

Astra Industrial Group

Sector : Healthcare

NEUTRAL

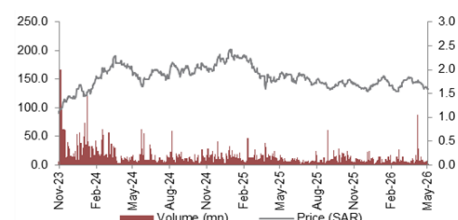
18 May 2026

- Consolidated revenue declines by 5% YoY in 1Q26, in line with our estimates. Pharma growth moderates to 2.1% YoY, while specialty chemicals and steel decline 8.4% and 22.3% YoY respectively.
- Margin improvement across the board, especially the steel segment offsets the decline in revenue. Net profit arrives at SAR 173mn, flattish YoY and slightly lower than our forecast.
- We reduce our revenue and profit forecast for 2026e and revise target price to SAR 124.25 per share, recommend a Neutral rating.

Target price (SAR) **124.25**

Current price (SAR) **133.50**

Return **-6.90%**



Exchange Saudi Arabia
Index weight (%) 0.2%

(mn)	SAR	USD
Market Cap	10,680	2,884
Enterprise value	10,745	2,901

Major share holders

Arab Supply & Tradin	47.1%
Al Utaibi Mohammad	2.5%
Vanguard Group Inc/T	1.9%
Others	48.5%

Valuation Summary (TTM)

PER TTM (x)	17.7
P/Book (x)	3.9
EV/EBITDA (x)	14.5
Dividend Yield (%)	2.7
Free Float (%)	49%
Shares O/S (mn)	80
YTD Return (%)	-6%
Beta	0.9

Key ratios	2023	2024	2025
EPS (SAR)	5.94	7.37	8.33
BVPS (SAR)	26.64	31.64	37.02
DPS (SAR)	2.50	3.00	3.50
Payout ratio (%)	42%	41%	42%

Price performance (%)	1M	3M	12M
Astra Industrial Group Co	-8%	-5%	-17%
Tadawul All Share Index	-5%	-1%	-4%

52 week	High	Low	CTL*
Price (SAR)	164.40	120.30	11.0

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

We have anticipated a slowdown in Astra Industrials' topline growth over the past few quarters and had accordingly moderated our forecasts. The company's 1Q26 results came broadly in line with our expectations, validating our cautious stance. Consolidated revenue for the quarter stood at SAR 791mn, down 5.1% YoY and broadly aligned with our estimates. The slowdown in the Saudi pharmaceutical market weighed on Tabuk Pharmaceuticals, which contributes approximately 55% of the group's total revenue. In addition, the continued phasing out of legacy loss-making projects in the steel business, along with weaker performance in the specialty chemicals segment, further pressured topline growth. Revenue from the specialty chemicals segment declined by 8.4% YoY, while the steel segment contracted by 22.3% YoY. Escalating geopolitical tensions also slowed project activity and disrupted trade flows, exacerbating the already moderating growth environment. Geographically, revenue from the core Saudi market declined by 4.2% YoY, while operations in Africa and Turkey fell by 30.8% and 10.2%, respectively. Iraq remained the only growth market during the quarter, recording an increase of 18.2% YoY.

On the profitability front, core pharmaceutical margins remained stable, while the gradual exit from loss-making steel projects positively impacted segment margins. Improvement was also observed in the specialty chemicals business. As a result, consolidated gross margins expanded by 400bps YoY, driving a 3% YoY increase in gross profit. The company also maintained disciplined cost control during the quarter, with selling and administrative expenses remaining largely unchanged. Consequently, operating profit remained flat YoY, while EBITDA rose by 2% YoY. Finance costs declined sharply by 54% compared to the same period last year, supporting overall profitability. Consolidated net profit stood at SAR 173mn, broadly flat YoY and in line with our expectations.

Valuation: Although topline growth remains under pressure due to persistent macroeconomic headwinds, margins have demonstrated resilience during the quarter. Astra remains one of the largest pharmaceutical manufacturers in Saudi Arabia, and the defensive nature of its core business provides valuation support. Meanwhile, non-core operations are gradually being wound down, and we believe these assets could potentially be divested over time. We expect the revenue slowdown to persist until the Saudi economy shows stronger signs of recovery and geopolitical risks begin to ease. Following the current results, we have revised down our 2026e revenue and net profit forecasts to SAR 3bn and SAR 747mn, respectively. Accordingly, our target price has been reduced to SAR 124.25 per share. Given the elevated risk premium and weaker profitability outlook, we maintain a Neutral rating on the stock.



