

## SPIMACO

Sector : Healthcare

# HOLD

20 May 2026

- **Revenue dips to SAR 424mn (-12.6% YoY) in 1Q26, both core pharma (-12% YoY) and distribution services (-33.9% YoY) de-grew during the quarter.**
- **Margin expansion continues on the back of re-balancing the portfolio and phasing out legacy brands. Gross profit rise by 3.3% YoY, while EBITDA remains flattish. Lower finance cost adds to the profitability, but tax provision weighs on net profit (-8.9% YoY).**
- **We revise our revenue and profit forecast for 2026e and target price stands at SAR 30.59 per share, recommend to HOLD.**

SPIMACO reported 1Q26 consolidated revenue of SAR 424mn, representing a 12.5% YoY decline from the high base recorded in the previous year. The pharmaceutical industry in Saudi Arabia has been experiencing a broader slowdown, with weaker sales trends observed across the peer group. Core pharmaceutical sales, which contributed 85% of total revenue, declined by 12% YoY. Meanwhile, non-core distribution channel sales experienced significant moderation, falling 33.9% YoY, while the healthcare segment declined by 2.9% YoY. The Saudi market, which accounted for 91% of total sales, recorded a 15% decline during the quarter, whereas other Middle Eastern markets posted strong growth of 50% YoY. All other geographies witnessed declines due to supply distribution challenges and weaker demand during the quarter. SPIMACO established SPIMACO Bio during the quarter, expanding its capabilities into biopharmaceuticals, a higher-margin segment. In addition, the company commenced operations at its High Potent facility, which will support the manufacturing of specialized medicines.

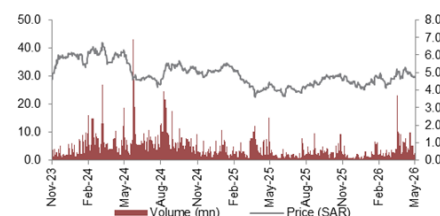
Despite the decline in topline performance, the company successfully reduced direct costs and improved gross margins. This trend has been visible over the past several quarters, with gross margin reaching a strong 55.8% in 1Q26. As a result, gross profit increased by 3.3% YoY. Operating expenses declined broadly in line with revenue; however, the company recorded an impairment loss of SAR 19.3mn, which weighed on operating profit. Nevertheless, operating profit increased by 3.8% YoY, while EBITDA remained largely flat during the quarter. The company's successful deleveraging efforts resulted in lower finance costs during the period. Although profit before tax (PBT) increased by 10.7% YoY, net profit declined by 8% YoY in 1Q26 due to higher tax provisions.

**Valuation:** SPIMACO remains one of the largest and oldest pharmaceutical companies in Saudi Arabia. The company is currently phasing out its legacy low-margin and loss-making portfolio while introducing new and higher-value products. Although margin performance has improved consistently over the past several quarters, revenue growth remains subdued. We remain constructive on the long-term outlook for the Saudi pharmaceutical industry and believe the government's localization initiatives will positively benefit players such as SPIMACO over time. However, given the near-term slowdown across the broader market, we have revised our 2026 estimates downward. We now forecast revenue of SAR 1.7bn and net profit of SAR 252mn for 2026e. Our revised target price stands at SAR 30.59 per share, implying an upside potential of 6.95%. Accordingly, we maintain a **HOLD** rating on SPIMACO.

