

National Agricultural Development Company

Sector : FMCG

HOLD

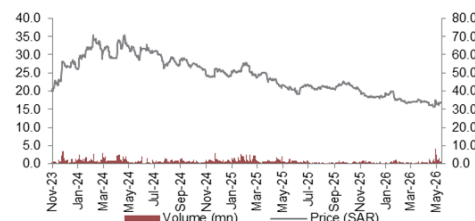
31 May 2026

- Revenue down 9.3% YoY in 1Q26, due to weaker performance in agri and dairy & food segments.
- Gross margins declined YoY, while operating margins were supported by a one-off gain.
- Profit down by 9.4% YoY but came in 9% above our forecast.
- For 2026e, we reduce our revenue forecast to SAR 3.6bn and profit to SAR 379mn. We revise our target price to SAR 18 per share with a HOLD rating.

Target price (SAR) 18.00

Current price (SAR) 16.80

Return 7.10%



Exchange Saudi Arabia
Index weight (%) 0.1%

(mn)	SAR	USD
Market Cap	5,068	1,350
Enterprise value	4,899	1,310

Major shareholders

Saudi Agricultural a	39%
Vanguard Group Inc/T	2.1%
Blackrock Inc	1.1%
Others	58.2%

Valuation Summary

PER TTM (x)	13.2
P/Book (x)	1.1
EV/EBITDA (x)	6.8
Dividend Yield (%)	NA
Free Float (%)	58%
Shares O/S (mn)	302
YTD Return (%)	-9%
Beta	0.8

Key ratios	2023	2024	2025
EPS (SAR)	1.77	2.57	1.30
BVPS (SAR)	11.91	14.25	15.28
DPS (SAR)	0.00	0.00	0.00
Payout ratio (%)	0%	0%	0%

Price performance (%)	1M	3M	12M
National Agriculture Dev	0%	-2%	-19%
Tadawul All Share Index	-1%	3%	0%

52 week	High	Low	CTL*
Price (SAR)	22.70	15.54	8.1

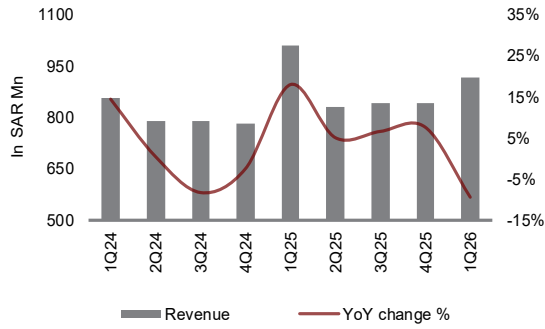
* CTL is % change in CMP to 52wk low

National Agricultural Development Company (NADEC) reported 1Q26 revenue of SAR 918mn, down 9.3% YoY and 12% below our estimate. The decline was as a result of lower sales in the agriculture and dairy & food segments, partially offset by growth in the protein segment. The protein segment, accounting 13% of revenue, rose 29.5% YoY, supported by value-added beef products from slaughterhouse operations. Agricultural revenue declined sharply by 84.4% YoY due to lower sales volume coupled with weaker pricing. The dairy and food segment, which represents 90% of revenue, declined modestly 1.3% YoY, reflecting weaker demand for fresh milk and a shift toward lower-priced processed milk products.

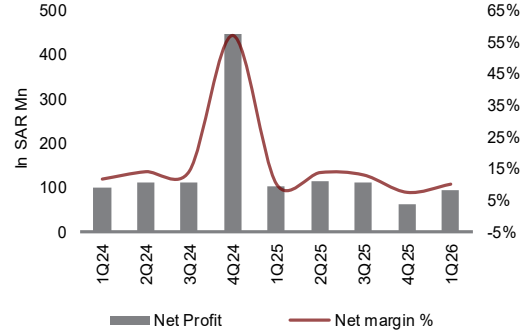
Gross margin contracted 140bps YoY to 30.8% in 1Q26, as direct costs declined at a slower pace than revenue, falling 7.3% YoY due to changes in product mix. Net operating expenses decreased 18.4% during the quarter, supported by a one-off reversal of impairment losses on trade receivables amounting to SAR 40.2mn. Hence, the EBIT and EBITDA margins improved by 80bps and 290bps YoY to 10.6% and 19.5% respectively. Treasury income declined 15.8% YoY due to lower cash balances, while joint ventures posted a SAR 6mn loss in 1Q26. Finance costs rose modestly by 2.3% YoY, primarily driven by higher lease related interest expenses. Consequently, net income declined 9.4% YoY to SAR 94mn, while net margin remained broadly stable YoY at 10.2%. Net profit came in 9% above our forecast, with all margins outperforming expectations except gross margin, which was slightly below forecast.

