

## Pharmaceuticals

**HOLD: 12M TP @ 143.31**

*Upside +2.4%*

### Valuation Summary (TTM)

Price (SAR)	140.00
PER TTM (x)	27.0
P/Book (x)	7.2
P/Sales (x)	7.3
EV/Sales (x)	7.2
EV/EBITDA (x)	22.9
Dividend Yield (%)	0.7
Free Float (%)	48%
Shares O/S (mn)	70
YTD Return (%)	22%
Beta	0.8

(mn)	SAR	USD
Market Cap	9,800	2,613
Total Assets	9,704	2,588

Price performance (%)	1M	3M	12M
Jamjoom Pharmaceutic	-5%	25%	NA
Tadawul All Share Index	1%	7%	21%

Trading liquidity (,000)	1M	3M	6M
Avg daily turnover (SAR ,	80,440	86,589	61,194
Avg Daily Volume (,000)	640	632	478

52 week	High	Low	CTL*
Price (SAR)	158.20	66.00	112.1

\* CTL is % change in CMP to 52wk low

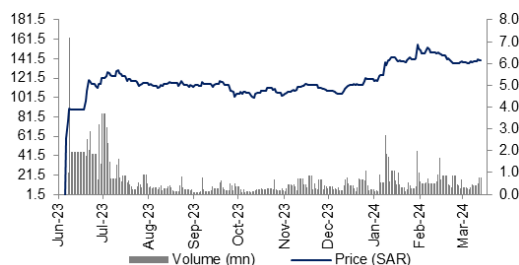
### Major shareholders

Jamjoom Yousuf Moham	42%
Jamjoom Mahmoud Yous	5.6%
Jamjoom Ahmed Yousse	4.6%
Others	48.2%

### Other details

Exchange	Saudi Arabia
Sector	Pharmaceuticals
Index weight (%)	0.2%

Key ratios	2021	2022	2023
EPS (SAR)	17.07	2.45	4.26
BVPS (SAR)	123.16	17.38	19.06
DPS (SAR)	11.30	2.13	2.56
Payout ratio (%)	66%	87%	60%



## Jamjoom Pharma – all round performance

Jamjoom Pharma (JP) is one of the largest pharmaceutical manufacturer in Saudi with over 120 brands in 8 therapeutic areas (TAs). The company reported its highest ever full year revenue in 2023 at SAR 1.1bn, which was 20.1% higher on a YoY basis and in line with our expectation. The revenue growth was a function of an increase in sales volume, price and expansion of product portfolio. The company participates in the government tendering process which is a primary enabler for volume growth. Whereas the re-negotiation with the regulator in the early part of 2023 reflected positively in terms of pricing across the board. JP introduced 11 new brands including 4 in the consumer health and 2 each in Cardio/Ophthalmology and Anti-Diabetic TAs. JP has geographic exposure across the MENA region, with the home market contributing 65% of the group revenue. Saudi grew by 22% during the year followed by significant growth in the Gulf markets which witnessed 29% YoY increase in revenue. Iraq has been a focus area where the company has a 10% exposure and it witnessed a growth of 15% during the year. Egypt was impacted by currency devaluation and declined by 7.7% YoY, despite a volume growth of 20% YoY. Egypt plays an important role as a manufacturing hub for the company and also the export base, thereby benefiting from the cheap labor and weaker currency. The top 5 TAs contributed to 77% of the total revenue and reported high growth for the year – Ophthalmology (+17%), Dermatology (+24.4%), GM (+37%), CH (+21%), GIT (+9.2%). Increase in raw material and higher sales to Egypt impacted the gross margin in 2023. However, operating costs were well managed during the year with a significantly lower increase of 8.3% YoY resulting in a 34.3% YoY increase in operating profit and 300bps increase in operating margin. As a result, EBITDA margin also increased from 27.9% in 2022 to 31.3% in 2023 and EBITDA grew at a much faster pace of 34.5% YoY compared to revenue. JP is a debt free company and has already invested in most of its capex programs thereby generating FCF of SAR 298.5mn taking the net cash position to SAR 284mn. The company reported net profit of SAR 298mn which was 5.5% higher than our estimate of SAR 283mn. The company will maintain its dividend payout of 50-60% which will be paid on a semi-annual basis. Based on the current results we retain our 2024 revenue at SAR 1.27bn and net profit at SAR 330mn. While JP has done well across the board and continues to score on all parameters we believe the stock has fully discounted all the positives. Our revised target price of SAR 143.31 per share is only 2.4% higher from the current price, hence we provide a HOLD rating to the stock.

