National Medical Care Co.(CARE)

Results Flash Note Q2-26

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Record performance as earnings surge on GOSI recovery and strong volume growth

National Care reported an exceptionally strong Q2-26, with net profit rising 17.6% Y/Y (+79.1% Q/Q) to SAR 94mn, significantly exceeding both our and consensus estimates of SAR 67mn and SAR 72mn, respectively. The earnings beat was mainly driven by stronger-than-expected revenue growth and a sharp recovery in gross margins. Revenues surged 14.7% Y/Y, aided by a rebound in GOSI referrals, robust insurance revenue growth, 20% surge in patient volumes and improved payer mix. Steep surge in GOSI revenues aided gross margins to stay resilient at 37.1%, despite cost pressures. However, the gross margins recovered sharply on Q/Q basis, reflecting normalization following the Ramadan led seasonality. Operating leverage coupled with disciplined cost management and lower ECL provisions drove meaningful operating margin expansion. We stay constructive on National Care's medium-term outlook, supported by ongoing capacity additions, healthy patient growth, improving occupancy levels and continued margin expansion. We maintain our "Overweight" recommendation with a target price of SAR 162.0/share.

- **National Care** reported net income of SAR 94mn in Q2-26, up 17.6% Y/Y and 79.1% Q/Q. The result was significantly above AJBC and consensus estimate of SAR 67mn and SAR 72mn, respectively. The deviation to AJBC estimate was mainly due to better than expected revenue growth, and gross margin expansion. Earnings growth benefitted from 14.7% sales growth, 205bps decline in OPEX-to-sales due to lower ECL provisions and cost discipline.
- **Revenues** grew 14.7% Y/Y (17.6% Q/Q) to SAR 456mn and exceeded AJBC estimate of SAR 420mn, by +8.7%. The growth was underpinned by i) 20% Y/Y surge in patient volumes, ii) recovery in GOSI referrals (27.8% Y/Y), iii) surge in insurance revenues and iv) improved payer mix. The growth was broad-based, with legacy facilities witnessing a notable pickup in activity. While the top-line performance was strong, we believe the sustainability of the rebound in GOSI referrals is a key watchpoint, as it contributed 41.4% to Q2-26 revenues (vs 37.1% share in Q2-25).
- **Gross profit** increased by 14.6% Y/Y and 37.9% Q/Q to SAR 169mn (+20.2% deviation to AJBC estimate of SAR 141mn). Despite cost pressures, the gross margins were sustained at 37.1% (v/s AJBC estimate of 33.5%), primarily due to steep surge in GOSI revenues. The resilient margin performance reflects the company's ability to absorb increased costs through strong topline growth. On sequential basis, the gross margins expanded 544bps after falling to one of the lowest levels in Q1-26 to 31.6%. This sharp recovery in gross margins primarily reflects the normalization of operations following the amplified seasonal impact of Ramadan in the previous quarter.
- **Operating profit** rose 25.6% Y/Y (69.5% Q/Q) to SAR 107mn and deviated by +37.5% to AJBC's estimate of SAR 78mn. The operating margins expanded 203bps Y/Y (716bps Q/Q) to 23.4%, aided by operating leverage from higher patient volumes, resilient gross margin and a 205bps Y/Y decline in OPEX-sales to 13.7% (v/s 15.7% in Q2-25).

AJBC view and valuation: National Care delivered an exceptionally strong Q2-26 performance, with earnings materially surpassing AJBC and consensus estimates, on the back of robust revenue growth and a sharp recovery in operating profitability. The recovery in GOSI referrals, strong insurance growth higher patient volumes and an improved payer mix drove record quarterly revenue, while operating leverage and disciplined cost control aided meaningful earnings expansion. Looking ahead, we stay positive on National Care's medium-term earnings outlook, supported by ongoing capacity additions, healthy patient volume growth, improving occupancy levels and continued margin expansion. Trading at 2026e PE of 17.2x we maintain our "Overweight" recommendation on the stock and the TP of SAR 162.0/share.

Results Summary

SAR mn	Q2-25	Q1-26	Q2-26	Change Y/Y	Change Q/Q	Deviation from AJBC Estimates
Revenue	398	388	456	14.7%	17.6%	8.7%
Gross Profit	147	123	169	14.6%	37.9%	20.2%
Gross Margin	37.1%	31.6%	37.1%	-	-	-
EBIT	85	63	107	25.6%	69.5%	37.5%
Net Profit	80	52	94	17.6%	79.1%	40.8%
EPS	1.79	1.17	2.10	-	-	-

Source: Company Reports, AlJazira Capital Research

Recommendation	Overweight
Target Price (SAR)	162.0
Upside / (Downside)*	43.4%

Source: Tadawul *prices as of 30th July, 2026

Key Financials

SARmn (unless specified)	FY23	FY24	FY25
Revenue	1,082	1,294	1,600
Growth %	17.8%	19.6%	23.7%
Gross Profit	370	454	589
Operating Profit	247	297	355
Net Profit	241	298	318
Growth %	41.7%	23.8%	6.8%
EPS	5.37	6.65	7.13
DPS	2.00	2.00	3.00

Source: Company reports, Aljazira Capital Research

Key Ratios

	FY23	FY24	FY25
GP Margin	34.2%	35.1%	36.8%
Operating Margin	22.8%	22.9%	22.2%
Net Margin	22.3%	23.0%	19.9%
P/E (x)	32.5	25.1	19.9
P/B (x)	5.4	4.6	3.4
EV/EBITDA (x)	26.9	21.2	13.7
Div Yield (%)	1.1%	1.2%	2.1%

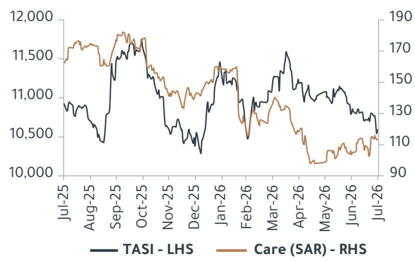
Source: Company reports, Aljazira Capital Research

Key Market Data

Market Cap(bn)	5.1
YTD%	-20.8%
52 week (High)/(Low)	183.5/94.9
Share Outstanding (mn)	44.7

Source: Company reports, Aljazira Capital Research

Price Performance



Source: Tadwaul, Aljazira Capital Research

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RESEARCH DIVISION

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RATING TERMINOLOGY

1. Overweight: This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated “Overweight” will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. Underweight: This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated “Underweight” would typically decline by over 10% from the current price levels over next twelve months.
3. Neutral: The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated “Neutral” is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. Suspension of rating or rating on hold (SR/RH): This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

Disclaimer