

Market Data	
52-week high/low	SAR 6.69 / 4.10
Market Cap	SAR 5,544 mln
Shares Outstanding	1,143 mln
Free-float	26.54%
12-month ADTV	873,489
Bloomberg Code	BINDAWOO AB



## ■ New Revenues, New Categories, New Uncertainties

May 19, 2026

Upside to Target Price	(7.2%)	Rating	Neutral
Expected Dividend Yield	1.6%	Last Price	SAR 4.85
Expected Total Return	(5.6%)	12-mth target	SAR 4.50

BDH	1Q2026	1Q2025	Y/Y	4Q2025	Q/Q	RC Estimate
Sales	1,811	1,674	8%	1,670	8%	1,674
Gross Profit	580	529	10%	583	(1%)	542
Gross Margins	32%	32%		35%		32%
Operating Profit	110	93	19%	147	(25%)	105
Net Profit	70	67	4%	109	(36%)	64

(All figures are in SAR mln)

- BDH's top-line moved higher by +8% Y/Y and +8% Q/Q, with revenues of SAR 1.8 bln, in line with our SAR 1.7 bln estimate. The Y/Y growth was driven by the series of acquisitions management has pursued in order to further leverage their legacy grocery platform to grow their "store-within-a-store" business model, most aptly showcased by having Zahrat Pharmacy locations inside Bindawood and Danube Store Banner locations. While we acknowledge the strategy of leveraging the established retail footprint to increase foot traffic towards acquired brands and products by the Company, we also hold healthy skepticism about the increasing leverage and lack of uptick in gross margins. BDH reported net profits of SAR 70 mln in 1Q26 vs. SAR 67 mln in 1Q25, in line with our SAR 64 mln estimate.
- 1Q26 gross profit (+10% Y/Y and -1% Q/Q) came in at SAR 580 mln, a +7% beat vs our SAR 542 mln estimate. Gross margins declined Q/Q, which is in line with a structural trend we have noticed in the grocery business as well as in regulated retail (pharmacies), which implies that margin trajectory will increasingly outweigh topline growth as the key KPI to watch. We also note that OPEX as a percentage of sales fell by ~10 bps Y/Y, which suggests operating leverage could be occurring post-integration. We maintain Neutral based on the competing positive and negative factors of revenue growth and Y/Y EBIT margin improvement versus higher leverage and potential gross margin erosion.
- During BDH's 1Q26 conference call we inquired about the recently acquired Vaza Foods Co., specifically about the brands, style, and type of business operation. The items appear to be premium in both packaging and price positioning, sitting well above mainstream Saudi grocery confectionery price points and clearly targeted at the upper-income consumer rather than the value shopper, representing a concrete data point that management's stated push into higher-margin specialty categories is moving from rhetoric to execution. Whether this mix shift translates into measurable blended gross margin uplift will be visible over the next 4-6 quarters and is the variable we are watching most closely.

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## ■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors

For any feedback on our reports, please contact [research@riyadcapital.com](mailto:research@riyadcapital.com)

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