

Result update

Nahdi Medical Company

Sector : Pharma Retail

HOLD

5 November 2025

- **3Q25 revenue in line with estimates, front shop re-assortment aids growth, pharma slips. Online and associate segments witness robust performance while entry into Wasfaty expected to support volumes.**
- **Gross margin holds steady and better than expected, while higher opex weighs on the bottom line. Net profit declines by 11.6% YoY in 3Q25 much below estimates. 2025e EPS growth guidance reduced to 1-2% (vs 4-6%).**
- **Retain 2025e revenue estimate, but reducing profit on the back of lower margins. Target price revised to SAR 125.50 per share, recommend to HOLD.**

Revenue increased 4.6% YoY in 3Q25, in line with expectations, supported by an 11.3% YoY rise in front-shop sales. The Pharma segment, which continues to face intense competition from both online and offline players, declined 3.8% YoY during the quarter. Overall, the retail segment grew 5.7% for the 9M25 period, while the Healthcare and UAE businesses recorded robust growth of +79.4% and +39.4%, respectively. Collectively, these two segments currently contribute about 5% to total revenue. Online sales continued to scale, generating SAR 1.8 billion during 9M25, including a record SAR 643 million (+23% YoY) in 3Q25. Online sales now account for 27% of total revenue, up from 23% in 3Q24. The Private Label portfolio also performed strongly, contributing SAR 1.2 billion (+43.1% YoY) over 9M25. Nahdi opened three new clinics during the year, bringing the total to 13 across Saudi Arabia, serving over 1.5 million guests. In the UAE, 14 new pharmacies were opened, expanding the company's presence across all emirates. Additionally, Nahdi joined the Wasfaty program in partnership with the government, a move expected to support prescription volumes going forward.

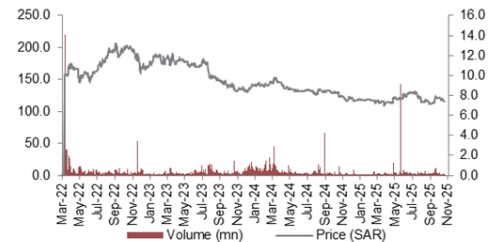
Gross margin remained elevated at 38.2% in 3Q25, consistent with the previous quarter. However, higher expenses related to UAE expansion and clinic operations weighed on operating margins. Operating profit grew 6.7% YoY, though it was below expectations. Increased leasing costs due to network expansion, coupled with a higher tax provision, resulted in lower profitability. Net profit declined by 11.6% YoY to SAR 161 million in 3Q25 and 1.2% YoY to SAR 655 million for 9M25.

Valuation: Nahdi has maintained its market leadership and share despite intensifying competition in the retail segment. In the near term, growth initiatives aimed at expanding the top line are expected to be margin dilutive, which will likely pressure profitability, as reflected in management's lower guidance. We expect revenue to grow at mid-single digits, while net profit growth will remain subdued over the next few years until the new segments reach steady-state performance. Our 2025e revenue forecast remains unchanged, but we have revised down our net profit estimate to SAR 834 million, leading to a lower target price of SAR 125.50 per share. Following the recent share price decline, the stock's valuation risk has moderated, with Nahdi now trading at 17.9x 2025e P/E and offers a 4.5% dividend yield.

Target price (SAR) **125.50**

Current price (SAR) **115.00**

Return **9.1%**



Exchange Saudi Arabia
Index weight (%) 0.4%

(mn)	SAR	USD
Market Cap	14,989	3,997
Enterprise value	16,694	4,507

Major shareholders

AL-NAHDI HOLDING CO	38.1%
Saudi Economic & Dev	25.0%
Vanguard Group Inc/T	1.5%
Others	35.4%

Valuation Summary (TTM)

PER TTM (x)	18.5
P/Book (x)	6.0
EV/EBITDA (x)	9.8
Dividend Yield (%)	4.9
Free Float (%)	35%
Shares O/S (mn)	130
YTD Return (%)	-2%
Beta	0.6

Key ratios	2022	2023	2024
EPS (SAR)	6.82	6.87	6.31
BVPS (SAR)	17.26	18.94	19.89
DPS (SAR)	2.31	5.50	5.50
Payout ratio (%)	34%	80%	87%