**Target price (SAR) 30.59**

**Current price (SAR) 28.60**

**Return 6.95%**



Exchange Saudi Arabia  
Index weight (%) 0.2%

(mn)	SAR	USD
Market Cap	3,432	927
Enterprise value	4,354	1,176

### Major shareholders

ARAB CO DRUG IND & M	20.5%
Vanguard Group Inc/T	2.1%
Blackrock Inc	1.0%
Others	76.4%

### Valuation Summary (TTM)

PER TTM (x)	13.4
P/Book (x)	2.0
EV/EBITDA (x)	11.2
Dividend Yield (%)	2.7
Free Float (%)	76%
Shares O/S (mn)	120
YTD Return (%)	14%
Beta	1.0

Key ratios	2023	2024	2025
EPS (SAR)	-0.08	0.27	1.64
BVPS (SAR)	13.90	12.76	14.68
DPS (SAR)	0.00	0.00	0.00
Payout ratio (%)	0%	0%	0%

Price performance (%)	1M	3M	12M
SPIMACO	-12%	-2%	6%
Tadawul All Share Index	-3%	0%	-4%

52 week	High	Low	CTL*
Price (SAR)	33.12	21.76	31.4

\* CTL is % change in CMP to 52w k low



Income Statement (In SAR mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
<b>Revenue</b>	<b>1,426</b>	<b>1,653</b>	<b>1,682</b>	<b>1,707</b>	<b>1,704</b>	<b>1,959</b>	<b>2,165</b>	<b>2,394</b>
Direct Costs	-860	-945	-845	-874	-807	-980	-1,083	-1,197
<b>Gross profit</b>	<b>566</b>	<b>708</b>	<b>837</b>	<b>833</b>	<b>897</b>	<b>980</b>	<b>1,083</b>	<b>1,197</b>
Selling and marketing expenses	-373	-349	-333	-289	-258	-294	-325	-359
General and administrative expenses	-265	-255	-271	-235	-229	-264	-292	-323
Research and development expenses	-43	-41	-76	-60	-50	-59	-65	-72
Other expenses	-12	27	-19	18	-28	-20	-22	-24
<b>Operating Profit</b>	<b>-126</b>	<b>89</b>	<b>137</b>	<b>266</b>	<b>332</b>	<b>343</b>	<b>379</b>	<b>419</b>
<b>EBITDA</b>	<b>-37</b>	<b>115</b>	<b>211</b>	<b>364</b>	<b>426</b>	<b>439</b>	<b>478</b>	<b>521</b>
Finance cost	-43	-70	-88	-98	-79	-76	-76	-82
Other income (Net)	24	17	23	38	29	30	30	30
<b>Profit before Zakat (PBT)</b>	<b>-145</b>	<b>36</b>	<b>72</b>	<b>206</b>	<b>283</b>	<b>297</b>	<b>333</b>	<b>367</b>
Zakat and income tax	-25	-45	-40	-9	-30	-15	-17	-18
<b>Net Profit/ loss bf disc operations</b>	<b>-170</b>	<b>-9</b>	<b>32</b>	<b>197</b>	<b>252</b>	<b>282</b>	<b>316</b>	<b>348</b>
Loss from discounted operations	-1	-	-	-	-	-	-	-
<b>Net Profit</b>	<b>-171</b>	<b>-9</b>	<b>32</b>	<b>197</b>	<b>252</b>	<b>282</b>	<b>316</b>	<b>348</b>

