

Result update

Saudi Pharmaceutical Industries and Medical Appliances Corporation (SPIMACO)

Sector : Healthcare

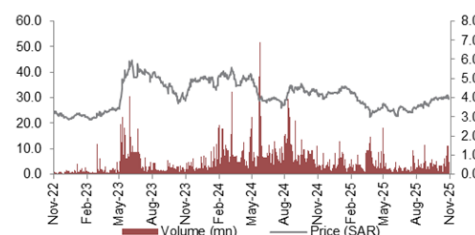
11 November 2025

HOLD

Target price (SAR) 32.60

Current price (SAR) 29.92

Return 8.9%



Exchange Saudi Arabia
Index weight (%) 0.1%

(mn)	SAR	USD
Market Cap	3,518	938
Enterprise value	4,576	1,236

Major shareholders

ARAB CO DRUG IND & M	20.5%
Vanguard Group Inc/T	1.9%
Blackrock Inc	0.9%
Others	76.8%

Valuation Summary (TTM)

PER TTM (x)	32.2
P/Book (x)	2.3
EV/EBITDA (x)	12.7
Dividend Yield (%)	0.0
Free Float (%)	77%
Shares O/S (mn)	120
YTD Return (%)	-8%
Beta	1.2

Key ratios	2022	2023	2024
EPS (SAR)	-1.43	-0.08	0.27
BVPS (SAR)	14.11	13.90	12.76
DPS (SAR)	0.60	0.00	0.00
Payout ratio (%)	-42%	0%	0%

Price performance (%)	1M	3M	12M
SPIMACO	0%	15%	-7%
Tadawul All Share Index	-3%	3%	-7%

52 week	High	Low	CTL*
Price (SAR)	34.80	20.94	40.0

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

SPIMACO reported 3Q25 revenue of SAR 415 million, down 7.1% YoY and 11.7% below our estimate. Our forecast had been based on the robust recovery seen in 1H25; however, seasonality weighed on volumes, resulting in a weaker-than-expected topline. Pharma revenue remained largely flat during the quarter, while the healthcare segment grew 12.4% YoY. Distribution services underperformed significantly, declining to SAR 16 million (from SAR 54 million in 3Q24). Saudi Arabia, SPIMACO's core market, which accounts for roughly 91% of total sales, grew modestly by 1.4% QoQ and was flat YoY, whereas other geographies posted notable declines. SPIMACO remains a leader in several therapeutic areas and holds approximately a 6% share of the private market. For the 9M25 period, revenue totaled SAR 1.3 billion, broadly in line with last year. Currently, private channel sales contribute 60.7% of total revenue, government business 24.7%, and international sales 8.3%, reflecting a shift in sales mix and focus markets.

Gross margins remained stable at 48.9% in 3Q25, cushioning the decline in gross profit. To improve margins, the company has emphasized on cost control, which has delivered positive results this year. Operating expenses fell 20.3% YoY in 3Q25 and 9.3% over the 9M25 period. Operating margins have consistently remained above 15% throughout the year, a level we believe is sustainable. EBITDA margin improved to 20.7% in 3Q25 (vs. 18.3% in 3Q24), reflecting ongoing efficiency gains and margin expansion. SPIMACO continues to allocate 3-3.5% of revenue to R&D, maintaining its commitment to innovation and product development. Non-operating items, including finance costs and associate profits, remained consistent with previous quarters. Net profit for 3Q25 came in at SAR 44 million a significant turnaround from last year's loss but still below our estimate due to the revenue shortfall. For 9M25, net profit rose to SAR 155 million, more than doubling YoY.

Valuation: SPIMACO is re-inventing itself by phasing out low margin legacy products and focusing on profitable geographies. Addressing the chronic lifestyle disease segment, regional biosimilar market and the government business will auger well going forward. We believe the positive impact of the strategy is reflecting on the steady profits witnessed over the past three quarters this year. We retain our 2025e full year revenue estimate but slightly lower the profit forecast. Based on our optimistic view about the Saudi pharma industry and improvement in SPIMACO we recommend a HOLD with a target price of SAR 32.60 per share.



