Jamjoom Pharmaceuticals Factory

Sector : Healthcare

HOLD

29 July 2026

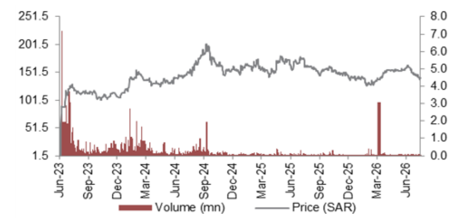
- **Jamjoom (JP) reported in line revenue in 2Q26 at SAR 445mn a growth of 12.4% YoY. Revenue from Saudi increased by 5.2%, while other geographies reported robust performance during quarter.**
- **Gross margin expanded by 265bps on the back of changes in product and geographic mix. Higher SG&A and other costs weigh on operating margins during the quarter.**
- **Net profit grew by 4.2% YoY in 2Q26, missing our estimate by 5.5%**
- **We retain our revenue forecast for 2026e at SAR 1.64bn, while net profit is reduced to SAR 500mn. Accordingly target price is lowered to SAR 149.40 per share, maintain HOLD.**

Consolidated revenue for Jamjoom Pharma grew by 12.4% YoY in 2Q26, broadly in line with our expectations. We believe this represents a commendable topline performance despite the significant slowdown in the core Saudi pharmaceutical market and trade disruptions stemming from the ongoing geopolitical impasse. Revenue from Saudi Arabia increased by 5.2% YoY, outperforming the broader domestic pharmaceutical market, which remained largely flat all through the year. The revenue growth was primarily driven by the continued strength of the core ophthalmology and dermatology segments, which expanded by 22.7% YoY and 36.9% YoY, respectively, and together accounted for 47% of the company's topline. The cardiometabolic segment also delivered healthy growth of 13.0% YoY. In contrast, the primary care segment, which contributed 29% of total revenue, declined by 5.4% YoY, partially offsetting the gains from the higher-growth therapeutic areas. Government and institutional sales remained stable, while tender business volumes increased during the quarter.

Production activity continued to improve steadily, supported by higher operational efficiencies and the scaling up of the company's three manufacturing facilities. Total production reached 95.9 million units during 1H26, representing an 11.7% YoY increase, driven primarily by the Jeddah Sterile Facility, where output surged by 145.6% YoY. Production at the Egypt facility increased by 15.7% YoY, while operations at the Jeddah Main Facility remained stable. As of the end of 2Q26, the company managed a portfolio of 148 brands. Management also highlighted that commercial production under the toll manufacturing agreement with Viatris is expected to commence in 4Q26, while production of the Pfizer portfolio is likely to begin in 3Q26 at the new KAEC facility.

Gross profit increased by 17.1% YoY during 2Q26, reflecting margin expansion driven by lower raw material costs and a more favorable product mix. However, the benefits at the gross level were partially offset by higher selling expenses, increased employee costs, higher depreciation, and elevated R&D expenditure. Consequently, the operating margin contracted by 108bps YoY, while the EBITDA margin declined by 30bps YoY. Finance costs remained broadly stable, but losses from associates weighed further on earnings. As a result, net profit increased by a modest 4.2% YoY, falling 5.5% short of our expectations.

Target price (SAR)	**149.40**
Current price (SAR)	**141.20**
Return	**5.80%**



Exchange	Saudi Arabia
Index weight (%)	0.2%

(mn)	SAR	USD
Market Cap	9,884	2,669
Enterprise value	9,537	2,575

Major shareholders	
Jamjoom Yousuf Moham	25.0%
Jamjoom Mahmoud Yous	10.6%
Jamjoom Ahmed Yousuf	10.6%
Others	53.8%

Valuation Summary (TTM)	
PER TTM (x)	19.7
P/Book (x)	5.8
EV/EBITDA (x)	17.0
Dividend Yield (%)	3.1
Free Float (%)	54%
Shares O/S (mn)	70
YTD Return (%)	-1%
Beta	0.7

Key ratios	2023	2024	2025
EPS (SAR)	4.18	5.09	6.63
BVPS (SAR)	20.06	21.29	24.53
DPS (SAR)	2.50	3.06	4.00
Payout ratio (%)	60%	60%	60%

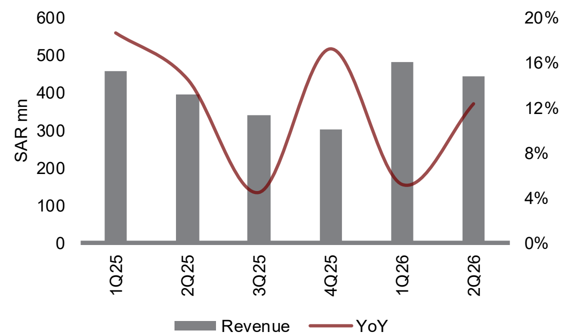
Price performance (%)	1M	3M	12M
Jamjoom Pharmaceuticals F	-9%	-9%	-13%
Tadawul All Share Index	-1%	-5%	-1%