Valuation and outlook: NADEC recently signed a share purchase agreement to acquire all shares owned by Anaam Saudi for Trading Company (wholly owned by Al Muhaidib Group) in Al Raie National Livestock Company for a total consideration of SAR 23.7mn covering 2,450 shares. Al Raie is engaged in intensive livestock farming, breeding of sheep and goats, and meat production in KSA. Upon completion of the transaction, NADEC's ownership in Al Raie National Livestock Company will become 100%. The acquisition is intended to support local red meat production, reduce reliance on imports, and enhance sector sustainability. NADEC has also recently raised prices on select key fresh dairy SKUs to offset mounting costs following the onset of regional tensions in March 2026. However, the earnings impact is expected to remain broadly neutral, as the price increases do not apply across the entire fresh dairy portfolio. Despite the earnings outperformance, growth risks remain elevated amid ongoing geopolitical escalation. Based on current results, we lower our 2026e revenue forecast to SAR 3.6bn (from SAR 3.72bn) and reduce net profit to SAR 379mn (from SAR 405mn). Accordingly, we revise our target price to SAR 18/share, implying a 7.1% upside from current levels and downgrade our rating to HOLD from BUY. The stock is currently trading at 13.4x its 2026e EPS.

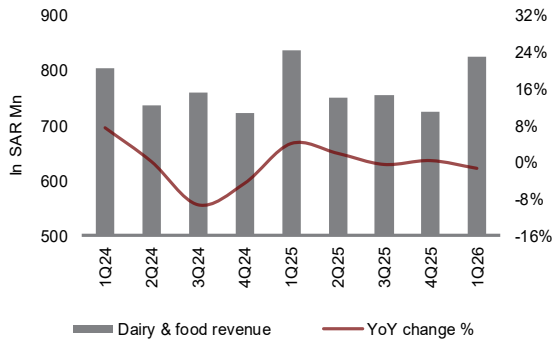
Revenue down due to weaker agri & dairy & food revenue



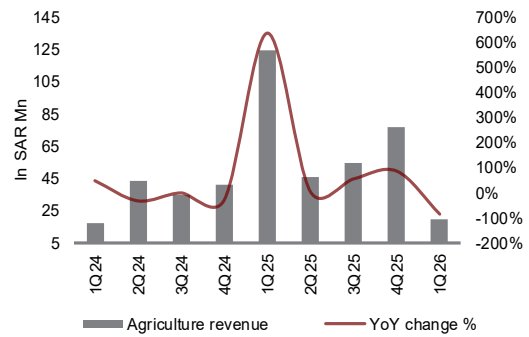
Net margin stable YoY owing to one-off gain in 1Q26



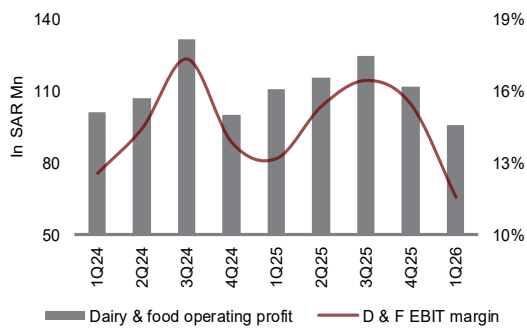
Dairy & Food decline due to shift in demand



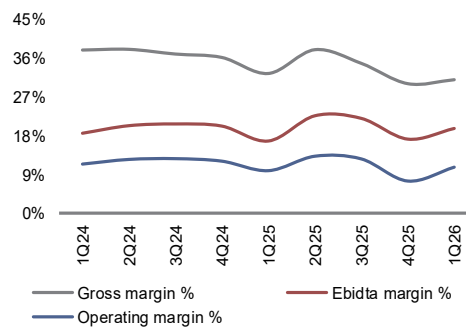
Agriculture revenue drops on lower volumes & pricing



