

## Strong results on improved gross margins and better operational efficiencies from margin accretive acquisitions

BinDawood reported Q1-26 net income of SAR 71.3mn up 8.4% Y/Y (down 37.3% Q/Q), earnings growth was driven by 8.2% Y/Y increase in revenues and 45bps expansion in gross margins; despite a 43.7% increase in expenses below operating income (mainly finance cost associated to funding expansions and higher lease expenses from Zahrat). Earnings were 17.7% and 9.1% above AJBC and consensus estimate of SAR 60.6mn and SAR 64.3mn, respectively. The deviation was mainly due to better-than-expected gross margins and improved operational efficiencies. Growth in grocery retail was driven by expansion in footprint, pharma segment growth was led by store-within-a-store model and full impact of consolidation (two months only in Q1-25), while acquisitions drove sales growth in tech segment.

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- **Revenues** grew by 8.2% Y/Y (+8.5% Q/Q) to SAR 1,811.4mn in Q1-26 (no deviation to AJBC estimate). Growth in grocery retail was driven by expansion in footprint, pharma segment growth was led by store-within-a-store model and full impact of consolidation (two months only in Q1-25), while acquisitions drove sales growth in tech segment.
- **Gross profit** improved by 9.7% Y/Y (-0.5% Q/Q) to SAR 580.1mn in Q1-26 (+3.4% deviation to AJBC estimate). The improvement was driven by strong revenue growth and 45bps Y/Y expansion in gross margin to 32.0% (+105bps deviation to AJBC estimate). The company continued improvement in procurement and supply chain efficiencies and optimized recognition of commercial incentives from suppliers.
- **Operating profit** expanded by 18.8% Y/Y to SAR 110.2mn (-25.0% Q/Q) in Q1-26 (+18.5% deviation to AJBC estimate). Operating margins expanded by 54bps Y/Y to 6.1% in Q1-26, while OPEX-to-sales declined by 10bps Y/Y to 25.9%. The improvement in operating margins was driven by margin accretive acquisitions.

**AJBC view and valuation:** BinDawood posted strong set of results mainly driven by better gross margins and improved operational efficiencies. The company has broadened its retail footprint into the pharma sector, through acquisition of Zahrat al Rawdah pharmacies and in distribution through JTC. The company has also entered into franchise agreement with 'The Regional Group Company' a well-known brand in Qatar to open eight BinDawood stores in Qatar. Moreover, BDH is planning to venture into food manufacturing. The company trades at a 2026e PE of 21.9x, at which we see limited room for re-rating. We maintain our **"Neutral"** recommendation on the stock and the TP of **SAR 5.2/share**.

### Results Summary

SAR mn	Q1-25	Q4-25	Q1-26	Change Y/Y	Change Q/Q	Deviation from AJBC Estimates
Revenue	1,674.4	1,669.8	1,811.4	8.2%	8.5%	0.0%
Gross profit	528.7	583.0	580.1	9.7%	-0.5%	3.4%
Gross margin	31.6%	34.9%	32.0%	-	-	-
EBIT	92.8	146.9	110.2	18.8%	-25.0%	18.5%
Net profit	65.7	113.6	71.3	8.4%	-37.3%	17.7%
EPS	0.06	0.10	0.06	-	-	-

Source: Company Reports, Aljazeera Capital Research

Recommendation	Neutral
Target Price (SAR)	5.2
Upside / (Downside)*	3.4%

Source: Tadawul \*prices as of 11<sup>th</sup> of May 2026

### Key Financials

SARmn (unless specified)	FY23	FY24	FY25
Revenue	5,603	5,678	6,348
Growth %	14%	1.3%	11.8%
Gross Profit	1,810	1,894	2,166
Growth %	25.9%	4.6%	14.4%
EBIT	354	369	396
Growth %	134.6%	4.2%	7.2%
Net Profit	275	280	270
Growth %	120.5%	1.9%	-3.7%
EPS	0.24	0.25	0.24
DPS	0.20	0.20	0.08

Source: Company reports, Aljazeera Capital Research

### Key Ratios

	FY23	FY24	FY25
GP Margin	32.3%	33.4%	34.1%
EBIT Margin	6.3%	6.5%	6.2%
Net Margin	4.9%	4.9%	4.3%
P/E (x)	25.7	26.0	18.9
P/B (x)	5.1	5.2	3.4
EV/EBITDA (x)	10.9	11.0	8.3
Div Yield (%)	3.2%	3.1%	1.7%

Source: Company reports, Aljazeera Capital Research

### Key Market Data

Market Cap(bn)	5.7
YTD%	9.1%
52 week (High)/(Low)	6.69/4.10
Share Outstanding (mn)	1,143

Source: Company reports, Aljazeera Capital Research

### Price Performance



Source: Tadawul, Aljazeera Capital Research

Senior Equity Analyst

Fahad Qureshi, CFA

+966 11 2256315

f.irfan@aljazaricapital.com.sa

RESEARCH DIVISION

Director - Head of Sell-Side Research  
**Jassim Al-Jubran**  
+966 11 2256248  
j.aljabran@aljazaracapital.com.sa

RESEARCH  
DIVISION

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RATING  
TERMINOLOGY

1. Overweight: This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. Underweight: This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. Neutral: The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. Suspension of rating or rating on hold (SR/RH): This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

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