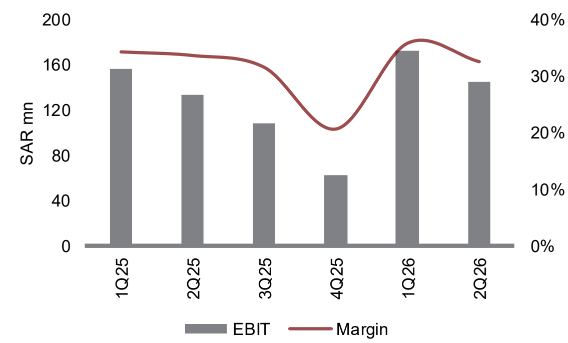
52 week	High	Low	CTL*
Price (SAR)	168.60	125.00	13.0

* CTL is % change in CMP to 52wk low

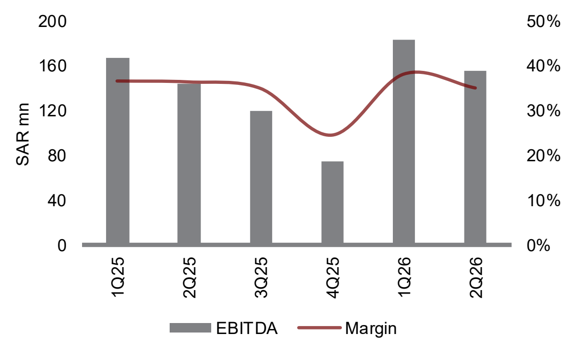
Valuation: Jamjoom Pharma delivered a resilient performance despite a challenging operating environment. We remain constructive on the company, supported by its improving operational efficiency, scalable manufacturing platform, and growth opportunities from new strategic partnerships. While the near-term outlook may remain constrained by weak market conditions, we continue to view the long-term growth trajectory positively. Management has maintained its full-year guidance despite the seasonally weaker second half, reflecting confidence in the underlying business. Accordingly, we retain our 2026e full year revenue estimates but modestly reduce our net profit forecast to SAR 500mn to reflect continued margin pressure. We also lower our target price to SAR 149.40 per share and maintain our **Hold** rating on the stock.

Quarterly revenue growth at 12.4% YoY in 2Q26, operating margin weigh on profitability

