Company

Abdullah Al-Othaim Markets Company

2Q26 Result Review

Rating

Under Review

Bloomberg Ticker

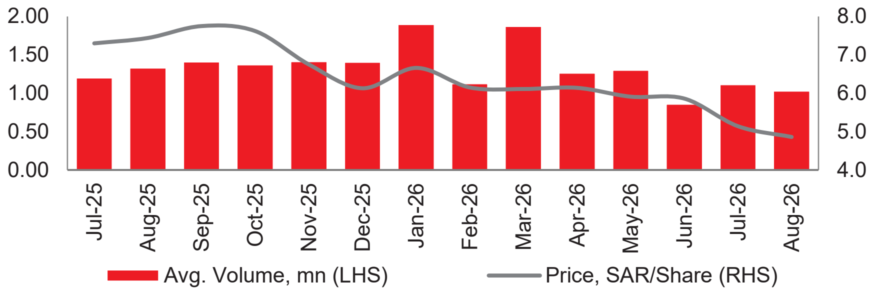
AOTHAIM AB

Date

16 August 2026

Results

Target Price SAR	Under Review
Total Return	-



Current Market Price (SAR)	4.9
52-week High | Low	7.9 | 4.9
Price Perf. (1m | 3m)	-9.0% | -17.6%
Mkt. Cap. (USD/SAR mn)	1,181 | 4,374
Free Float	64.2%
3m ADTO (000 shares)	1,344.0
6m ADTO (000 shares)	1,198.3
3m ADTV (SAR 000)	6,452.3
6m ADTV (SAR 000)	7,466.3
P/E 27e	22.4x
P/B 27e	3.0x
DY 27e	2.5%

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Revenue impacted due to decline in retail sales

Revenue stood at SAR 2,520.4mn (-1% YoY and -15% QoQ), in line with our estimates. Revenue declined YoY, mainly due to a 3.8% decline in retail sales in the Kingdom amid challenges related to the ERP system implementation. Direct sales through branches declined, while online sales recorded notable growth, partially offsetting the decline in direct sales.

Profitability impacted by higher inventory provisions

The company reported a loss of SAR 107.1mn, compared with a profit of SAR 41.1mn in the corresponding period, mainly due to higher commercial inventory provisions related to ERP implementation challenges. The ERP issues disrupted supply-chain planning, auto-replenishment efficiency and product availability, while lower sales and higher online sales-related expenses further pressured profit margins.

U-Capital view

Abdullah Al-Othaim Markets Company's profitability was impacted by higher commercial inventory provisions related to ERP implementation challenges. We expect operational issues to gradually normalize going forward, supporting a recovery in profitability in 2H26. The stock is currently trading at an FY27 P/E of 22.4x with a dividend yield of 2.5%. We have placed the stock under review and will update our investment case shortly.

Financial Statements

SAR mn	2Q25	3Q25	4Q25	1Q26	2Q26	2Q26e	YoY	QoQ	Var.	1H25	1H26	YoY
P&L												
Revenue	2,546.3	2,711.3	2,672.4	2,965.2	2,520.4	2,543.7	-1%	-15%	-1%	5,693.5	5,485.6	-4%
Gross profit	578.7	565.1	689.0	645.3	452.0	570.1	-22%	-30%	-21%	1,210.3	1,097.4	-9%
Operating profit	76.7	47.0	131.7	74.2	-80.8	57.8	n.m	n.m	n.m	182.6	-6.6	n.m
Net Profit	41.1	17.5	115.1	53.7	-107.1	39.0	n.m	n.m	n.m	117.5	-53.5	n.m
BS												
Shareholders' Equity	1,293.9	1,203.3	1,226.7	1,228.2	1,072.5		-17%	-13%		1,293.9	1,072.5	-17%
Ratios												
Gross margin	22.7%	20.8%	25.8%	21.8%	17.9%	22.4%				21.3%	20.0%	
Operating margin	3.0%	1.7%	4.9%	2.5%	-3.2%	2.3%				3.2%	-0.1%	
Net profit margin	1.6%	0.6%	4.3%	1.8%	-4.3%	1.5%				2.1%	-1.0%	
TTM RoE (%)					6.9%							
TTM P/E (x)					55.7							
Current P/Bv					3.8							

Source: Financials, Tadawul, Bloomberg, U Capital Research, n.m – not meaningful

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