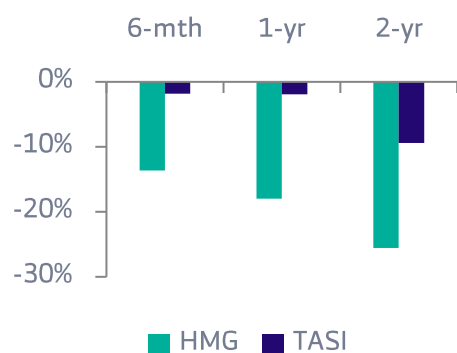


Market Data	
52-week high/low	SAR 289.0/215.0
Market Cap	SAR 81,200 mln
Shares Outstanding	350 mln
Free-float	29.14%
12-month ADTV	181,403
Bloomberg Code	SULAIMAN AB



## Results Below Expectations

May 04, 2026

Upside to Target Price	12.1%	Rating	Neutral
Expected Dividend Yield	2.00%	Last Price	SAR 232.00
Expected Total Return	14.2%	12-mth target	SAR 260.00

HMG	1Q2026	1Q2025	Y/Y	4Q2025	Q/Q	RC Estimate
Sales	3,436	3,158	9%	3,701	(7%)	3,732
Gross Profit	956	1,028	(7%)	1,063	(10%)	1,120
Gross Margins	28%	33%		29%		30%
Operating Profit	588	626	(6%)	682	(14%)	717
Net Profit	503	557	(10%)	651	(23%)	647

(All figures are in SAR mln)

- HMG reported revenues of SAR 3.4 bln in 1Q26, +9% Y/Y and -7% Q/Q, coming in slightly below our estimate of SAR 3.7 bln. The Y/Y growth was driven by higher patient volumes and growth across segments (Hospitals +8%, Pharmacies +12%, Solutions +12%). On a sequential basis, revenues were impacted by Ramadan seasonality, with declines across all segments (Hospitals -7%, Pharmacies -7%, Solutions -11%).
- Gross profit declined -7% Y/Y and -10% Q/Q, driven by higher fixed costs associated with recent expansions, in addition to Ramadan seasonality, which weighed on both gross profit and margins. Gross margin contracted to 28% in 1Q26, compared to 33% in 1Q25 and 29% in 4Q25.
- Operating profit reached SAR 588 mln, declining -6% Y/Y and -14% Q/Q, below our estimate of SAR 717 mln. This was primarily driven by lower gross profit, despite a decline in operating expenses of -8% Y/Y and -3% Q/Q to SAR 368 mln, below our estimate of SAR 403 mln. As a result, operating margin contracted by 271 bps Y/Y and 133 bps Q/Q to 17%, below our estimate of 19%.
- Net profit came in at SAR 503 mln, declining -10% Y/Y and -23% Q/Q, below both our estimate of SAR 647 mln and consensus expectations of SAR 643 mln. The decline was driven by slower revenue growth due to Ramadan seasonality, coupled with expansion-related cost pressures, which remain in the ramp-up phase, in addition to higher financing costs.
- The Board of Directors announced a cash dividend of SAR 1.0 per share for 1Q26. We have reduced our target price to SAR 260.00 and downgraded our rating to Neutral, based on more conservative assumptions, in light of continued pressure on margins, with limited near-term recovery visibility.

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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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