Income Statement (In SAR mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Revenue	2,594	2,820	3,062	3,071	3,069	3,225	3,392	3,570
Cost of goods sold	-1,554	-1,637	-1,720	-1,657	-1,631	-1,728	-1,800	-1,877
Gross profit	1,040	1,182	1,342	1,414	1,438	1,498	1,592	1,693
Selling and distribution exp	-359	-376	-412	-427	-432	-419	-441	-464
General and administrative exp	-255	-234	-224	-229	-224	-161	-170	-179
Provision for impairment	-5	-14	-19	-22	-8	-22	-23	-22
Research expenses	-25	-26	-29	-41	-31	-32	-34	-36
Operating profit	396	533	658	695	744	863	925	992
EBITDA	470	624	739	769	822	953	1,023	1,099
Share of profit (loss) of JV	-	-	-	26	75	30	30	30
Finance costs	-47	-71	-107	-51	-57	-67	-77	-87
Other income (Net)	-12	50	75	51	37	25	25	25
PBT	337	513	626	721	821	851	903	961
Zakat and income tax expense	-34	-29	-73	-54	-74	-85	-90	-96
Net Profit before disc ops	303	484	553	667	747	766	813	865
Discontinued operation	183	-11	48	-	-	-	-	-
Net Profit	486	473	601	667	747	766	813	865
NCI	11	-2	12	-	-	-	-	-
Net Profit to shareholders	474	475	589	667	747	766	813	865

Balance Sheet (in SAR mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Property, plant and equipment	789	756	818	905	1,008	1,112	1,217	1,325
Intangible assets	73	77	76	55	88	88	88	88
Non-current assets	5	7	653	1,477	1,428	1,428	1,428	1,428
Non-current assets	867	840	1,547	2,437	2,524	2,627	2,733	2,840
Inventories	783	716	686	731	734	777	900	938
Trade receivables	837	944	1,121	1,010	1,105	1,129	1,119	1,178
Other current assets	200	150	128	89	91	94	99	104
Time deposits	163	563	668	103	109	109	109	109
Cash and cash equivalents	676	1,058	178	54	760	954	1,069	1,398
Current assets	2,658	3,432	2,781	1,988	2,799	3,064	3,297	3,728
ASSETS	3,525	4,272	4,328	4,424	5,323	5,691	6,030	6,569
Share capital	800	800	800	800	800	800	800	800
Reserves	372	377	-21	-7	269	269	269	269
Retained earnings	677	951	1,745	2,169	2,636	3,103	3,610	4,149
NCI	64	3	7	-1	-1	-1	-1	-1
EQUITY	1,913	2,131	2,531	2,961	3,705	4,172	4,678	5,218
Loans and lease liabilities	100	160	75	74	74	74	74	74
Due to related parties	-	-	6	5	6	-	-	-
Employees defined benefit liabilities	138	145	157	170	179	129	136	143
Non-current liabilities	238	305	238	249	258	203	210	217
Trade payables	242	239	236	273	310	328	342	357
Accrued expenses and other current liabilities	563	613	762	639	652	518	360	282
Loans and lease liabilities	428	812	441	159	209	259	309	359
Other current liabilities	140	172	120	143	189	211	131	137
Current liabilities	1,374	1,836	1,559	1,214	1,360	1,317	1,142	1,134
LIABILITIES	1,612	2,141	1,797	1,463	1,618	1,519	1,352	1,351
EQUITY AND LIABILITIES	3,525	4,272	4,328	4,424	5,323	5,691	6,030	6,569

Cash Flow (In SAR mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Cash from operations	357	681	729	807	893	790	782	951
Investing cash flow	572	-88	-746	-342	42	-347	-410	-347
Financing cash flow	-364	-228	-865	-521	-230	-249	-256	-275
Change in cash	629	382	-880	-123	705	194	116	329
Beginning cash	46	676	1,058	178	55	760	954	1,069
Ending cash	676	1,058	178	55	760	954	1,069	1,398



