

## Strong results driven by better operating efficiencies. Stock has returned 33.1% since our upgrade; we downgrade to “Neutral”

AlMajed reported net income of SAR 42.3mn in Q4-25, up 181.2% Y/Y and 40.4% Q/Q respectively. Earnings were 42.3/82.9% above AJBC/consensus estimate of SAR 29.7/23.1mn, respectively. The deviation to our earnings estimate is mainly attributable to lower-than-expected operating expenses. OPEX to sales stood at 46.3% in Q4-25 vs 53.3% in Q4-24 (AJBC estimate of 48.0%). Sales were recorded at SAR 252.2mn in Q4-25 up 7.8% Y/Y and 8.5% Q/Q, respectively. Gross profit increased by 13.1% Y/Y and 4.8% Q/Q to SAR 162.3mn in Q4-25 (-3.9% deviation to AJBC estimate of SAR 168.9mn), due to higher sales and 302bps Y/Y expansion in gross margins to 64.3%. The company recently signed an MOU for potential acquisition of Al Safa Pharmaceuticals and Medical Supplies co, we highlight this as a potential upside risk to our investment thesis. The stock has rallied by 21.8% YTD and has given a return of 33.1% since we upgraded to buy. Trading at 2026E PE of 17.7x, we believe the positives are reflected in the price, hence we downgrade to “Neutral” rating with a target price of SAR 149.4/share.

- **AlMajed announced net income** of SAR 42.3mn in Q4-25, up 181.2% Y/Y and 40.4% Q/Q respectively. Earnings were 42.3% above our estimate of SAR 29.7mn and 82.9% above consensus estimate of SAR 23.1mn, respectively. The deviation to our earnings estimate is mainly attributable to lower-than-expected operating expenses of SAR 116.8mn as compared to SAR 124.8mn in same period last year (AJBC estimate SAR 137.2mn). Note that OPEX-to-sales stood at 46.3% in Q4-25 vs 53.3% in Q4-24 (AJBC estimate of 48.0%).
- **Sales were recorded** at SAR 252.2mn in Q4-25 up 7.8% Y/Y and 8.5% Q/Q, respectively (-11.8% deviation to AJBC estimate of SAR 285.9mn respectively). The improvement was driven by expansion into new markets, increase in number of branches and new product launches.
- **Gross profit** for the company increased by 13.1% Y/Y and 4.8% Q/Q to SAR 162.3mn in Q4-25 (-3.9% deviation to AJBC estimate of SAR 168.9mn), due to higher sales, and 302bps Y/Y expansion in gross margins to 64.3%. Margin improvement is most likely due to less promotions and discounts.
- **Operating income** expanded by 142.6% Y/Y to SAR 45.4mn (up 30.1% Q/Q), 43.5% above AJBC estimate of SAR 31.7mn. Operating margins expanded by 10.01ppts Y/Y to 18.0% (6.94ppts above AJBC estimate of 11.1%). OPEX to sales stood at 46.3% in Q4-25 vs 53.3% in Q4-24 (AJBC estimate of 48.0%).

**AJBC view and valuation:** Al Majed’s investment thesis is supported by branch additions, new product launches and higher LFL sales. The company recently signed an MOU for potential acquisition of Al Safa Pharmaceuticals and Medical Supplies co, we highlight this as a potential upside risk to our investment thesis. Note that company might withhold dividend disbursement for 2025 due to aforementioned potential acquisition. We expect the company to post medium term 2025-29 net income CAGR of 6.7%. The stock has rallied by 21.84% YTD and has given a return of 33.1% since we upgraded our recommendation to buy. However, at a 2026E PE of 17.7x, we believe the positives are well reflected in the price, hence we downgrade to “Neutral” rating with a target price of SAR 149.4/share.

### Results Summary

SAR mn	Q4-24	Q3-25	Q4-25	Change Y/Y	Change Q/Q	Deviation from AJC Estimates
Revenue	234.1	232.4	252.2	7.8%	8.5%	-11.8%
Gross Profit	143.5	154.9	162.3	13.1%	4.8%	-3.9%
Gross Margin	61.3%	66.6%	64.3%	-	-	-
EBIT	18.7	34.9	45.4	142.6%	30.1%	43.5%
Net Profit	15.0	30.1	42.3	181.2%	40.4%	42.3%
EPS	0.60	1.20	1.69	-	-	-

Source: Company Reports, Aljazira Capital Research

Recommendation	Neutral
Target Price (SAR)	149.4
Upside / (Downside)*	-7.3%

Source: Tadawul \*prices as of 5<sup>th</sup> February 2026

### Key Financials

SARmn (unless specified)	FY23	FY24	FY25	FY26E
Revenue	767	926	1,104	1,208
Growth %	30.4%	20.7%	19.2%	9.5%
Gross Profit	511	610	723	797
EBIT	160	179	238	254
Net Profit	149	157	218	228
Growth %	18.6%	5.6%	38.6%	4.6%
EPS	6.0	6.3	8.7	9.1
DPS*	3.6	5.0	5.4	5.6