**Valuation and outlook:** JP is one of the best pharma companies in the region and has evidenced consistent performance. We are optimistic on both the company and the high potential of the sector. The company has guided for a revenue growth of 12-15% growth and stable EBITDA margin of 30-31.5% between 2024-26 to which we concur. The high operating cash will also ensure consistent semiannual dividend payouts. At current price the stock trades at 27x 2024e PE which is higher than the industry average. Despite our positive stance we believe at the current price the stock is fully valued.

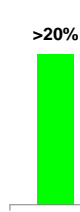





Income Statement (in SAR mn)	2022	2023	2024e	2025e	2026e	2027e
Revenue	917	1,101	1,279	1,456	1,636	1,840
Direct Costs	-323	-397	-439	-506	-570	-652
Gross Profit	594	704	841	949	1,066	1,188
Operating Profit	233	313	362	415	457	504
EBITDA	256	344	398	453	497	546
<b>Profit after tax</b>	<b>171</b>	<b>299</b>	<b>330</b>	<b>379</b>	<b>417</b>	<b>460</b>
Balance Sheet (in SAR mn)	2022	2023	2024e	2025e	2026e	2027e
Non-current assets	720	748	779	807	832	864
Current assets	688	907	985	1,125	1,310	1,476
<b>ASSETS</b>	<b>1,408</b>	<b>1,654</b>	<b>1,764</b>	<b>1,932</b>	<b>2,142</b>	<b>2,340</b>
<b>EQUITY</b>	<b>1,216</b>	<b>1,404</b>	<b>1,492</b>	<b>1,657</b>	<b>1,828</b>	<b>2,016</b>
Non-current liabilities	65	70	95	95	111	125
Current liabilities	127	180	185	188	211	207
<b>LIABILITIES</b>	<b>192</b>	<b>250</b>	<b>280</b>	<b>283</b>	<b>322</b>	<b>332</b>
<b>EQUITY AND LIABILITIES</b>	<b>1,408</b>	<b>1,654</b>	<b>1,772</b>	<b>1,940</b>	<b>2,150</b>	<b>2,348</b>
Ratio Analysis	2022	2023	2024e	2025e	2026e	2027e
<b>Per Share</b>						
EPS (SAR)	2.45	4.26	4.72	5.42	5.96	6.57
BVPS (SAR)	17.38	19.06	21.31	23.67	26.11	28.80
DPS (SAR)	2.13	2.56	3.07	3.52	3.88	4.60
FCF per share (SAR)	2.50	-1.31	3.32	3.68	4.08	4.40
<b>Valuation</b>						
Market Cap (SAR ,000)	7,910	8,050	9,800	9,800	9,800	9,800
P/E (x)	11.5	27.0	29.7	25.8	23.5	21.3
EV/EBITDA (x)	7.6	22.9	24.0	21.0	19.0	17.3
Price/Book (x)	6.5	6.0	6.6	5.9	5.4	4.9
Dividend Yield (%)	1.9%	2.2%	2.2%	2.5%	2.8%	3.3%
Net Debt/Equity (x)	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2
<b>Returns Ratio</b>						
ROA (%)	0.12	0.19	0.19	0.20	0.19	0.20
ROE (%)	0.14	0.22	0.22	0.23	0.23	0.23
ROCE (%)	0.13	0.21	0.21	0.22	0.22	0.22
<b>Cash Cycle</b>						
Inventory days	149	128	128	128	128	128
Payable Days	123	128	128	110	110	91
Receivables days	140	146	146	146	153	153
Cash Cycle	166	146	146	164	172	190
<b>Profitability Ratio</b>						
Net Margins (%)	18.7%	27.1%	25.8%	26.0%	25.5%	25.0%
EBITDA Margins (%)	27.9%	31.3%	31.1%	31.2%	30.4%	29.7%
EBIT Margins (%)	25.5%	28.5%	28.3%	28.5%	27.9%	27.4%
<b>Leverage</b>						
Total Debt (SAR ,000)	2.6	2.9	3.1	3.3	3.4	3.5
Net Debt (SAR ,000)	-139	-155	-233	-283	-331	-373

## Key contacts

### Research Team

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## Rating Criteria and Definitions

Rating	Rating Definitions
 <b>Strong Buy</b>	<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>	<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>	<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>	<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>	<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>	<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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