Balance Sheet (in SAR mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Property, plant and equipment	1,040	1,272	1,574	1,544	1,497	1,454	1,413	1,376
Assets under construction	790	583	172	234	269	317	375	445
Intangible assets	15	17	102	104	122	139	156	171
Right of use assets	35	32	26	7	11	15	18	21
Other non current assets	70	86	89	104	110	89	89	89
<b>Non-current assets</b>	<b>1,951</b>	<b>2,049</b>	<b>1,963</b>	<b>1,992</b>	<b>2,009</b>	<b>2,013</b>	<b>2,051</b>	<b>2,102</b>
Inventories	495	589	646	611	629	764	845	934
Trade and other receivables	834	924	1,175	1,176	1,193	1,371	1,516	1,676
Time deposits	45	116	155	180	191	191	191	191
Cash and cash equivalents	335	160	122	204	351	529	625	818
Other current assets	171	164	243	179	136	157	173	191
<b>Current assets</b>	<b>1,880</b>	<b>1,975</b>	<b>2,356</b>	<b>2,376</b>	<b>2,531</b>	<b>3,013</b>	<b>3,350</b>	<b>3,811</b>
<b>ASSETS</b>	<b>3,830</b>	<b>4,024</b>	<b>4,319</b>	<b>4,367</b>	<b>4,541</b>	<b>5,026</b>	<b>5,401</b>	<b>5,912</b>
Share capital	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Reserves	519	319	317	337	336	336	336	336
Retained earnings	-179	-4	-120	79	332	614	845	1,099
<b>Equity before NCI</b>	<b>1,540</b>	<b>1,507</b>	<b>1,378</b>	<b>1,597</b>	<b>1,848</b>	<b>2,130</b>	<b>2,362</b>	<b>2,615</b>
Non-controlling interest	154	161	153	166	183	211	234	259
<b>EQUITY</b>	<b>1,693</b>	<b>1,668</b>	<b>1,531</b>	<b>1,762</b>	<b>2,031</b>	<b>2,341</b>	<b>2,595</b>	<b>2,874</b>
Loans and borrowings	380	575	462	462	344	244	144	144
Lease liability	19	11	8	5	5	5	4	3
Employees' end of service benefits	313	283	222	187	190	220	244	269
Deferred income	35	38	40	40	39	39	39	39
Contract liabilities	43	44	45	52	50	50	50	50
<b>Non-current liabilities</b>	<b>790</b>	<b>951</b>	<b>778</b>	<b>746</b>	<b>629</b>	<b>558</b>	<b>481</b>	<b>505</b>
Loans and borrowings	676	525	1,039	965	924	1,024	1,124	1,224
Trade payable and other liabilities	403	507	568	496	524	637	704	778
Contract liabilities	45	125	170	176	202	245	271	299
Other current liabilities	223	242	234	223	231	222	227	232
<b>Current liabilities</b>	<b>1,348</b>	<b>1,405</b>	<b>2,010</b>	<b>1,860</b>	<b>1,881</b>	<b>2,127</b>	<b>2,326</b>	<b>2,534</b>
<b>LIABILITIES</b>	<b>2,138</b>	<b>2,356</b>	<b>2,788</b>	<b>2,606</b>	<b>2,510</b>	<b>2,685</b>	<b>2,806</b>	<b>3,038</b>
<b>EQUITY AND LIABILITIES</b>	<b>3,831</b>	<b>4,024</b>	<b>4,319</b>	<b>4,368</b>	<b>4,541</b>	<b>5,026</b>	<b>5,401</b>	<b>5,912</b>

Cash Flow (In SAR mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Cash from operations	-124	48	-331	273	383	156	241	257
Investing cash flow	480	-172	-93	-85	-119	-137	-152	-168
Financing cash flow	-311	-32	381	-105	-117	159	7	103
<b>Change in cash</b>	<b>7</b>	<b>-175</b>	<b>-38</b>	<b>81</b>	<b>147</b>	<b>178</b>	<b>97</b>	<b>193</b>
Beginning cash	328	336	160	123	204	351	529	625
<b>Ending cash</b>	<b>336</b>	<b>160</b>	<b>123</b>	<b>204</b>	<b>351</b>	<b>529</b>	<b>625</b>	<b>818</b>



