Fakeeh Care

August 6, 2026

Net profit ahead of estimates as cost discipline offsets softer revenue

Last Price: SAR 35.8 | YoY Performance: -10.5%

KEY TAKEAWAYS

- Fakeeh Care Group reported revenue of SAR 798.9 mn in 2Q26, down 1.6% YoY, and 10.2% below our estimate. Excluding the non-recurring 2Q25 Hajj contract, revenue grew 7.6% YoY, reflecting the underlying growth trajectory across the Group's operating platform. The Group served 4.4% more patients YoY, with surgical procedures up 26.2%, supporting continued growth in higher-acuity activity. new business (DSFH Riyadh and DSFH Madinah) revenue nearly doubled, up 93.5% YoY, on deepening service-line breadth at DSFH Riyadh and a full-quarter contribution from DSFH Madinah, while mature business revenue declined on lower home healthcare volumes, the repricing of the Group's O&M contracts, and increased competition in Jeddah. QoQ, the increase in revenue was mainly attributable to the absence of the Ramadan and Eid Al Fitr seasonality that affected 1Q26, alongside the continued ramp-up of new business.
- Gross profit came in at SAR 175.0 mn, down 3.1% YoY, and 9.2% below our estimate. Although the lower-than-expected revenue weighed on absolute gross profit, this was offset by higher cost discipline, with gross margin of 21.9% coming in broadly in line with our estimate. This was supported by the Group's continued cost discipline and new business's improved contribution.
- Operating profit reached SAR 69.7 mn, down 14.6% YoY, and 2.2% below our estimate. Operating margin was 8.7% versus 10.1% in 2Q25, with SG&A at 12.5% of revenue, slightly higher YoY as new business added capacity and associated depreciation, alongside M&A-related expenses tied to the Dr. Mohammed AlFagih Hospital acquisition.
- Net profit was SAR 54.1 mn (SAR 57.9 mn attributable to shareholders), down 20.7% YoY, 19.2% ahead of our estimate. The YoY decline reflects lower revenue contributions from the mature business and home healthcare, the repricing of O&M contracts, higher depreciation and amortization at DSFH Madinah (which operated the full quarter versus two months in the prior-year period), one-off transaction costs related to the AlFagih acquisition and new projects, pre-operating expenses at DSFMC Al Awali, and higher net finance costs (SAR 16.5 mn versus SAR 10.0 mn in 2Q26) reflecting higher average debt balances.
- Based on our last update, we have an 'Overweight' rating on the stock with a target price of SAR 37.7/share.

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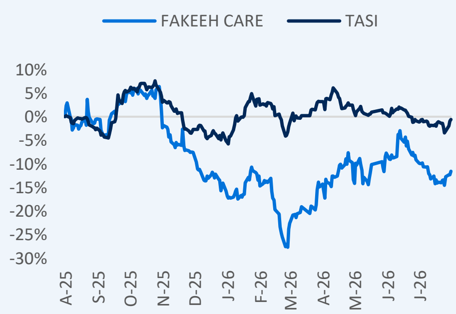
Issuer Information

Bloomberg Code	**FAKEEHCA AB**
Last Price (SAR)	**35.8**
No. of Shares (mn)	**232.0**
Market Cap bn (SAR/USD)	**8.3 / 2.2**
52-week High / Low (SAR)	**42.8 / 27.2**
12-month ADTV (mn) (SAR/USD)	**7.4 / 2.0**
Free Float (%)	**22.8**
Foreign Holdings (%)	**2.6**

Relative Price Performance



Source: Bloomberg, anbc research
Last price as of August 5th, 2026

Financials (SAR mn)	2Q26A	2Q26E*	Var (%)	2Q25A	YoY (%)	1Q26A	QoQ (%)
Revenue	799	890	(10.2)	812	(1.6)	724	10.3
Cost of Revenues (COGS)	624	697	(10.5)	631	(1.2)	584	6.8
Gross Profit	175	193	(9.2)	181	(3.1)	140	25.1
Gross Margin (%)	***21.9***	***21.7***		***22.2***		***19.3***	
Operating Expenses	105	122	(13.4)	99	6.3	95	10.5
Operating Profit	70	71	(2.2)	82	(14.6)	45	56.3
Operating Margin (%)	***8.7***	***8.0***		***10.1***		***6.2***	
Net Profit**	54	45	19.2	68	(20.7)	26	106.5
Net Margin (%)	***6.8***	***5.1***		***8.4***		***3.6***	
EPS (SAR)	0.2	0.2	19.2	0.3	(20.7)	0.1	106.5

**anbc estimate. ** Net profit after deducting NCI*
Source: Company Financials, anbc research

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