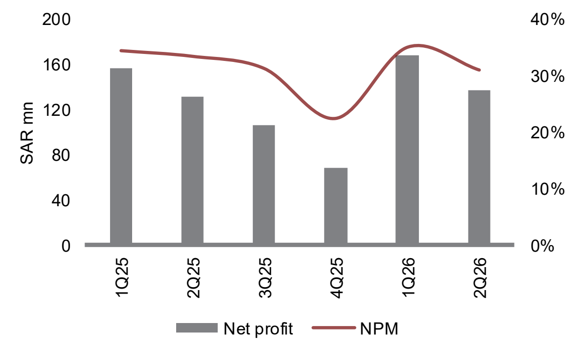




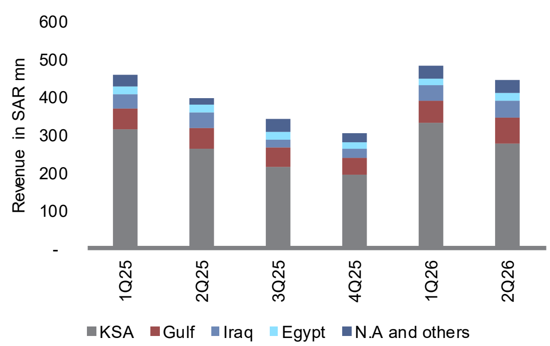
EBITDA grows by 8.3% YoY in 2Q26

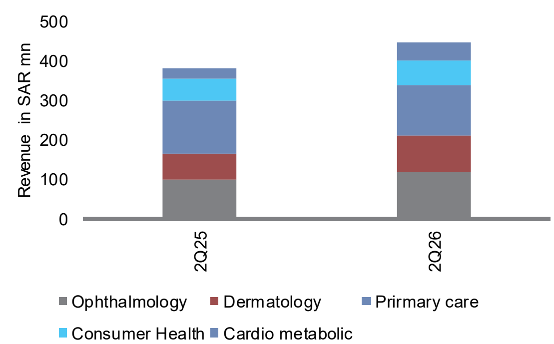


Modest net profit growth 4.2% YoY



Most segments outperform in 2Q26, core segment contribution rises to 47%





Income Statement (in SAR mn)	2023	2024	2025	2026e	2027e	2028e	2029e	2030e
Revenue	**1,101**	**1,318**	**1,501**	**1,643**	**1,830**	**2,041**	**2,277**	**2,544**
Direct Costs	-397	-498	-562	-585	-667	-744	-832	-930
Gross Profit	**704**	**821**	**939**	**1,058**	**1,163**	**1,296**	**1,446**	**1,614**
Selling and distribution	-286	-317	-357	-414	-421	-469	-524	-585
General and Admin	-66	-71	-79	-83	-92	-102	-91	-102
R&D	-33	-34	-39	-38	-46	-51	-57	-64
Impairment on receivables	-5	-18	-3	-1	-20	-22	-24	-27
Operating Profit	**313**	**381**	**462**	**522**	**585**	**652**	**750**	**837**
EBITDA	**338**	**418**	**506**	**565**	**633**	**704**	**750**	**837**
Net finance cost	-2	-17	5	2	5	5	5	5
Other income	4	19	27	5	5	4	5	5
Profit before tax	**316**	**383**	**493**	**529**	**595**	**661**	**759**	**846**
Zakat and Income Tax	-23	-26	-29	-28	-36	-40	-46	-51
Profit after tax	**292**	**357**	**464**	**501**	**559**	**621**	**714**	**796**

Balance Sheet (in SAR mn)	2023	2024	2025	2026e	2027e	2028e	2029e	2030e
Property, Plant and Equipment	696	672	689	728	790	861	985	1,123
Right-of-use asset	2	2	29	38	40	41	43	46
Intangible assets	13	12	17	17	17	17	17	17
Other non current assets	36	57	69	63	63	63	63	63
Non-current assets	**747**	**743**	**805**	**846**	**910**	**982**	**1,108**	**1,249**
Current Inventories	234	271	248	205	267	298	333	372
Trade receivables	332	444	586	822	915	1,020	1,139	1,272
Prepayments and other receivables	51	52	48	66	64	71	68	76
Other current assets	5	1	1	1	1	1	1	1
Cash and cash equivalents	284	262	358	370	330	409	496	586
Current assets	**907**	**1,029**	**1,241**	**1,463**	**1,576**	**1,799**	**2,036**	**2,307**
ASSETS	**1,654**	**1,772**	**2,046**	**2,309**	**2,486**	**2,781**	**3,144**	**3,556**
Share capital	700	700	700	700	700	700	700	700
Reserves	-41	-93	-84	-155	-155	-155	-155	-155
Retained earnings	745	884	1,101	1,322	1,573	1,859	2,199	2,567
EQUITY	**1,404**	**1,491**	**1,717**	**1,866**	**2,117**	**2,403**	**2,744**	**3,111**
Long-term loans	-	-	-	-	-	-	-	-
Lease liabilities	2	2	13	18	18	18	18	19
Employees' benefits	68	77	91	100	110	92	82	92
Non-current liabilities	**70**	**79**	**104**	**118**	**128**	**110**	**100**	**110**
Short-term loan	-	-	-	-	-	-	-	-
Lease liabilities	0	0	3	5	5	5	5	5
Trade payables and other current liabilities	154	173	186	293	200	223	249	279
Zakat and income tax provision	26	29	35	28	36	40	46	51
Current liabilities	**180**	**202**	**225**	**325**	**240**	**268**	**300**	**334**
LIABILITIES	**250**	**281**	**329**	**443**	**368**	**378**	**400**	**444**
EQUITY AND LIABILITIES	**1,654**	**1,772**	**2,046**	**2,309**	**2,486**	**2,781**	**3,144**	**3,556**

Cash Flow (In SAR Mn)	2023	2024	2025	2026e	2027e	2028e	2029e	2030e
Cash from operations	296	263	406	464	358	560	645	718
Investing cash flow	-77	-62	-69	-82	-110	-122	-182	-204
Financing cash flow	-75	-224	-242	-369	-289	-359	-376	-424
Change in cash	143	-23	96	13	-41	79	87	91
Beginning cash	141	284	262	358	370	330	409	496
Ending cash	**284**	**262**	**358**	**370**	**330**	**409**	**496**	**586**