Income Statement (In SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Revenue	1,460	1,426	1,653	1,682	1,725	1,984	2,281	2,521
Direct Costs	-840	-860	-945	-845	-891	-1,002	-1,152	-1,273
Gross profit	620	566	708	837	834	982	1,129	1,248
Selling and marketing expenses	-332	-373	-349	-333	-280	-298	-342	-378
General and administrative expenses	-239	-265	-255	-271	-245	-278	-319	-353
Research and development expenses	-8	-43	-41	-76	-52	-60	-68	-76
Other expenses	15	-12	27	-19	18	-30	-34	-38
Operating Profit	56	-126	89	137	274	317	365	403
EBITDA	144	-37	115	211	360	405	454	495
Finance cost	-39	-43	-70	-88	-98	-81	-81	-81
Other income (Net)	18	24	17	23	30	30	30	30
Profit before Zakat (PBT)	34	-145	36	72	206	267	314	353
Zakat and income tax	-12	-25	-45	-40	-16	-13	-16	-18
Net Profit/ loss bf disc operations	21	-170	-9	32	190	253	298	335
Loss from discounted operations	-3	-1	-	-	-	-	-	-
Net Profit	18	-171	-9	32	190	253	298	335
Balance Sheet (in SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Property, plant and equipment	1,098	1,040	1,272	1,574	1,519	1,467	1,417	1,368
Assets under construction	719	790	583	172	209	258	322	398
Intangible assets	39	15	17	102	121	139	155	171
Right of use assets	34	35	32	26	28	30	32	34
Other non current assets	82	70	86	89	76	76	76	76
Non-current assets	1,972	1,951	2,049	1,963	1,952	1,969	2,001	2,046
Inventories	419	495	589	646	624	701	806	891
Trade and other receivables	1,017	834	924	1,175	1,035	1,190	1,369	1,512
Time deposits	-	45	116	155	166	166	166	166
Cash and cash equivalents	328	335	160	122	176	284	342	441
Other current assets	694	171	164	243	259	298	342	378
Current assets	2,458	1,880	1,975	2,356	2,260	2,639	3,026	3,389
ASSETS	4,429	3,830	4,024	4,319	4,212	4,608	5,027	5,435
Share capital	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Reserves	533	519	319	317	326	326	326	326
Retained earnings	104	-179	-4	-120	69	323	545	790
Equity before NCI	1,838	1,540	1,507	1,378	1,576	1,829	2,052	2,297
Non-controlling interest	156	154	161	153	156	181	203	227
EQUITY	1,993	1,693	1,668	1,531	1,732	2,010	2,254	2,524
Loans and borrowings	417	380	575	462	595	495	395	295
Lease liability	18	19	11	8	5	6	4	1
Employees' end of service benefits	296	313	283	222	245	278	319	353
Deferred income	36	35	38	40	40	40	40	40
Contract liabilities	34	43	44	45	55	55	55	55
Non-current liabilities	801	790	951	778	940	874	813	744
Loans and borrowings	851	676	525	1,039	559	659	759	859
Trade payable and other liabilities	461	403	507	568	579	651	749	827
Contract liabilities	84	45	125	170	178	200	230	255
Other current liabilities	239	223	242	234	225	214	222	227
Current liabilities	1,635	1,348	1,405	2,010	1,541	1,725	1,960	2,168
LIABILITIES	2,436	2,138	2,356	2,788	2,481	2,598	2,773	2,911
EQUITY AND LIABILITIES	4,429	3,831	4,024	4,319	4,212	4,608	5,027	5,435
Cash Flow (In SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Cash from operations	87	-124	48	-331	432	141	157	240
Investing cash flow	144	480	-172	-93	-103	-119	-137	-151
Financing cash flow	-241	-311	-32	381	-274	85	38	10
Change in cash	-3	7	-174	-40	55	107	58	99
Beginning cash	331	328	335	161	122	176	284	342
Ending cash	328	335	161	122	176	284	342	441