Ratio Analysis	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Per Share								
EPS (SAR)	5.9	5.9	7.4	8.3	9.3	9.6	10.2	10.8
BVPS (SAR)	23.9	26.6	31.6	37.0	46.3	52.1	58.5	65.2
DPS (SAR)	2.5	2.5	3.0	3.5	3.7	3.8	4.1	4.3
FCF per share (SAR)	11.6	7.4	-0.2	5.8	11.7	5.5	4.6	7.5
Valuation								
Market Cap (SAR mn)	4,152	9,488	14,400	11,336	10,680	10,680	10,680	10,680
EV (SAR mn)	4,005	9,401	14,738	11,514	10,203	10,059	9,994	9,715
EBITDA	470	624	739	769	822	953	1,023	1,099
P/E (x)	8.8	20.0	24.4	17.0	14.3	13.9	13.1	12.3
EV/EBITDA (x)	8.5	15.1	19.9	15.0	12.4	10.6	9.8	8.8
Price/Book (x)	2.2	4.5	5.7	3.8	2.9	2.6	2.3	2.0
Dividend Yield (%)	4.8%	2.1%	1.7%	2.5%	2.8%	2.9%	3.0%	3.2%
Price to sales (x)	1.6	3.4	4.7	3.7	3.5	3.3	3.1	3.0
EV to sales (x)	1.5	3.3	4.8	3.7	3.3	3.1	2.9	2.7
Liquidity								
Cash Ratio (x)	0.49	0.58	0.11	0.04	0.56	0.72	0.94	1.23
Current Ratio (x)	1.93	1.87	1.78	1.64	2.06	2.33	2.89	3.29
Quick Ratio (x)	1.37	1.48	1.34	1.04	1.52	1.74	2.10	2.46
Returns Ratio								
ROA (%)	13.5%	11.1%	13.6%	15.1%	14.0%	13.5%	13.5%	13.2%
ROE (%)	24.8%	22.3%	23.3%	22.5%	20.2%	18.4%	17.4%	16.6%
ROCE (%)	22.1%	19.5%	21.3%	20.8%	18.9%	17.5%	16.6%	15.9%
Cash Cycle								
Inventory turnover (x)	2.0	2.3	2.5	2.3	2.2	2.2	2.0	2.0
Accounts Payable turnover (x)	6.4	6.8	7.3	6.1	5.3	5.3	5.3	5.3
Receivables turnover (x)	3.1	3.0	2.7	3.0	2.8	2.9	3.0	3.0
Inventory days	184	160	146	161	164	164	183	183
Payable Days	57	53	50	60	69	69	69	69
Receivables days	118	122	134	120	131	128	120	120
Cash Cycle	245	228	229	221	226	223	234	234
Profitability Ratio								
Net Margins (%)	18.3%	16.9%	19.2%	21.7%	24.4%	23.7%	24.0%	24.2%
EBITDA Margins (%)	18.1%	22.1%	24.1%	25.1%	26.8%	29.5%	30.2%	30.8%
PBT Margins (%)	13.0%	18.2%	20.4%	23.5%	26.8%	26.4%	26.6%	26.9%
EBIT Margins (%)	15.3%	18.9%	21.5%	22.6%	24.2%	26.7%	27.3%	27.8%
Effective Tax Rate (%)	10.2%	5.6%	11.7%	7.5%	9.0%	10.0%	10.0%	10.0%
Leverage								
Total Debt (SAR mn)	529	971	516	233	283	333	383	433
Net Debt (SAR mn)	-147	-87	338	178	-477	-621	-686	-965
Debt/Equity (x)	0.3	0.5	0.2	0.1	0.1	0.1	0.1	0.1
Net Debt/Equity (x)	-0.1	-0.0	0.1	0.1	-0.1	-0.1	-0.1	-0.2

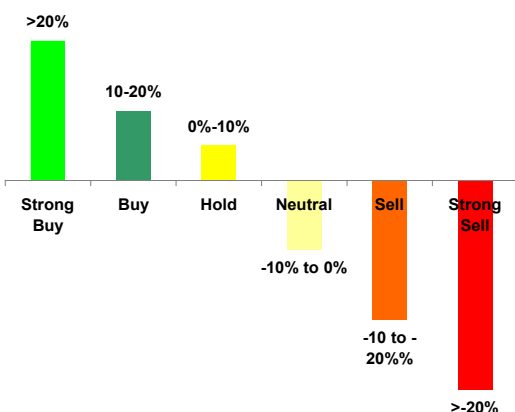
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Rating Criteria and Definitions

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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