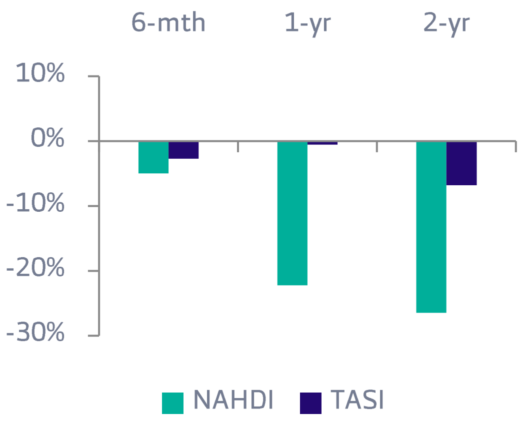
Higher Expenses for Expansion Continue, Dividends Steady

August 6, 2026

Upside to Target Price	4.3%	Rating	Neutral
Expected Dividend Yield	5.8%	Last Price	SAR 95.90
Expected Total Return	10.1%	12-mth target	SAR 100.00

Market Data	
52-week high/low	SAR 124.8 / 89.8
Market Cap	SAR 12,467 mln
Shares Outstanding	130 mln
Free-float	30%
12-month ADTV	187,231
Bloomberg Code	NAHDI AB



NAHDI	2Q2026	2Q2025	Y/Y	1Q2026	Q/Q	RC Estimate
Sales	2,674	2,528	6%	2,794	(4%)	2,686
Gross Profit	1,008	966	4%	988	2%	986
Gross Margins	38%	38%		35%		37%
Operating Profit	246	261	(6%)	260	(5%)	260
Net Profit	215	238	(10%)	236	(9%)	233

(All figures are in SAR mln)

- NAHDI delivered 2Q26 revenue of SAR 2.67 bln (+6% Y/Y, -4% Q/Q) and gross profit of SAR 1.01 bln (+4% Y/Y, +2% Q/Q), both broadly in line with our estimates of SAR 2.69 bln and SAR 0.99 bln, respectively. Operating income in 2Q26 was SAR 246 mln (-6% Y/Y, -5% Q/Q) and net profit, also broadly in line, was SAR 215 mln (-10% Y/Y, -9% Q/Q).
- NAHDI's cash flow during 2Q26 was moderate, with standalone cash flow roughly SAR 50 mln, driven mostly by an unwind of Ramadan-based payables; a delta of SAR (433) mln. The quarter was ultimately uneventful, effectively zero conventional debt, management's guidance maintained, and dividends remaining flat as well in our view equal a 'business as usual' earnings release. The only liquidity flag worth mentioning would be the redeployment of cash: down to SAR 144 mln from SAR 1.12 bln at the end of 1Q26, after the SAR 390 mln dividend payment.
- We lower our target price and maintain our Neutral Rating, reflecting our previously published framework; the conditions that would support a more constructive view, which we reiterate, would be: (1) evidence that the recent capex step-up is generating incremental FCF rather than just maintaining the existing footprint, (2) gross margin stabilization over two or more consecutive quarters, or (3) a material derating in the share price that lowers cash flow related multiples below 10x, creating a wider margin to our intrinsic value estimate. We also note that none of these factors has materially changed, in our view.

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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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