Ratio Analysis	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Per Share								
EPS (SAR)	0.2	-1.4	-0.1	0.3	1.6	2.1	2.5	2.8
BVPS (SAR)	16.6	14.1	13.9	12.8	14.4	16.7	18.8	21.0
DPS (SAR)	1.0	0.6	-	-	-	0.6	0.7	0.8
FCF per share (SAR)	1.9	3.0	-1.0	-3.5	2.7	0.2	0.2	0.7
Valuation								
Market Cap (SAR mn)	4,722	2,616	4,536	3,834	3,590	3,590	3,590	3,590
EV (SAR mn)	5,686	3,361	5,495	5,224	4,576	4,468	4,407	4,304
EBITDA	144	-37	115	211	360	405	454	495
P/E (x)	260.9	-15.3	-499.8	120.4	18.9	14.2	12.0	10.7
EV/EBITDA (x)	39.6	-90.0	47.9	24.8	12.7	11.0	9.7	8.7
Price/Book (x)	2.4	1.5	2.7	2.5	2.1	1.8	1.6	1.4
Dividend Yield (%)	2.5%	2.8%	0.0%	0.0%	0.0%	2.1%	2.5%	2.8%
Price to sales (x)	3.2	1.8	2.7	2.3	2.1	1.8	1.6	1.4
EV to sales (x)	3.9	2.4	3.3	3.1	2.7	2.3	1.9	1.7
Liquidity								
Cash Ratio (x)	0.2	0.2	0.1	0.1	0.1	0.2	0.2	0.2
Current Ratio (x)	1.5	1.4	1.4	1.2	1.5	1.5	1.5	1.6
Quick Ratio (x)	1.2	1.0	1.0	0.9	1.1	1.1	1.1	1.2
Returns Ratio								
ROA (%)	0.4%	-4.5%	-0.2%	0.7%	4.5%	5.5%	5.9%	6.2%
ROE (%)	0.9%	-10.1%	-0.5%	2.1%	11.0%	12.6%	13.2%	13.3%
ROCE (%)	0.6%	-6.9%	-0.3%	1.4%	7.1%	8.8%	9.7%	10.2%
Cash Cycle								
Inventory turnover (x)	2.0	1.7	1.6	1.3	1.4	1.4	1.4	1.4
Accounts Payable turnover (x)	1.8	2.1	1.9	1.5	1.5	1.5	1.5	1.5
Receivables turnover (x)	1.3	1.4	1.5	1.2	1.3	1.3	1.3	1.3
Inventory days	182	210	228	279	256	256	256	256
Payable Days	200	171	196	245	237	237	237	237
Receivables days	286	257	240	308	274	274	274	274
Cash Cycle	267	296	272	341	292	292	292	292
Profitability Ratio								
Net Margins (%)	1.2%	-12.0%	-0.5%	1.9%	11.0%	12.8%	13.1%	13.3%
EBITDA Margins (%)	9.8%	-2.6%	6.9%	12.5%	20.9%	20.4%	19.9%	19.6%
PBT Margins (%)	2.3%	-10.2%	2.2%	4.3%	11.9%	13.4%	13.8%	14.0%
EBIT Margins (%)	3.8%	-8.8%	5.4%	8.2%	15.9%	16.0%	16.0%	16.0%
Effective Tax Rate (%)	36.6%	17.2%	-125.1%	55.8%	7.9%	5.0%	5.0%	5.0%
Leverage								
Total Debt (SAR mn)	1,293	1,081	1,119	1,513	1,162	1,162	1,159	1,155
Net Debt (SAR mn)	964	745	959	1,390	986	878	817	714
Debt/Total Assets (x)	0.3	0.3	0.3	0.4	0.3	0.3	0.2	0.2
Debt/Equity (x)	0.6	0.6	0.7	1.0	0.7	0.6	0.5	0.5
Net Debt/Equity (x)	0.5	0.4	0.6	0.9	0.6	0.4	0.4	0.3

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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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