Fourth Milling Co. (MC4)

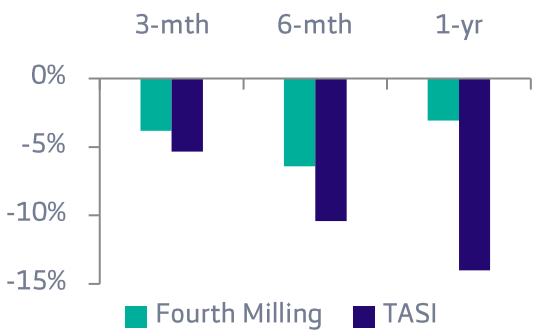
3Q2026 First Look

Feed and Bran Drive Growth

November 1, 2026

Upside to Target Price	17.6%	Rating	Buy
Expected Dividend Yield	6.7%	Last Price	SAR 3.74
Expected Total Return	24.3%	12-mth target	SAR 4.40

Market Data	
52-week high/low	SAR 4.42/3.45
Market Cap	SAR 2,020 mln
Shares Outstanding	540 mln
Free-float	30%
12-month ADTV	1,081,261
Bloomberg Code	FOURTHMI AB



MC4	3Q2026	3Q2025	Y/Y	2Q2026	Q/Q	RC Estimate
Sales	185	165	12%	168	10%	175
Gross Profit	91	75	20%	84	7%	82
Gross Margins	49%	46%		50%		47%
Operating Profit	59	53	12%	55	8%	56
Net Profit	56	52	7%	51	11%	52

(All figures are in SAR mln)

- MC4 reported strong 3Q2026 revenues of SAR 185 mln (+12% Y/Y, +10% Q/Q), exceeding our SAR 175 mln estimate. Y/Y growth was driven by a +54% jump in animal feed volumes and a +10% rise in bran volumes, coupled with higher prices for both, while flour volumes remained broadly stable. The Q/Q increase was supported by +8% higher flour volumes and a +58% surge in animal feed volumes, despite a slight -2% decline in bran volumes. 9M2026 revenues grew +13% Y/Y to SAR 528 mln, driven by +5% higher flour volumes and +13% higher bran volumes, coupled with better pricing, while animal feed volumes edged up +1%.
- Gross margin expanded to 49.0% from 45.7% last year, though it eased from 50.2% last quarter, and came in above our 47.1% estimate. Consequently, gross profit rose +20% Y/Y to SAR 91 mln (+7% Q/Q), exceeding our SAR 82 mln estimate. OPEX increased to SAR 31 mln (+40% Y/Y, +6% Q/Q), above our SAR 27 mln estimate, mainly on higher personnel costs and selling expenses to support sales channels. As a result, operating margin remained broadly stable at 32.1%, compared with 32.2% last year and 32.6% last quarter, in line with our 31.8% estimate, while operating profit grew +12% Y/Y to SAR 59 mln.
- Net profit increased to SAR 56 mln (+7% Y/Y, +11% Q/Q), beating our SAR 52 mln estimate by +7%. Earnings growth lagged operating profit, as net other expenses (including zakat) rose to SAR 3.4 mln from SAR 0.9 mln last year. 9M2026 profits increased +15% Y/Y to SAR 160 mln; excluding a SAR 2.2 mln one-off deferred tax reversal in 9M2025, normalized earnings grew +17% Y/Y. We maintain our Buy rating and target price of 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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