Dairy & food margins declines on cost pressure



Cost pressures drive gross margin decline





Income statement (in SAR Mn)	2023	2024	2025	2026e	2027e	2028e	2029e
Revenue	3,197	3,220	3,527	3,593	3,825	4,078	4,355
Direct Costs	-2,013	-2,028	-2,346	-2,428	-2,524	-2,691	-2,830
Gross Profit	1,184	1,192	1,181	1,165	1,300	1,386	1,524
Selling and marketing expenses	-560	-532	-576	-599	-650	-693	-740
General and administrative expenses	-213	-235	-233	-231	-268	-285	-305
Impairment losses on trade receivables	-49	3	-8	35	-8	-8	-9
Provisions on receivables/other	-73	-4	-8	35	-8	-8	-9
Other Income / (expenses) - net	6	-32	13	3	19	20	22
EBIT	345	389	377	373	394	420	492
EBITDA	572	637	682	699	746	794	568
Share of results of joint venture	22	24	-5	-3	5	10	5
Finance costs	-76	-34	-36	-38	-49	-52	-55
PBT	290	827	437	416	420	468	532
Zakat	-14	-53	-47	-38	-38	-42	-48
Net Profit	302	775	393	379	382	426	484
Balance Sheet (in SAR Mn)	2023	2024	2025	2026e	2027e	2028e	2029e
Property, plant and equipment	1,761	1,774	1,977	2,083	2,215	2,358	2,512
Right-of-use assets	58	46	281	357	408	457	505
Biological assets	728	696	679	664	664	664	664
Intangible assets	24	27	23	21	21	21	21
Investment in joint venture	116	3	125	119	119	119	119
Equity investment at FVOCI	9	273	212	220	220	220	220
Prepayments	-	11	102	119	119	119	119
Other non current assets	149	313	462	479	479	479	479
Total non-current assets	2,695	2,829	3,399	3,582	3,766	3,957	4,160
Current inventories	560	662	638	680	707	754	793
Trade and other current receivables	464	379	318	503	535	571	610
Cash and bank balances	835	1,365	1,080	1,169	1,237	1,324	1,433
Prepayments	-	90	145	114	114	114	114
Biological assets	28	85	103	154	154	154	154
Other current assets	57	175	248	268	268	268	268
Total current assets	2,415	2,881	2,935	3,169	3,297	3,467	3,653
TOTAL ASSETS	5,110	5,710	6,334	6,752	7,063	7,424	7,812
Share capital	3,016	3,016	3,016	3,016	3,016	3,016	3,016
Other reserve	39	-30	-90	-83	-83	-83	-83
Reserves	233	164	-90	-83	-83	-83	-83
Retained earnings	344	1,116	1,704	2,082	2,275	2,510	2,781
Total Equity attributable to shareholders	3,593	4,297	4,608	4,995	5,188	5,422	5,693
Total equity	3,593	4,297	4,608	4,995	5,188	5,422	5,693
Murabaha loans and borrowings	98	2	47	26	26	26	26
Lease liabilities	35	26	222	273	325	376	426
Employee benefit obligation	148	131	122	115	134	143	152
Total non-current liabilities	284	162	471	493	564	624	683
Trade and other current payables	775	830	772	728	757	807	849
Murabaha loans and borrowings - short term	228	205	194	256	256	256	256
Murabaha loans and borrowings	279	206	236	256	256	256	256
Lease liabilities	18	13	67	91	108	125	142
Provision for Zakat	46	87	61	71	71	71	71
Other current liabilities	78	119	93	103	103	103	103
Total current liabilities	1,232	1,251	1,254	1,264	1,311	1,378	1,436
Total liabilities	1,517	1,413	1,726	1,757	1,875	2,002	2,119
Total equity and liabilities	5,110	5,710	6,334	6,752	7,063	7,424	7,812
Cash Flow (in SAR Mn)	2023	2024	2025	2026e	2027e	2028e	2029e
Cash from operations	655	763	755	485	766	841	933
Investing cash flow	-757	-21	-1,022	-287	-306	-326	-348
Financing cash flow	825	-212	-18	-110	-392	-428	-476
Change in cash	722	531	-285	88	68	87	108
Beginning cash	113	835	1,365	1,080	1,169	1,237	1,324
Ending cash	835	1,365	1,080	1,169	1,237	1,324	1,433



