



## Results for Q2-25 likely driven by a notable one-off income estimated at SAR 40mn, as Steel and Chemical segments underperform to weigh down top line

Astra Industrials posted a net income of SAR 175mn in Q2-25, up 3.7% Y/Y and 1.8% Q/Q. While top line at SAR 715mn came to disappoint our estimates of SAR 830mn (and market consensus at SAR 832mn), results were largely supported by an estimated c. SAR 40mn non reoccurring income that took place during the quarter. Adjusted net income of an estimated SAR 135mn for Q2-25 would have posted a decline of 20.0% Y/Y and 21.6% Q/Q. While we estimate that the Pharmaceutical segment displayed a Y/Y growth in top line; lackluster performances displayed in Q2-25 from its Steel (mainly) and Chemicals segments could be a sign of more challenges to come on the economically exposed segments, to weigh down potential outlooks on the conglomerate as the segments constitute c. 53% of the group's top line (FY24). Our outlook on the stock is under review as we await for complete financials and to assess the sustainability of Steel and Chemicals' performance.

- Astra reported a net income of SAR 175mn during Q2-25, up 3.7% Y/Y and 1.8% Q/Q. Excluding the non-recurring income of SAR 49mn recorded in Q2-24, net income would have been up by an estimated 45.9% Y/Y. Net income was broadly in line with our expected SAR 165mn (5.8% deviation), while positively surprising the market consensus by 8.3%. While revenues of SAR 715mn largely disappointed our and market estimates, results were likely supported by a non-recurring income by an estimated SAR 40mn. We estimate that excluding this likely one-off occurrence, normalized results would have stood near SAR 135mn, down 20.0% Y/Y and 21.6% Q/Q (up 12.6% Y/Y adjusting for recurring income in Q2-24).
- Revenues at SAR 715mn were reported at a decline of 12.7% Y/Y and 14.2% Q/Q. Top line was a disappointment from our estimated SAR 830mn by 13.8%, and came lower than market consensus of SAR 832mn. The lackluster sales were driven by muted performance from the Steel and Chemicals segments on a Y/Y basis. Though we estimate that steel had a larger, more significant negative impact. We estimate, however, that while Pharma revenues were down Q/Q as per the segment's normal sales cycle, it would have reported an improved revenue performance Y/Y.
- Gross profits at SAR 327mn were also down by 3.6% Y/Y and 12.3% Q/Q, lower than our estimated SAR 363mn by 10.0% due to a weaker than expected top line. GP margin came in at 45.7%, up 430bps Y/Y and 100bps Q/Q as a result of less sales contribution from the lower GPM margin segments Steel and Chemicals.
- Operating profits reached SAR 204mn, up 24.7% Y/Y and 7.6% Q/Q as it was largely heightened by an estimated c. SAR 40mn non-recurring income. The expected reversal synthetically brought operating profits to its highest ever reported, as per our records from 2008. Decreases (Y/Y) in the Steel segment's G&As are expected to have supported operating profits, though its impact overshadowed by the c. SAR 40mn reversal.

**AJC view and valuation:** Normalized results for Astra Industrials displayed pressures during Q2-25, stemming from its Steel and Chemicals segments. Despite healthy displays from the Pharmaceutical segment, its Steel and Chemical segments weigh the conglomerate's performance down, as they constitute nearly 53% of revenues (FY24). We consider the patentability of ongoing risks on the Chemicals and Steel and segments from global demand and project slowdowns, while awaiting for more financials and disclosures to reevaluate our outlook on the stock. Until then, our target price and recommendation remain under review.

### Results Summary

SAR mn	Q2-24	Q1-25	Q2-25	Change Y/Y	Change Q/Q	Deviation from AJC Estimates
Revenue	819	834	715	-12.7%	-14.2%	-13.8%
Gross Profit	339	373	327	-3.6%	-12.3%	-10.0%
Gross Margin	41.4%	44.7%	45.7%	-	-	-
EBIT	163	189	204	24.7%	7.6%	4.7%
Net Profit	169	172	175	3.7%	1.8%	5.8%
EPS	2.11	2.15	2.19	-	-	-

Source: Company Reports, Aljazira Capital Research

Recommendation	Under Review
Target Price (SAR)	Under Review
Upside / (Downside)*	-

Source: Tadawul \*prices as of 23<sup>rd</sup> of July 2025

### Key Financials

SARmn (unless specified)	FY22	FY23	FY24	FY25E*
Revenues	2,594	2,820	3,062	-
Growth %	11.3%	8.7%	8.6%	-
Net Income	474	475	589	-
Growth %	153.1%	0.2%	24.0%	-
EPS	5.93	5.94	7.36	-
DPS	2.50	2.50	3.00	-

Source: Company reports, Aljazira Capital Research \*Under review

### Key Ratios

	FY22	FY23	FY24	FY25E*
Gross Margin	40.1%	41.9%	43.8%	-
Oper. Margin	16.2%	18.9%	21.5%	-
Net Margin	18.3%	16.9%	19.2%	-
ROA	13.5%	11.1%	13.6%	-
ROE	24.8%	22.3%	23.3%	-
P/E (x)	8.7	22.4	24.4	-
P/B (x)	2.2	5.0	5.7	-
Dividend Yield	4.8%	1.9%	1.7%	-

Source: Company reports, Aljazira Capital Research \*Under review

### Key Market Data

Market Cap(bn)	12.0
YTD%	-15.9%
52 week (High)/(Low)	207.0/125.6
Share Outstanding (mn)	80.0

Source: Company reports, Aljazira Capital Research

### Price Performance



Source: Tadawul, Aljazira Capital Research

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RATING  
TERMINOLOGY

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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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