Ratio Analysis	2022	2023	2024	2025	2026e	2027e	2028e	2029e
<b>Per Share</b>								
EPS (SAR)	-1.4	-0.1	0.3	1.6	2.1	2.3	2.6	2.9
BVPS (SAR)	14.1	13.9	12.8	14.7	16.9	19.5	21.6	23.9
DPS (SAR)	0.6	-	-	-	-	0.7	0.8	0.9
FCF per share (SAR)	3.0	-1.0	-3.5	1.6	2.2	0.2	0.7	0.7
<b>Valuation</b>								
Market Cap (SAR mn)	2,616	4,536	3,834	3,127	3,437	3,437	3,437	3,437
EV (SAR mn)	3,361	5,495	5,224	4,356	4,359	4,182	4,085	3,990
EBITDA	-37	115	211	364	426	439	478	521
P/E (x)	-15.3	-499.8	120.4	15.9	13.6	12.2	10.9	9.9
EV/EBITDA (x)	-90.0	47.9	24.8	12.0	10.2	9.5	8.5	7.7
Price/Book (x)	1.5	2.7	2.5	1.8	1.7	1.5	1.3	1.2
Dividend Yield (%)	2.8%	0.0%	0.0%	0.0%	0.0%	2.5%	2.8%	3.0%
Price to sales (x)	1.8	2.7	2.3	1.8	2.0	1.8	1.6	1.4
EV to sales (x)	2.4	3.3	3.1	2.6	2.6	2.1	1.9	1.7
<b>Liquidity</b>								
Cash Ratio (x)	0.2	0.1	0.1	0.1	0.2	0.2	0.3	0.3
Current Ratio (x)	1.4	1.4	1.2	1.3	1.3	1.4	1.4	1.5
Quick Ratio (x)	1.0	1.0	0.9	0.9	1.0	1.1	1.1	1.1
<b>Returns Ratio</b>								
ROA (%)	-4.5%	-0.2%	0.7%	4.5%	5.6%	5.6%	5.9%	5.9%
ROE (%)	-10.1%	-0.5%	2.1%	11.2%	12.4%	12.0%	12.2%	12.1%
ROCE (%)	-6.9%	-0.3%	1.4%	7.8%	9.5%	9.7%	10.3%	10.3%
<b>Cash Cycle</b>								
Inventory turnover (x)	1.7	1.6	1.3	1.4	1.3	1.3	1.3	1.3
Accounts Payable turnover (x)	2.1	1.9	1.5	1.8	1.5	1.5	1.5	1.5
Receivables turnover (x)	1.4	1.5	1.2	1.3	1.3	1.3	1.3	1.3
Inventory days	210	228	279	255	285	285	285	285
Payable Days	171	196	245	207	237	237	237	237
Receivables days	257	240	308	290	285	285	285	285
Cash Cycle	296	272	341	338	332	332	332	332
<b>Profitability Ratio</b>								
Net Margins (%)	-12.0%	-0.5%	1.9%	11.5%	14.8%	14.4%	14.6%	14.6%
EBITDA Margins (%)	-2.6%	6.9%	12.5%	21.3%	25.0%	22.4%	22.1%	21.8%
PBT Margins (%)	-10.2%	2.2%	4.3%	12.0%	16.6%	15.1%	15.4%	15.3%
EBIT Margins (%)	-8.8%	5.4%	8.2%	15.6%	19.5%	17.5%	17.5%	17.5%
Effective Tax Rate (%)	17.2%	-125.1%	55.8%	4.3%	10.8%	5.0%	5.0%	5.0%
<b>Leverage</b>								
Total Debt (SAR mn)	1,081	1,119	1,513	1,433	1,273	1,274	1,273	1,371
Net Debt (SAR mn)	745	959	1,390	1,229	922	746	648	553
Debt/Total Assets (x)	0.3	0.3	0.4	0.3	0.3	0.3	0.2	0.2
Debt/Equity (x)	0.6	0.7	1.0	0.8	0.6	0.5	0.5	0.5
Net Debt/Equity (x)	0.4	0.6	0.9	0.7	0.5	0.3	0.2	0.2

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## Rating Criteria and Definitions

Rating	Rating Definitions
	<b>Strong Buy</b> This recommendation is used for stocks whose current market price offers a deep discount to our 12-Month target price and has an upside potential in excess of 20%
	<b>Buy</b> This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 10% to 20%
	<b>Hold</b> This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 0% to 10%
	<b>Neutral</b> This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between 0% to -10%
	<b>Sell</b> This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between -10% to -20%
	<b>Strong Sell</b> This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential in excess of 20%
	<b>Not rated</b> This recommendation used for stocks which does not form part of Coverage Universe

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