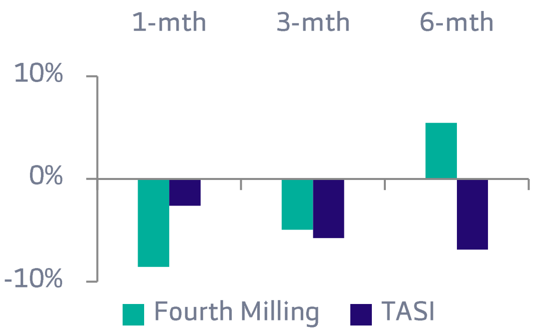
Fourth Milling Co. (MC4) 2Q2026 First Look

Bran Sales Drive Earnings Beat

August 02, 2026

Upside to Target Price	11.7%	Rating	Buy
Expected Dividend Yield	6.3%	Last Price	SAR 3.94
Expected Total Return	18.0%	12-mth target	SAR 4.40

Market Data	
52-week high/low	SAR 4.42/3.45
Market Cap	SAR 2,128 mln
Shares Outstanding	540 mln
Free-float	30%
12-month ADTV	1,254,738
Bloomberg Code	FOURTHMI AB



MC4	2Q2026	2Q2025	Y/Y	1Q2026	Q/Q	RC Estimate
Sales	168	138	22%	175	(4%)	145
Gross Profit	84	60	41%	85	(1%)	65
Gross Margins	50%	43%		49%		45%
Operating Profit	55	38	45%	57	(4%)	40
Net Profit	51	34	48%	53	(5%)	36

(All figures are in SAR mln)

- MC4 reported strong 2Q2026 revenues of SAR 168 mln (+22% Y/Y, -4% Q/Q), exceeding our SAR 145 mln estimate on higher-than-expected bran sales. Y/Y revenue growth was driven by a strong +28% rise in bran volumes, coupled with better pricing, and an +8% increase in flour volumes supported by improved sales strategies. The Q/Q decline reflected normal seasonality, weighing on consumer flour volumes (-10%), despite an increase in bulk flour volumes (+6%), and a decline in animal feed sales (-12%), with stable bran sales. 1H2026 revenues grew +13% Y/Y to SAR 343 mln, driven by +8% higher flour volumes, and +15% increase in bran volumes coupled with better pricing, partly offset by lower animal feed sales.
- Gross margin expanded sharply +688 bps Y/Y to 50.2%, supported by higher sales volumes and better pricing. Consequently, gross profit surged +41% Y/Y to SAR 84 mln, exceeding our SAR 65 mln estimate. OPEX increased to SAR 30 mln (+38% Y/Y, +5% Q/Q), above our SAR 25 mln estimate. However, operating margin expanded to 32.6%, up from 27.3% last year, above our 27.6% estimate.
- Net profit jumped to SAR 51 mln (+48% Y/Y, -5% Q/Q), beating our SAR 36 mln estimate. Earnings growth was driven by topline and margin expansion, while the sequential decline reflected seasonal demand softness coupled with higher OPEX. 1H2026 profits increased +20% Y/Y to SAR 104 mln, supported by topline and margin expansion. The company announced a SAR 0.13 DPS for 1H2026. We upgrade our rating to Buy while maintaining our target price at SAR 4.40 per share.

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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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