Ratio Analysis	2023	2024	2025	2026e	2027e	2028e	2029e	2030e
Per Share								
EPS (SAR)	4.18	5.09	6.63	7.16	7.99	8.88	10.19	11.36
BVPS (SAR)	20.06	21.29	24.53	26.66	30.25	34.33	39.20	44.45
DPS (SAR)	2.50	3.06	4.00	4.40	4.79	5.33	6.12	6.82
FCF per share (SAR)	3.12	2.87	4.82	5.45	3.55	6.25	6.61	7.36
Valuation								
Market cap (SAR mn)	7,994	10,654	10,920	9,884	9,884	9,884	9,884	9,884
EV (SAR mn)	7,712	10,394	10,579	9,537	9,577	9,498	9,411	9,321
EBITDA (SAR mn)	338	418	506	565	633	704	750	837
P/E (x)	27.3	29.9	23.5	19.7	17.7	15.9	13.9	12.4
EV/EBITDA (x)	22.8	24.9	20.9	16.9	15.1	13.5	12.6	11.1
Price/Book (x)	5.7	7.1	6.4	5.3	4.7	4.1	3.6	3.2
Dividend Yield (%)	2.2%	2.0%	2.6%	3.1%	3.4%	3.8%	4.3%	4.8%
Price to sales (x)	7.3	8.1	7.3	6.0	5.4	4.8	4.3	3.9
EV to sales (x)	7.0	7.9	7.0	5.8	5.2	4.7	4.1	3.7
Liqiudity								
Cash Ratio (x)	1.6	1.3	1.6	1.1	1.4	1.5	1.7	1.8
Current Ratio (x)	5.0	5.1	5.5	4.5	6.6	6.7	6.8	6.9
Quick Ratio (x)	3.7	3.8	4.4	3.9	5.4	5.6	5.7	5.8
Returns Ratio								
ROA (%)	17.7%	20.1%	22.7%	21.7%	22.5%	22.3%	22.7%	22.4%
ROE (%)	20.8%	23.9%	27.0%	26.8%	26.4%	25.9%	26.0%	25.6%
ROCE (%)	19.8%	22.7%	25.5%	25.2%	24.9%	24.7%	25.1%	24.7%
Cash Cycle								
Inventory turnover (x)	1.7	1.8	2.3	2.9	2.5	2.5	2.5	2.5
Accounts Payable turnover (x)	2.6	2.9	3.0	2.0	3.3	3.3	3.3	3.3
Receivables turnover (x)	2.9	2.7	2.4	1.9	1.9	1.9	1.9	1.9
Inventory days	215	199	161	128	146	146	146	146
Payable Days	142	127	121	183	110	110	110	110
Receivables days	110	123	143	183	183	183	183	183
Cash Cycle	183	195	183	128	219	219	219	219
Profitability Ratio								
Net Margins (%)	26.6%	27.0%	30.9%	30.5%	30.6%	30.4%	31.3%	31.3%
EBITDA Margins (%)	30.7%	31.7%	33.7%	34.4%	34.6%	34.5%	32.9%	32.9%
PBT Margins (%)	28.7%	29.0%	32.9%	32.2%	32.5%	32.4%	33.3%	33.3%
EBIT Margins (%)	28.5%	28.9%	30.8%	31.8%	32.0%	32.0%	32.9%	32.9%
Effective Tax Rate (%)	7.4%	6.8%	5.9%	5.3%	6.0%	6.0%	6.0%	6.0%
Leverage								
Total Debt (SAR, mn)	2.4	2.1	16.4	22.7	22.8	22.9	23.0	23.1
Net Debt (SAR, mn)	-282	-260	-341	-347	-307	-386	-473	-563
Debt/Equity (x)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt/Equity (x)	-0.2	-0.2	-0.2	-0.2	-0.1	-0.2	-0.2	-0.2

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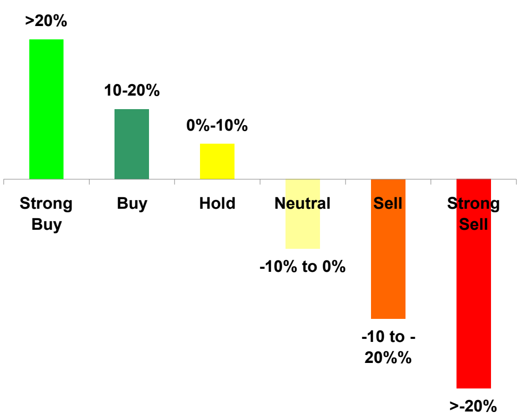
Rating Criteria and Definitions

Rating



Rating Definitions

Strong Buy	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%
Buy	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%
Hold	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%
Neutral	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%
Sell	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%
Strong Sell	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%
Not rated	This recommendation used for stocks which does not form part of Coverage Universe

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