Dr. Sulaiman Al Habib Medical Services Group (HMG)

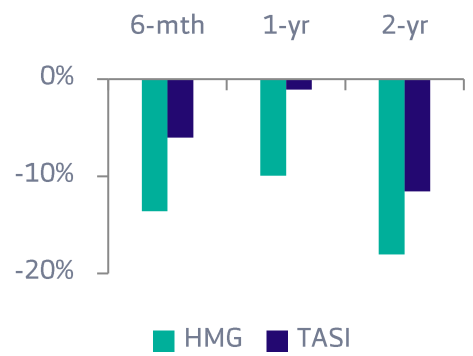
2Q2026 First Look

Results Exceed Expectations

July 28, 2026

Upside to Target Price	12.3%	Rating	Neutral
Expected Dividend Yield	2.1%	Last Price	SAR 231.60
Expected Total Return	14.4%	12-mth target	SAR 260.00

Market Data	
52-week high/low	SAR 281.2/210.1
Market Cap	SAR 81,060 mln
Shares Outstanding	350 mln
Free-float	29.14%
12-month ADTV	185,190
Bloomberg Code	SULAIMAN AB



HMG	2Q2026	2Q2025	Y/Y	1Q2026	Q/Q	RC Estimate
Sales	4,006	3,384	18%	3,436	17%	3,660
Gross Profit	1,222	1,066	15%	956	28%	1,061
Gross Margins	31%	31%		28%		29%
Operating Profit	770	645	19%	588	31%	670
Net Profit	663	591	12%	503	32%	593

(All figures are in SAR mln)

- HMG posted +18% Y/Y and +17% Q/Q revenue growth to SAR 4.0 bln, slightly above our estimate of SAR 3.7 bln. Growth was driven by the Hospitals segment (+17% Y/Y, +18% Q/Q), Pharmacies (+22% Y/Y, +15% Q/Q), and Solutions (+47% Y/Y, -13% Q/Q).
- Gross profit increased +15% Y/Y and +28% Q/Q, supported by strong revenue growth despite COGS rising +20% Y/Y and +12% Q/Q, reflecting higher fixed costs related to recent expansions, which remain in the ramp-up phase. Gross margin declined from 32.0% in 2Q25, but recovered from 28.0% in 1Q26 to 30.5% in 2Q26, above our 29.0% estimate.
- Operating profit came in at SAR 770 mln, up +19% Y/Y and +31% Q/Q, above our estimate of SAR 670 mln. Operating expenses increased +7% Y/Y and +23% Q/Q to SAR 452 mln, above our estimate of SAR 391 mln. Consequently, operating margin expanded by +17bps Y/Y and +212bps Q/Q to 19.0%.
- Net profit reached SAR 663 mln, up +12% Y/Y and +12% Q/Q, despite continued cost pressures, which weighed on margins on a Y/Y basis, while margins improved Q/Q following the easing of seasonal factors seen in the previous quarter. Net profit came in above both our estimate of SAR 593 mln and the market consensus of SAR 612 mln. The positive variance versus our estimate was mainly driven by stronger-than-expected patient volumes and higher occupancy rates.
- HMG announced a 2Q26 cash dividend of SAR 1.33 per share. HMG delivered a strong set of 2Q26 results, supported by contributions from its recent expansions and higher occupancy rates, which offset the impact of cost pressures. While margins came in above our expectations during the quarter, continued Y/Y margin pressure still supports our current assumptions. We maintain our target price and recommendation, while our positive long-term view remains supported by the company's expansion plans.

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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

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