Price performance (%)	1M	3M	12M
Nahdi Medical Co	-5%	-4%	-8%
Tadawul All Share Index	0%	6%	-5%

52 week	High	Low	CTL*
Price (SAR)	132.10	106.00	8.8

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

Income Statement (In SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Revenue	8,066	8,616	8,714	9,446	10,098	10,858	11,784	12,812
Direct Costs	-4,762	-5,095	-5,191	-5,914	-6,325	-6,705	-7,277	-7,912
Gross profit	3,304	3,521	3,522	3,533	3,773	3,963	4,301	4,677
Selling and distribution expenses	-2,149	-2,240	-2,249	-2,342	-2,517	-2,660	-2,887	-3,139
General and administrative expenses	-307	-331	-337	-347	-372	-391	-424	-461
Other operating income (Net)	72	52	24	29	35	54	59	64
Operating profit	920	1,002	961	873	920	966	1,049	1,140
EBITDA	1,491	1,598	1,579	1,577	1,697	1,808	1,959	2,155
Finance income	11	12	65	59	66	60	60	60
Finance costs	-79	-79	-83	-116	-148	-115	-128	-140
Other costs	6	3	2	18	0	0	0	0
Profit before tax	858	937	944	835	838	911	981	1,061
Income tax and Zakat	-45	-50	-52	-14	-5	-46	-49	-53
Net profit	813	887	893	821	834	865	932	1,008

Balance Sheet (in SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Property, plant and equipment	885	914	1,040	1,113	1,220	1,324	1,418	1,733
Investment property	230	254	254	256	256	256	256	256
Intangible assets	44	47	51	69	68	68	68	68
Right of use assets	1,328	1,167	1,267	1,607	1,865	1,926	2,012	2,122
Non-current assets	2,487	2,382	2,613	3,062	3,447	3,613	3,793	4,218
Inventories	1,116	1,183	1,409	1,711	1,834	1,944	2,110	2,294
Trade receivables	140	130	173	136	202	217	236	256
Prepayment and other current assets	142	174	267	308	353	380	412	448
Cash and cash equivalents	400	1,076	910	957	362	667	935	961
Current assets	1,798	2,563	2,759	3,111	2,752	3,208	3,694	3,960
ASSETS	4,285	4,945	5,371	6,173	6,199	6,821	7,487	8,178
Share capital	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Statutory reserve	191	280	369	369	-	-	-	-
Retained earnings	113	664	794	917	1,084	1,257	1,443	1,645
EQUITY	1,604	2,244	2,463	2,586	2,384	2,557	2,743	2,945
Employee defined benefits	387	381	392	420	443	469	509	554
Lease liabilities	992	792	871	1,146	1,443	1,694	1,926	2,151
Accruals and other non-current liabilities	19	20	15	15	-	-	-	-
Non-current liabilities	1,398	1,193	1,277	1,581	1,886	2,164	2,435	2,705
Lease liabilities	365	375	304	383	481	565	642	717
Provision for zakat/ Zakat payable	97	107	113	77	25	27	29	32
Trade payables	484	637	894	1,249	1,265	1,341	1,455	1,582
Accruals and other non-current liabilities	337	389	320	297	158	168	182	198
Current liabilities	1,283	1,508	1,631	2,006	1,929	2,101	2,309	2,529
LIABILITIES	2,681	2,701	2,909	3,587	3,815	4,265	4,744	5,234
EQUITY AND LIABILITIES	4,285	4,945	5,371	6,173	6,199	6,821	7,487	8,178

Cash Flow (In SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Cash from operations	1,382	1,670	1,369	1,491	1,263	1,678	1,795	1,969
Investing cash flow	-300	-277	-384	-328	-413	-456	-493	-791
Financing cash flow	-1,689	-717	-1,151	-1,117	-1,444	-917	-1,034	-1,151
Change in cash	-607	676	-166	46	-594	305	268	27
Beginning cash	1,007	400	1,076	910	956	362	667	935
Ending cash	400	1,076	910	956	362	667	935	961

