

**Target Price: SAR219/share**  
Current Price: SAR199/share  
Upside: +10.2% (+Div. Yield: ~1.6%)  
**Rating: Overweight**

## Saudi Tadawul Group (STG)

*Positioned for recovery, Revise TP to SAR219/sh.*

- 3Q25 results in-line with earnings falling 41.1% y/y, primary on 27% decrease in ADTV.
- Topline to grow at a CAGR of 6% over 2024–27e supported by ADTV recovering, driven by favorable liquidity trends and a healthy IPOs pipeline.
- Post rolling our estimate 1 year forward, using 40x P/E on 2026e EPS, we revise our TP to SAR219/sh. (SAR181/sh. earlier) with Overweight rating.

**3Q25 results:** STG reported a revenue of ~SAR318mn, marking a 11.5% decline y/y (in line with our estimate of SAR310mn). The drop was primarily driven by reduced trading services and post-trade services revenues, as a result of a 26.9% decrease in ADTV, partially offset by a 7.1% increase in revenues from non-trading linked services. Further, gross profit fell 22.6% y/y, coming at SAR164mn (in line), with gross margin contracting to 51.7% vs 59.1% in 3Q24, reflecting the impact of weaker top line performance. Moreover, operating profit declined sharply by 49% y/y to ~SAR63mn (in line with our estimate of ~SAR62mn), affected by high Opex of SAR101mn compared ~SAR89mn in 3Q24, driven by higher depreciation and amortization charges, alongside increased system maintenance costs. As a result, net profit came to ~SAR83mn, declining 41.1% y/y, in line with our ~SAR84mn estimate (consensus: ~SAR85mn), with net margin contracting to 26% compared to 39.1% in 3Q24 and our estimate of 27.2%.

**Positioned for ADTV rebound as market catalysts gain momentum:** During 9M25, STG expanded its non-ADTV revenue to SAR559.6mn (58% of topline), from SAR505.9mn in 9M24 (46% of topline), marking a 10.6% y/y growth. This expansion helped partially offset a ~32% contraction in ADTV-related revenues, which was driven by a 28% drop in ADTV to ~SAR5.6bn, compared to ~SAR7.9bn during 9M24. Looking ahead, we anticipate a modest recovery in ADTV during 4Q25. From 2026e onward, we forecast a rebound in trading activity, with ADTV projected to average ~SAR7bn. This recovery is likely to be supported by positive market sentiments underpinned by expected interest rate cuts through 2025–26e, a healthy pipeline of new listings, and opening market to all categories of non-resident foreign investors (likely by 2026e). If approved, it should boost liquidity, attract additional capital, and strengthen market ranking in global indices, potentially unlocking ~USD10bn in passive inflows from index-tracking funds.

Figure 1: Key financial metrics

SARmn	2023a	2024a	2025e	2026e
Revenue	1,073	1,447	1,298	1,552
Revenue growth	-2%	35%	-10%	20%
Gross Profit	607	912	720	935
Gross Profit margin	57%	63%	55%	60%
EBITDA	403	647	432	652
Op. income	328	566	328	545
Net profit	381	621	400	605
Net profit margin	36%	43%	31%	39%
EPS (SAR)	3.3	5.2	3.3	5.0
DPS (SAR)	2.3	3.4	2.2	3.3
P/E	61.2x	38.4x	59.7x	39.5x

Source: Company data, GIB Capital

Stock data	
Ticker	1111
Mcap (SARmn)	23,880
Avg. Trd. Val (3m) SARmn	18.7
Free float	40.0%
QFI holding	10.2%
TASI FF weight	0.39%

Source: Bloomberg

Prices indexed to 100



Source: Bloomberg

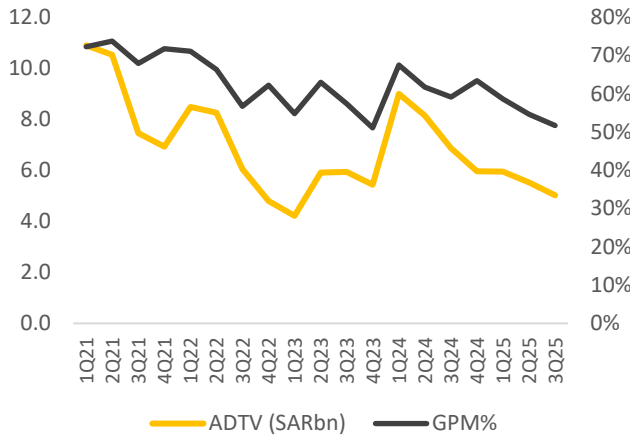
Reem Alotaibi

+966-11-834 8470

[Reem.Alotaibi@gibcapital.com](mailto:Reem.Alotaibi@gibcapital.com)

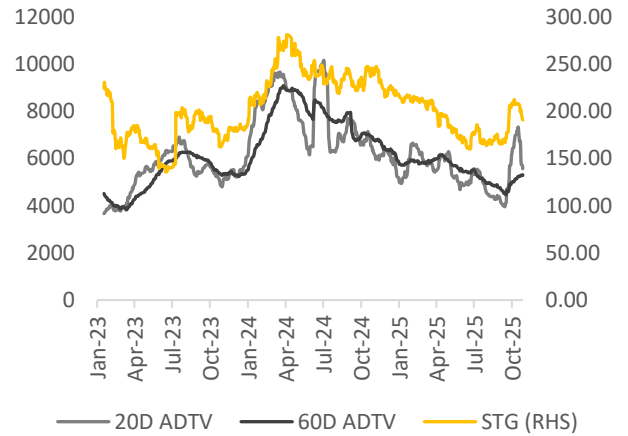
Overall, STG is well-positioned for sustainable long-term growth, with a projected topline CAGR of 6% over 2024–27e. Additionally, key structural drivers include ongoing enhancements to trading infrastructure, a diversified product offering, and the strategic rollout of the Data Monetization Program, all of which are expected to reinforce market resilience and drive continued expansion.

