free Float (%)	**76.4**
Foreign Holdings (%)	**7.6**

Relative Price Performance



Source: Bloomberg, anbc research
Last price as of August 3rd, 2026

Financials (SAR mn)	**2Q26A**	**2Q26E***	**Var (%)**	**2Q25A**	**YoY (%)**	**1Q26A**	**QoQ (%)**
Revenue	322	320	0.4	298	7.9	319	0.8
Cost of Revenues (COGS)	242	224	7.9	205	17.8	218	10.9
Gross Profit	80	96	(17.0)	93	(14.0)	101	(20.9)
Gross Margin (%)	***24.8***	***30.0***		***31.2***		***31.7***	
Operating Expenses	10	34	(69.9)	29	(64.3)	49	(78.6)
Operating Profit	70	62	12.5	64	8.8	53	32.3
Operating Margin (%)	***21.6***	***19.3***		***21.4***		***16.5***	
Net Profit	72	57	26.9	62	16.0	56	27.8
Net Margin (%)	***22.3***	***17.7***		***20.8***		***17.6***	
EPS (SAR)	0.4	0.4	26.9	0.4	16.0	0.4	27.8

**anbc estimate*
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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