

Pharmaceuticals

HOLD: 12M TP @ 160

Upside +5.5%

Valuation Summary (TTM)

Price (SAR)	151.60
PER TTM (x)	19.6
P/Book (x)	4.6
P/Sales (x)	4.1
EV/Sales (x)	4.2
EV/EBITDA (x)	14.6
Dividend Yield (%)	2.0
Free Float (%)	49%
Shares O/S (mn)	80
YTD Return (%)	-16%
Beta	1.1

(mn)	SAR		USD
Market Cap	12,128	3,232	
Enterprise value	12,398	3,347	
Price performance (%)	1M	3M	12M
Astra Industrial Group	-1%	-7%	-12%
Tadawul All Share Index	-1%	-5%	-9%
Trading liquidity (,000)	1M	3M	6M
Avg daily turnover (SAR ,000)	12,257	12,277	18,470
Avg Daily Volume (,000)	74	81	118
52 week	High	Low	CTL*
Price (SAR)	207.00	125.60	20.7

* CTL is % change in CMP to 52wk low

Major shareholders

Arab Supply & Tradin	47.1%
Al Utaibi Mohammad	2.1%
Vanguard Group Inc/T	1.8%
Others	49.0%

Other details

Exchange	Saudi Arabia
Sector	Conglomerate-Pharma
Index weight (%)	0.3%

Key ratios	2022	2023	2024
EPS (SAR)	5.93	5.94	7.37
BVPS (SAR)	23.91	26.64	31.64
DPS (SAR)	2.50	2.50	3.00
Payout ratio (%)	42%	42%	41%



Astra Industrial – weakness continues

Astra Industrial Group (Astra) announced its 2Q25 results, which came in below expectations. Although we have maintained a conservative outlook on the company in recent quarters, the current performance fell short of even our bear-case scenario. Revenue for 2Q25 stood at SAR 715mn, down 13% YoY and 18% below our forecast. The decline was broad-based, affecting all segments, including pharmaceuticals, which posted a flattish performance. Specialty chemicals fell 3.8% YoY, while steel revenue dropped sharply by 44% YoY. Weakness in specialty chemicals and steel had been anticipated, but the softness in pharma revenue was quite unexpected. Tabuk Pharma, a leading pharmaceutical manufacturer and the company's core value driver, contributed 48% of total revenue in 2Q25. Geographically, revenues from all markets contracted, with Saudi Arabia accounting for 69% of gross revenue declining 15.5% YoY in 2Q25. For 1H25, total revenue was reported at SAR 1.55bn, down 6.8% YoY.

Gross profit margin improved 430bps YoY in 2Q25, partly cushioning the revenue decline. As a result, gross profit fell only 4% YoY. The pharma segment contributed 65% of gross profit with a stable margin of 62.4%. Management's consistent cost control efforts and one-off gains supported operating margins. The consolidated EBITDA margin rose from 22.2% in 2Q24 to 30.9% in 2Q25, while operating profit increased 25% YoY. Overall, net profit for 2Q25 reached SAR 189mn, higher by 12% YoY and exceeding our forecast by 25%. We had initially modeled lower margins based on recent trends; however, it appears the company exited certain loss-making projects, and received one-off gains which lifted profitability during the quarter. Following these results, we have revised our 2025e revenue forecast to SAR 3bn (from SAR 3.2bn) and net profit to SAR 691mn (vs SAR 626mn). We maintain our target price of SAR 160 per share, which implies a 5.5% upside, and therefore reiterate our HOLD rating.

Valuation and outlook: The primary value driver for Astra is its subsidiary, Tabuk Pharmaceuticals. The company operates extensive manufacturing facilities across key therapeutic areas and holds leadership positions in several segments. We believe the high base established over the past two years, coupled with the lumpy performance of non-core segments, has contributed to weaker results this year. While we remain optimistic about Tabuk Pharma, we are cautious of the current slowdown in growth. Meanwhile, non-core businesses continue to underperform, eroding overall conglomerate value. Reflecting these concerns, the stock has declined this year and now trades at 17.6x 2025e PE, which we believe fully prices in the company's value leaving limited upside.