Ratio Analysis	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Per Share								
EPS (SAR)	6.25	6.82	6.87	6.31	6.41	6.66	7.17	7.75
BVPS (SAR)	12.34	17.26	18.94	19.89	18.34	19.67	21.10	22.65
DPS (SAR)	9.69	2.31	5.50	5.50	5.13	5.33	5.74	6.20
FCF per share (SAR)	8.32	10.72	7.57	8.95	6.54	9.40	10.01	9.06
Valuation								
Market Cap (SAR mn)	17,030	21,736	17,810	16,042	14,950	14,950	14,950	14,950
EV (SAR mn)	17,987	21,827	18,075	16,615	16,512	16,543	16,583	16,857
EBITDA	1,491	1,598	1,579	1,577	1,697	1,808	1,959	2,155
P/E (x)	20.9	24.5	20.0	19.5	17.9	17.3	16.0	14.8
EV/EBITDA (x)	12.1	13.7	11.4	10.5	9.7	9.1	8.5	7.8
Price/Book (x)	10.6	9.7	7.2	6.2	6.3	5.8	5.4	5.1
Dividend Yield (%)	7.4%	1.4%	4.0%	4.5%	4.5%	4.6%	5.0%	5.4%
Price to sales (x)	2.1	2.5	2.0	1.7	1.5	1.4	1.3	1.2
EV to sales (x)	2.2	2.5	2.1	1.8	1.6	1.5	1.4	1.3
Liquidity								
Cash Ratio (x)	0.31	0.71	0.56	0.48	0.19	0.32	0.41	0.38
Current Ratio (x)	1.40	1.70	1.69	1.55	1.43	1.53	1.60	1.57
Quick Ratio (x)	0.42	0.80	0.66	0.54	0.29	0.42	0.51	0.48
Returns Ratio								
ROA (%)	19.0%	17.9%	16.6%	13.3%	13.5%	12.7%	12.4%	12.3%
ROE (%)	50.7%	39.5%	36.2%	31.7%	35.0%	33.8%	34.0%	34.2%
ROCE (%)	27.1%	25.8%	23.9%	19.7%	19.5%	18.3%	18.0%	17.8%
Cash Cycle								
Inventory turnover (x)	4.3	4.3	3.7	3.5	3.4	3.4	3.4	3.4
Accounts Payable turnover (x)	9.8	8.0	5.8	4.7	5.0	5.0	5.0	5.0
Receivables turnover (x)	57.6	66.3	50.4	69.7	50.0	50.0	50.0	50.0
Inventory days	86	85	99	106	106	106	106	106
Payable Days	37	46	63	77	73	73	73	73
Receivables days	6	6	7	5	7	7	7	7
Cash Cycle	55	45	43	34	40	40	40	40
Profitability Ratio								
Net Margins (%)	10.1%	10.3%	10.2%	8.7%	8.3%	8.0%	7.9%	7.9%
EBITDA Margins (%)	18.5%	18.5%	18.1%	16.7%	16.8%	16.7%	16.6%	16.8%
PBT Margins (%)	10.6%	10.9%	10.8%	8.8%	8.3%	8.4%	8.3%	8.3%
EBIT Margins (%)	11.4%	11.6%	11.0%	9.2%	9.1%	8.9%	8.9%	8.9%
Effective Tax Rate (%)	5.2%	5.3%	5.5%	1.7%	0.5%	5.0%	5.0%	5.0%
Leverage								
Total Debt (SAR mn)	1,357	1,167	1,175	1,530	1,924	2,259	2,568	2,868
Net Debt (SAR mn)	957	91	265	573	1,562	1,593	1,633	1,907
Debt/Equity (x)	0.8	0.5	0.5	0.6	0.8	0.9	0.9	1.0
Net Debt/Equity (x)	0.6	0.0	0.1	0.2	0.7	0.6	0.6	0.6

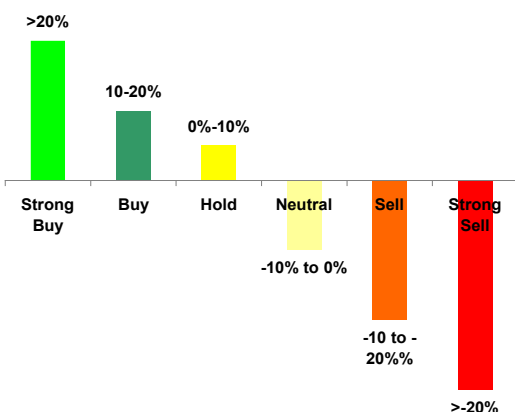
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Rating Criteria and Definitions

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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