2Q26 FIRST TAKE

Dr. Sulaiman Al Habib Medical Services

July 26, 2026

Net profit above estimates on higher-than-expected revenue

Last Price: SAR 215.1 | YoY Performance: -14.3%

KEY TAKEAWAYS

- Dr. Sulaiman Al Habib Medical Services Group (HMG) reported revenue of SAR 4,006 mn in 2Q26, up 18.4% YoY, coming in 6.0% above our estimate of SAR 3,778 mn. Hospitals/healthcare facilities rose 17.1% YoY to SAR 3,096 mn and pharmacies increased 21.6% YoY to SAR 844 mn, supported by higher patient volumes and improved hospital occupancy. QoQ revenue increased 16.6%, which management attributed to the normalization of operations following the seasonal softness due to the Ramadan period in 1Q26.
- Gross profit came in at SAR 1,222 mn, increasing 14.6% YoY and 27.8% QoQ, and exceeded our estimate by 9.9%. Gross margin expanded to 30.5%, compared with our forecast of 29.4%, reflecting easing cost pressures and improved efficiency. The strong sequential improvement was primarily driven by the absence of seasonal factors that weighed on margins in 1Q26.
- Operating profit rose to SAR 770 mn, exceeding our estimate of SAR 678 mn by 13.6%, as stronger revenue growth more than offset the increase in operating expenses. Operating expenses increased by 7.2% YoY to SAR 452 mn, slightly above our forecast, while the operating margin improved to 19.2% compared with our estimate of 17.9%.
- Net profit was SAR 663 mn, up 12.1% YoY and 31.7% QoQ, above our estimate of SAR 601 mn by 10.2% on higher than expected revenue and gross margin. The increase in net profit was mainly driven by revenue growth, higher patient volumes, and continued improved activity levels, which supported better operating leverage and cost absorption. Net margin was 16.5%, compared with our forecast of 15.9%.
- Based on our last update, we have an 'Overweight' rating on the stock with a target price of SAR 315.2/share. We will update our estimates and target price once detailed financial statements are released. Additionally, The company announced a cash dividend of SAR 1.33 per share for 2Q26.

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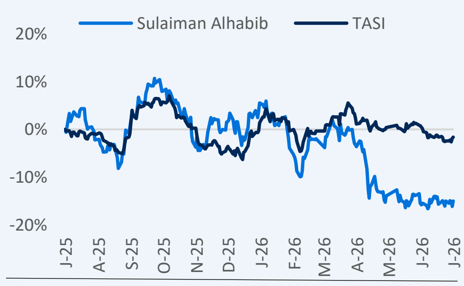
Issuer Information

Bloomberg Code	**SULAIMAN AB**
Last Price (SAR)	**215.1**
No of Shares (mn)	**350**
Market Cap bn (SAR/USD)	**75.2 / 20.0**
52-week High / Low (SAR)	**281.2 / 210.1**
12-month ADTV (mn) (SAR/USD)	**45.6 / 12.1**
Free Float (%)	**29.1**
Foreign Holdings (%)	**6.4**

Last price as of July 23rd, 2026

Relative Price Performance



Source: Bloomberg, anbc research

Financials (SAR mn)	2Q26A	2Q26E*	Var (%)	2Q25A	YoY (%)	1Q26A	QoQ (%)
Revenue	4,006	3,778	6.0	3,384	18.4	3,436	16.6
Cost of Revenues (COGS)	2,784	2,667	4.4	2,318	20.1	2,480	12.3
Gross Profit	1,222	1,111	9.9	1,066	14.6	956	27.8
Gross Margin (%)	***30.5***	***29.4***		***31.5***		***27.8***	
Operating Expenses	452	433	4.2	421	7.2	368	22.6
Operating Profit	770	678	13.6	645	19.5	588	31.1
Operating Margin (%)	***19.2***	***17.9***		***19.1***		***17.1***	
Net Profit	663	601	10.2	591	12.1	503	31.7
Net Margin (%)	***16.5***	***15.9***		***17.5***		***14.6***	
EPS (SAR)	1.9	1.7	10.2	1.7	12.1	1.4	31.7

**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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