Income Statement (In SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Revenue	2,330	2,594	2,820	3,062	2,999	3,194	3,405	3,598
Cost of goods sold	-1,436	-1,554	-1,637	-1,720	-1,631	-1,720	-1,816	-1,905
Gross profit	895	1,040	1,182	1,342	1,369	1,474	1,589	1,693
Selling and distribution exp	-334	-359	-376	-412	-417	-415	-443	-468
General and administrative exp	-185	-255	-234	-224	-146	-160	-170	-180
Provision for impairment	-22	-5	-14	-19	-2	-24	-26	-27
Research expenses	-26	-25	-26	-29	-31	-32	-34	-36
Operating profit	326	396	533	658	773	843	917	982
EBITDA	419	470	624	739	847	862	937	1,003
Finance costs	-52	-47	-71	-107	-57	-24	-13	-13
Other income (Net)	-32	-12	50	75	42	2	2	2
PBT	242	337	513	626	758	821	906	971
Zakat and income tax expense	-26	-34	-29	-73	-67	-82	-91	-97
Net Profit before disc ops	216	303	484	553	691	739	815	874
Discontinued operation	-23	183	-11	48	-	-	-	-
Net Profit	194	486	473	601	691	739	815	874
NCI	-9	11	-2	12	-	-	-	-
Net Profit to shareholders	202	474	475	589	691	739	815	874

Balance Sheet (in SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Property, plant and equipment	1,148	789	756	818	832	909	991	1,078
Intangible assets	36	73	77	76	88	88	88	88
Non-current assets	6	5	7	653	644	644	644	644
Non-current assets	1,190	867	840	1,547	1,563	1,640	1,722	1,809
Inventories	755	783	716	686	734	774	817	857
Trade receivables	767	837	944	1,121	1,200	1,278	1,362	1,439
Other current assets	129	200	150	128	187	197	208	217
Time deposits	-	163	563	668	754	754	754	754
Cash and cash equivalents	46	676	1,058	178	119	152	272	329
Current assets	1,698	2,658	3,432	2,781	2,994	3,155	3,413	3,597
ASSETS	2,888	3,525	4,272	4,328	4,557	4,795	5,135	5,406
Share capital	800	800	800	800	800	800	800	800
Reserves	330	372	377	-21	-11	-11	-11	-11
Retained earnings	322	677	951	1,745	2,196	2,659	3,178	3,726
NCI	52	64	3	7	21	21	21	21
EQUITY	1,504	1,913	2,131	2,531	3,006	3,469	3,988	4,536
Loans and lease liabilities	41	100	160	75	50	50	50	50
Due to related parties	-	-	-	6	-	-	-	-
Employees defined benefit liabilities	133	138	145	157	88	96	102	108
Non-current liabilities	174	238	305	238	138	146	152	158
Trade payables	210	242	239	236	245	258	272	286
Accrued expenses and other current liabilities	411	563	613	762	734	516	454	191
Loans and lease liabilities	488	428	812	441	339	289	139	139
Other current liabilities	101	140	172	120	96	117	129	97
Current liabilities	1,210	1,374	1,836	1,559	1,413	1,180	994	712
LIABILITIES	1,384	1,612	2,141	1,797	1,551	1,326	1,147	870
EQUITY AND LIABILITIES	2,888	3,525	4,272	4,328	4,557	4,795	5,135	5,406

Cash Flow (In SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2027e
Cash from operations	378	357	681	729	699	498	714	585
Investing cash flow	-80	572	-88	-746	-174	-182	-189	-194
Financing cash flow	-308	-364	-228	-865	-584	-283	-406	-334
Change in cash	-8	629	382	-880	-59	33	120	57
Beginning cash	54	46	676	1,058	178	119	152	272
Ending cash	46	676	1,058	178	119	152	272	329







