

Nahdi Medical Co.

Results exceed expectations on topline strength and lower opex

Rating: Overweight | Target Price: SAR 125.7 | March 9, 2026

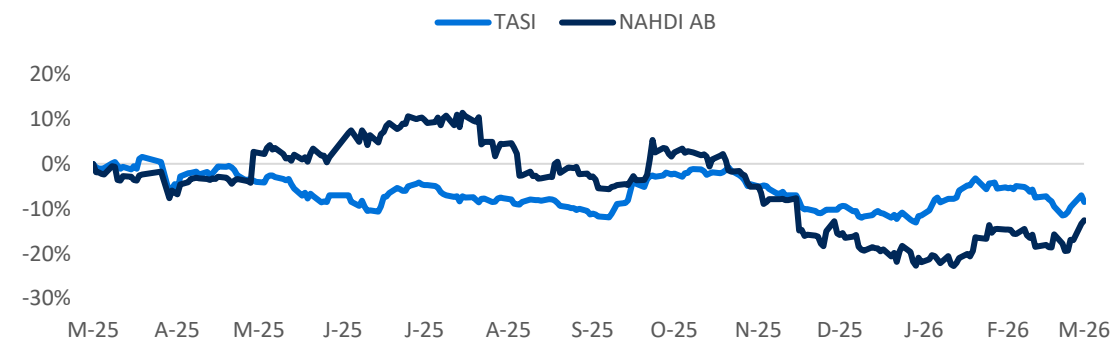
Market Data		Valuations				
		2025A	2026E	2027E	2028E	
Last Price (SAR)*	103.2	Net Income (SAR mn)	831	752	737	801
Target Price (SAR)	125.7	EPS (SAR)	6.39	5.79	5.67	6.16
Upside / Downside (%)	21.8%	PER (x)	16.2	17.8	18.2	16.7
Market Cap (bn) (SAR/USD)	13.4/3.6	P/BV (x)	4.9	5.3	5.0	4.8
52 week High / Low (SAR)	132/91	DPS (SAR)	5.6	4.8	4.5	5.0
12-month ADTV (mn) (SAR/USD)	26.0/6.9	Div. Yield (%)	5.4%	4.6%	4.4%	4.8%
YTD Return (%)	8.6%	RoAE (%)	31%	29%	28%	29%
Bloomberg Code	NAHDI AB	RoAA (%)	13%	11%	11%	11%

*last price as of 9th March 2026

Financials (SAR mn)	4Q25A	4Q25E*	Var (%)	4Q24A	YoY (%)	3Q25A	QoQ (%)
Revenue	2,589	2,510	3.1	2,363	9.6	2,461	5.2
COGS	-1,634	-1,561	4.7	-1,467	11.4	-1,521	7.4
Gross profit	955	950	0.6	875	9.1	941	1.6
Gross margin (%)	36.9%	37.8%		37.0%		38.2%	
OPEX	-747	-766	-2.5	-683	9.4	-753	-0.8
Operating profit	208	184	13.5	192	8.3	188	11.0
Operating margin (%)	8.0%	7.3%		8.1%		7.6%	
Net income	176	161	9.6	158	11.4	161	9.1
Net margin (%)	6.8%	6.4%		6.7%		6.6%	
EPS	1.35	1.23	9.6	1.21	11.4	1.24	9.1
DPS	3.0	2.4	25.0	3.0	0.0	-	-

*anbc estimates

Price Performance



Source: Tadawul, Bloomberg and anbc research

Nahdi's 4Q25 results came in above our expectations, with net profit 10% above our estimate, driven by higher-than-expected revenue and lower-than-expected operating expenses. Revenue increased 10% YoY and 5% QoQ to SAR 2.6 bn, 3% above our estimate. Operating margin came in 73 bps above our estimate, supported by operating expenses that were 2% lower than expected, despite gross margin coming in 93 bps below our estimate, down 15 bps YoY and 132 bps QoQ. Since the stock has declined 11% since our last update, we revise our stance from Neutral to Overweight. However, we note that while Wasfaty is expected to boost revenue growth going forward, its impact on margins remains uncertain, and we await the company's earnings call for further guidance following its first full quarter of inclusion.

- Nahdi reported a net profit of SAR 176 mn in 4Q25, up 11% YoY, supported by solid topline growth and stable operating margins. Revenues grew 10% YoY to SAR 2.6 bn, led by the Retail segment (+8% YoY), with Healthcare and UAE businesses also growing by 66% and 25% YoY growth, respectively.
- Gross profit rose 9% YoY to SAR 955 mn in 4Q25, with gross margin at 36.9%, a marginal compression of around 45 bps versus 4Q24. Operating profit increased 8% YoY to SAR 208 mn, with operating margin broadly stable at 8.0% versus 8.1% in 4Q24, as efficiency gains from the Refuel and R2E programs largely offset higher investment-related expenses. EBITDA grew 8% YoY to SAR 415 mn, with EBITDA margin at 16.0% versus 16.3% in 4Q24.
- For the full year 2025, revenues reached SAR 10.2 bn, up 8% YoY. Retail remained the primary growth driver (+6% YoY) while Healthcare revenues grew 75% YoY and the UAE business expanded 36% YoY, adding 20 new stores to reach 45 pharmacies across the GCC. Online sales contributed 26% of total revenue, and the Private Label portfolio grew to 17% of revenue from 13% in 2024, supported by expansion into the pharmaceutical segment.
- Full year 2025 net profit grew only 1% YoY to SAR 831 mn, with net margin contracting to 8.1% from 8.7% in 2024. The gap between EBITDA growth (8%) and net profit growth (1%) is explained by higher finance costs and increased lease interest driven by accelerated expansion activity, partially offset by income from Islamic Murabaha time deposits. The balance sheet remains in a net cash position, with FCF of SAR 1.07 bn, Capex at 4.1% of revenue, ROA at 12.4%, and ROE at 30.3%. The Board approved a total 2025 dividend of SAR 728 mn (DPS: SAR 5.60), a payout ratio of 88% and an increase of 2% YoY.
- At current price levels, we believe the stock's 10% decline over the past 12 months has created an attractive entry point, with our target price now implying 22% upside. Going forward, Wasfaty represents a meaningful topline opportunity for Nahdi, given its position as the largest retail pharmacy operator in the Kingdom, which should enable it to capture a significant share of Wasfaty volumes. That said, the margin implications of Wasfaty remain a key uncertainty, as the program likely carries different pricing dynamics relative to the core retail business. We await management's commentary on the upcoming earnings call for further guidance on the program's financial profile following its first full quarter of contribution.

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