Ratio Analysis	2023	2024	2025	2026e	2027e	2028e	2029e
Per Share							
EPS (SAR)	1.0	2.6	1.3	1.3	1.3	1.4	1.6
BVPS (SAR)	11.9	14.2	15.3	16.6	17.2	18.0	18.9
DPS (SAR)	-	-	-	0.6	0.6	0.7	0.8
FCF per share (SAR)	-0.3	2.5	-0.9	0.7	1.5	1.7	1.9
Valuation							
Market Cap (SAR Mn)	8,401	7,444	5,547	5,068	5,068	5,068	5,068
EV (SAR Mn)	7,995	6,326	5,038	4,545	4,547	4,527	4,485
EBITDA	572	637	682	699	746	794	568
P/E (x)	27.8	9.6	14.1	13.4	13.3	11.9	10.5
EV/EBITDA (x)	14.0	9.9	7.4	6.5	6.1	5.7	7.9
Price/Book (x)	2.3	1.7	1.2	1.0	1.0	0.9	0.9
Dividend Yield (%)	0.0%	0.0%	0.0%	3.7%	3.8%	4.2%	4.8%
Price to sales (x)	2.6	2.3	1.6	1.4	1.3	1.2	1.2
EV to sales (x)	2.5	2.0	1.4	1.3	1.2	1.1	1.0
Liquidity							
Cash Ratio (x)	0.7	1.1	0.9	0.9	0.9	1.0	1.0
Current Ratio (x)	2.0	2.3	2.3	2.5	2.5	2.5	2.5
Quick Ratio (x)	1.5	1.8	1.8	2.0	2.0	2.0	2.0
Returns Ratio							
ROA (%)	5.9%	13.6%	6.2%	5.6%	5.4%	5.7%	6.2%
ROE (%)	8.4%	18.0%	8.5%	7.6%	7.4%	7.9%	8.5%
ROCE (%)	7.8%	17.4%	7.7%	6.9%	6.6%	7.0%	7.6%
Cash Cycle							
Inventory turnover (x)	3.6	3.1	3.7	3.6	3.6	3.6	3.6
Accounts Payable turnover (x)	2.6	2.4	3.0	3.3	3.3	3.3	3.3
Receivables turnover (x)	6.9	8.5	11.1	7.1	7.1	7.1	7.1
Inventory days	101	119	99	102	102	102	102
Payable Days	140	149	120	110	110	110	110
Receivables days	53	43	33	51	51	51	51
Cash Cycle	14	13	12	44	44	44	44
Profitability Ratio							
Net Margins (%)	9.4%	24.1%	11.2%	10.5%	10.0%	10.4%	11.1%
EBITDA Margins (%)	17.9%	19.8%	19.3%	19.5%	19.5%	19.5%	13.0%
PBT Margins (%)	9.1%	25.7%	12.4%	11.6%	11.0%	11.5%	12.2%
EBIT Margins (%)	10.8%	12.1%	10.7%	10.4%	10.3%	10.3%	11.3%
Effective Tax Rate (%)	4.9%	6.3%	10.8%	9.1%	9.0%	9.0%	9.0%
Leverage							
Total Debt (SAR Mn)	429	247	571	646	716	784	850
Net Debt (SAR Mn)	-406	-1,119	-509	-523	-521	-540	-583
Debt/Equity (x)	0.1	0.1	0.1	0.1	0.14	0.14	0.15
Net Debt/Equity (x)	-0.1	-0.3	-0.1	-0.1	-0.1	-0.1	-0.1



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Rating Criteria and Definitions

Rating	Rating Definitions
<p>The chart displays six rating categories with corresponding percentage ranges and colors: Strong Buy (green, >20%), Buy (dark green, 10-20%), Hold (yellow, 0%-10%), Neutral (light yellow, -10% to 0%), Sell (orange, -10% to -20%), and Strong Sell (red, >-20%).</p>	<p>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%</p> <p>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%</p> <p>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%</p> <p>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%</p> <p>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%</p> <p>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%</p> <p>Not rated This recommendation used for stocks which does not form part of Coverage Universe</p>

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