

Strong set of results driven by robust sales growth; maintain “Overweight”

AlMajed recorded net income of SAR 30.1mn in Q3-25 up 34.3% Y/Y and 23.8% Q/Q, respectively. Earnings were 8.4% above our estimate of SAR 27.8mn, mainly due to higher revenues. Sales were recorded at SAR 232.4mn in Q3-25 up 33.0% Y/Y and 11.4% Q/Q, respectively, driven by increase in number of branches, promotional campaigns outside the official season (National Day) and new product launches. Gross profit for the company increased by 29.1% Y/Y to SAR 154.9mn, while operating income expanded by 16.5% Y/Y to SAR 34.9mn. Al Majed’s investment thesis is supported by branch additions, new product launches and higher LFL sales. We expect the company to post sales growth of 13.7% Y/Y in 2025 and deliver sales CAGR of 7.6% over 2024-28. The company trades at a 2025E PE of 17.2x, at which we see sizable room for re-rating, hence we maintain “Overweight” rating with a target price of SAR 149.4/share.

- AlMajed announced net income of SAR 30.1mn in Q3-25 up 34.3% Y/Y and 23.8% Q/Q respectively. Earnings were 8.4% above our estimate of SAR 27.8mn. The deviation to our earnings estimate is mainly attributable to higher revenues (+13.5% deviation to AJC estimate of SAR 204.7mn). There was almost no effect of the 11-day shift in Islamic calendar on key sales seasons (national day) in Q3-25, as major sale seasons are based on Gregorian dates.
- Sales were recorded at SAR 232.4mn in Q3-25 up 33.0% Y/Y and 11.4% Q/Q, respectively. The improvement was driven by increase in number of branches, promotional campaigns outside the official season (National Day) and new product launches.
- Gross profit for the company increased by 29.1% Y/Y and 14.6% Q/Q to SAR 154.9mn (+12.1% deviation to AJC estimate of SAR 138.2mn), due to higher sales, despite a 199bps Y/Y contraction in gross margins to 66.6% (AJC estimate 67.5%). The contraction in margins is associated to more sales and discount offers.
- Operating income expanded by 16.5% Y/Y to SAR 34.9mn (up 21.6% Q/Q), 8.6% above AJC estimate of SAR 32.2mn. Operating margins declined by 212bps Y/Y to 15.0% (68bps below AJC estimate of 15.7%). Opex to sales declined by 13bps Y/Y to 51.6%, supported by controlled spending in operating expenses.

AJC view and valuation: Al Majed’s investment thesis is supported by branch additions, new product launches and higher LFL sales. We expect the company to post sales growth of 13.7% Y/Y in 2025 and deliver sales CAGR of 7.6% over 2024-28. We expect gross margins to improve by 60bps over 2024-28, while we expect operating margin to expand by 351bps over the same period, due to ramping up of new stores. Overall, in this backdrop, we expect the company to post earnings growth of 25.9% in 2025 and a medium term 2024-28 net income CAGR of 12.1%. The company trades at a 2025E PE of 17.2x, at which we see sizable room for re-rating, hence we maintain “Overweight” rating with a target price of SAR 149.4/share.

Results Summary

SAR mn	Q3-24	Q2-25	Q3-25	Change Y/Y	Change Q/Q	Deviation from AJC Estimates
Revenue	174.8	208.7	232.4	33.0%	11.4%	13.5%
Gross Profit	120.0	135.1	154.9	29.1%	14.6%	12.1%
Gross Margin	68.6%	64.8%	66.6%	-	-	-
EBIT	30.0	28.7	34.9	16.5%	21.6%	8.6%
Net Profit	22.4	24.3	30.1	34.3%	23.8%	8.4%
EPS	0.90	0.97	1.20	-	-	-

Source: Company Reports, AlJazira Capital Research

Recommendation	Overweight
Target Price (SAR)	149.4
Upside / (Downside)*	10.3%

Source: Tadawul *prices as of 26th October 2025

Key Financials

SARmn (unless specified)	FY22	FY23	FY24	FY25E
Revenue	588	767	926	1,053
Growth %	32.98%	30.36%	20.73%	13.73%
Gross Profit	377	511	610	694
EBIT	138	160	179	219
Net Profit	125	149	157	198
Growth %	24.15%	18.61%	5.57%	25.89%
EPS	5.0	6.0	6.3	7.9
DPS	3.9	3.6	5.0	5.4

Source: Company reports, AlJazira Capital Research

Key Ratios

	FY22	FY23	FY24	FY25E
GP Margin	64.1%	66.6%	65.8%	65.9%
EBIT margin	23.4%	20.8%	19.3%	20.8%
Net Margin	21.3%	19.4%	17.0%	18.8%
P/E (x)	18.8	15.8	23.3	17.2
P/B (x)	7.4	5.5	7.8	6.4
EV/EBITDA (x)	10.5	8.8	12.1	9.8
Div. Yield (%)	4.2%	3.8%	3.4%	4.0%

Source: Company reports, AlJazira Capital Research

Key Market Data

Market Cap(bn)	3.4
YTD%	-7.3%
52 week (High)/(Low)	179.4/106
Share Outstanding (mn)	25

Source: Company reports, AlJazira Capital Research

Price Performance



Source: Tadawul, AlJazira Capital Research

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RESEARCH
DIVISION

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RATING
TERMINOLOGY

1. **Overweight:** This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. **Underweight:** This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. **Neutral:** The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. **Suspension of rating or rating on hold (SR/RH):** This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

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