Ratio Analysis	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Per Share								
EPS (SAR)	2.5	5.9	5.9	7.4	8.6	9.2	10.2	10.9
BVPS (SAR)	18.8	23.9	26.6	31.6	37.6	43.4	49.9	56.7
DPS (SAR)	1.5	2.5	2.5	3.0	3.5	3.7	4.1	4.4
FCF per share (SAR)	3.7	11.6	7.4	-0.2	6.6	4.0	6.6	4.9
Valuation								
Market Cap (SAR mn)	3,192	4,152	9,488	14,400	12,128	12,128	12,128	12,128
EV (SAR mn)	3,674	4,005	9,401	14,738	12,398	12,315	12,045	11,988
EBITDA	419	470	624	739	847	862	937	1,003
P/E (x)	15.8	8.8	20.0	24.4	17.6	16.4	14.9	13.9
EV/EBITDA (x)	8.8	8.5	15.1	19.9	14.6	14.3	12.9	12.0
Price/Book (x)	2.1	2.2	4.5	5.7	4.0	3.5	3.0	2.7
Dividend Yield (%)	3.8%	4.8%	2.1%	1.7%	2.3%	2.4%	2.7%	2.9%
Price to sales (x)	1.4	1.6	3.4	4.7	4.0	3.8	3.6	3.4
EV to sales (x)	1.6	1.5	3.3	4.8	4.1	3.9	3.5	3.3
Liquidity								
Cash Ratio (x)	0.04	0.49	0.58	0.11	0.08	0.13	0.27	0.46
Current Ratio (x)	1.40	1.93	1.87	1.78	2.12	2.67	3.43	5.05
Quick Ratio (x)	0.78	1.37	1.48	1.34	1.60	2.02	2.61	3.85
Returns Ratio								
ROA (%)	7.0%	13.5%	11.1%	13.6%	15.2%	15.4%	15.9%	16.2%
ROE (%)	13.5%	24.8%	22.3%	23.3%	23.0%	21.3%	20.4%	19.3%
ROCE (%)	12.1%	22.1%	19.5%	21.3%	22.0%	20.4%	19.7%	18.6%
Cash Cycle								
Inventory turnover (x)	1.9	2.0	2.3	2.5	2.2	2.2	2.2	2.2
Accounts Payable turnover (x)	6.9	6.4	6.8	7.3	6.7	6.7	6.7	6.7
Receivables turnover (x)	3.0	3.1	3.0	2.7	2.5	2.5	2.5	2.5
Inventory days	192	184	160	146	164	164	164	164
Payable Days	53	57	53	50	55	55	55	55
Receivables days	120	118	122	134	146	146	146	146
Cash Cycle	259	245	228	229	256	256	256	256
Profitability Ratio								
Net Margins (%)	8.7%	18.3%	16.9%	19.2%	23.0%	23.1%	23.9%	24.3%
EBITDA Margins (%)	18.0%	18.1%	22.1%	24.1%	28.2%	27.0%	27.5%	27.9%
PBT Margins (%)	10.4%	13.0%	18.2%	20.4%	25.3%	25.7%	26.6%	27.0%
EBIT Margins (%)	14.0%	15.3%	18.9%	21.5%	25.8%	26.4%	26.9%	27.3%
Effective Tax Rate (%)	10.6%	10.2%	5.6%	11.7%	8.9%	10.0%	10.0%	10.0%
Leverage								
Total Debt (SAR mn)	529	529	971	516	389	339	189	189
Net Debt (SAR mn)	482	-147	-87	338	270	187	-83	-140
Debt/Equity (x)	0.4	0.3	0.5	0.2	0.1	0.1	0.0	0.0
Net Debt/Equity (x)	0.3	-0.1	-0.0	0.1	0.1	0.1	-0.0	-0.0

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Rating Criteria and Definitions

Rating	Rating Definitions
 Strong Buy	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	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	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	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	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	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	Not rated This recommendation used for stocks which does not form part of Coverage Universe

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