Source: Company report, Aljazira Capital, FY25 dividend is expected and might not be paid if company proceeds with acquisition

### Key Ratios

	FY23	FY24	FY25	FY26E
GP Margin	66.6%	65.8%	65.5%	66.0%
EBIT margin	20.8%	19.3%	20.8%	21.1%
Net Margin	19.4%	17.0%	19.7%	18.8%
P/E (x)	15.8	23.3	15.2	17.7
P/B (x)	5.5	7.8	6.2	6.7
EV/EBITDA (x)	8.8	12.1	9.5	10.6
DY* (%)	3.8%	3.4%	4.0%	3.4%

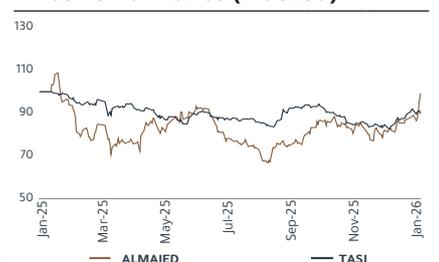
Source: Company reports, Aljazira Capital, FY25 DY is expected and might not be paid if company proceeds with acquisition

### Key Market Data

Market Cap(bn)	4.0
YTD%	21.84%
52 week (High)/(Low)	179.4/106.4
Share Outstanding (mn)	25

Source: Company reports, Aljazira Capital Research

### Price Performance (indexed)



Source: Tadawul, Aljazira Capital Research

Senior Equity Analyst

Fahad Qureshi, CFA

+966 11 2256315

f.irfan@aljaziracapital.com.sa

RESEARCH DIVISION

Director - Head of Sell-Side Research  
**Jassim Al-Jubran**  
+966 11 2256248  
j.aljabran@aljazaracapital.com.sa

RESEARCH  
DIVISION

Aljazira Capital, the investment arm of Bank Aljazira, is a Shariaa Compliant Saudi Closed Joint Stock company and operating under the regulatory supervision of the Capital Market Authority. Aljazira Capital is licensed to conduct securities business in all securities business as authorized by CMA, including dealing, managing, arranging, advisory, and custody. Aljazira Capital is the continuation of a long success story in the Saudi Tadawul market, having occupied the market leadership position for several years. With an objective to maintain its market leadership position, Aljazira Capital is expanding its brokerage capabilities to offer further value-added services, brokerage across MENA and International markets, as well as offering a full suite of securities business.

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.

## Disclaimer

The purpose of producing this report is to present a general view on the company/economic sector/economic subject under research, and not to recommend a buy/sell/hold for any security or any other assets. Based on that, this report does not take into consideration the specific financial position of every investor and/or his/her risk appetite in relation to investing in the security or any other assets, and hence, may not be suitable for all clients depending on their financial position and their ability and willingness to undertake risks. It is advised that every potential investor seek professional advice from several sources concerning investment decision and should study the impact of such decisions on his/her financial/legal/tax position and other concerns before getting into such investments or liquidate them partially or fully. The market of securities, macroeconomic or microeconomic variables are of a volatile nature and could witness sudden changes without any prior warning, therefore, the investor in securities or other assets might face some unexpected risks and fluctuations. All the information, views and expectations and fair values or target prices contained in this report have been compiled or arrived at by Al-Jazira Capital from sources believed to be reliable, but Al-Jazira Capital has not independently verified the contents obtained from these sources and such information may be condensed or incomplete. Accordingly, no representation or warranty, express or implied, is made as to, and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information and opinions contained in this report. Al-Jazira Capital shall not be liable for any loss as that may arise from the use of this report or its contents or otherwise arising in connection therewith. The past performance of any investment is not an indicator of future performance. Any financial projections, fair value estimates or price targets and statements regarding future prospects contained in this document may not be realized. The value of the security or any other assets or the return from them might increase or decrease. Any change in currency rates may have a positive or negative impact on the value/return on the stock or securities mentioned in the report. Some securities maybe, by nature, of low volume/trades, or may become so, unexpectedly in special circumstances, and this might increase the risk on the investor. Some fees might be levied on some investments in securities. Aljazira Capital, its employees, one or more of its board members, its affiliates, or its clients may have investments in the securities or assets referred to in this report. This report has been produced independently and separately by the Research Division at Al-Jazira Capital and no party (in-house or outside) who might have interest whether direct or indirect have seen the contents of this report before its publishing, except for those whom corporate positions allow them to do so, and/or third-party persons/institutions who signed a non-disclosure agreement with Al-Jazira Capital. No part of this report may be reproduced whether inside or outside the Kingdom of Saudi Arabia without the written permission of Al-Jazira Capital. Persons who receive this report should make themselves aware, of and adhere to, any such restrictions. By accepting this report, the recipient agrees to be bound by the foregoing limitations.