Figure 2: Quarterly ADTV vs. Gross profit margin



Source: Tadawul, GIB Capital

Figure 3: ADTV (SARmn) vs. stock price



Source: Bloomberg, GIB Capital

**Valuation:** STGs, at the center of the economic transformation under the Financial Sector Development Program, are expected to benefit from multiple targets of the program, such as increasing listings, increasing foreign participation, Sukuk/debt issuances, and others. Newer products such as ESG, F&O, and data/analytics segments would enhance non-trade revenues. Moreover, STG has recently signed several MOUs with several financial markets (ASE, SSE, HKEX, SGX, etc.) to explore the possibility of dual listings, which may attract new foreign companies/investors, expand the trader base, and boost liquidity in the market.

While realizing the targets/potential is certain, forecasting the timing of these drivers is hardly feasible, which is why we assign a premium valuation multiple (40x on our 2026e EPS) to account for the potential growth. Post rolling our estimate 1 year forward, we revise our TP to SAR219/sh. (SAR181/sh. earlier) with an Overweight rating on the stock.

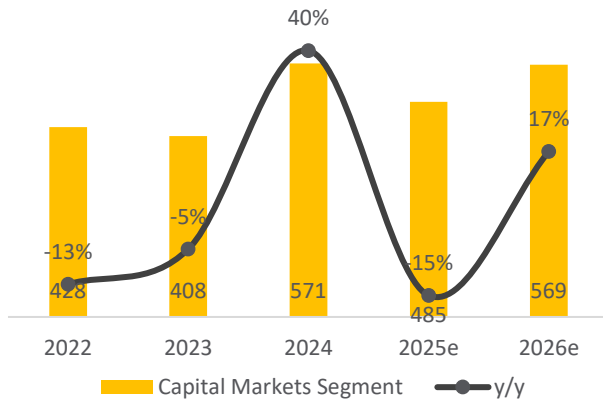
Figure 4: 3Q25 results summary

SARmn	3Q25	3Q24	y/y %	2Q25	q/q %	GIBC est.	Variance %
<b>Revenues</b>	<b>318</b>	<b>359</b>	<b>-11.5%</b>	<b>319</b>	<b>-0.3%</b>	<b>310</b>	<b>2.6%</b>
Cost of sales	154	147	4.6%	145	6.2%	148	3.5%
<b>Gross profit</b>	<b>164</b>	<b>212</b>	<b>-22.6%</b>	<b>174</b>	<b>-5.7%</b>	<b>161</b>	<b>1.8%</b>
Opex	101	89	14.2%	96	5.3%	99	2.4%
<b>Operating profit</b>	<b>63</b>	<b>124</b>	<b>-49.0%</b>	<b>78</b>	<b>-19.3%</b>	<b>62</b>	<b>0.9%</b>
<b>Net income</b>	<b>83</b>	<b>140</b>	<b>-41.1%</b>	<b>96</b>	<b>-14.0%</b>	<b>84</b>	<b>-1.7%</b>
<b>Margins</b>							
Gross margin	51.7%	59.1%		54.6%		52.1%	
Operating margin	19.8%	34.4%		24.5%		20.2%	
Net margin	26.0%	39.1%		30.2%		27.2%	

Source: Company data, GIB Capital

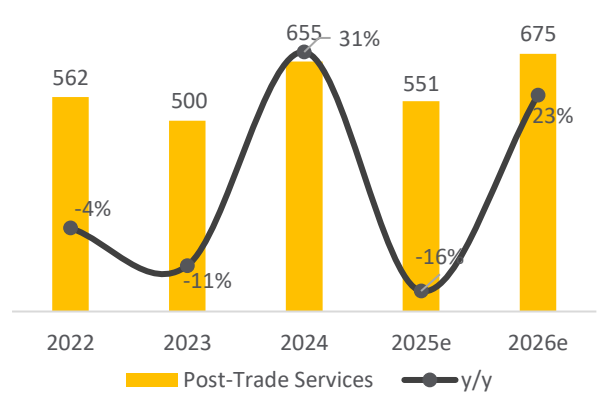
## Financial analysis in charts

Figure 5: Capital market revenue (SARmn)



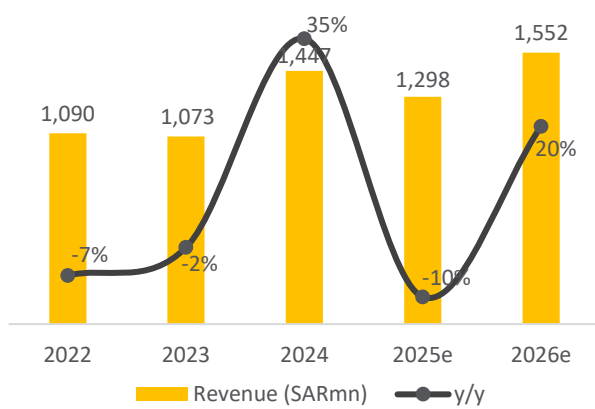
Source: Company data, GIB Capital

Figure 6: Post-Trade services revenue (SARmn)



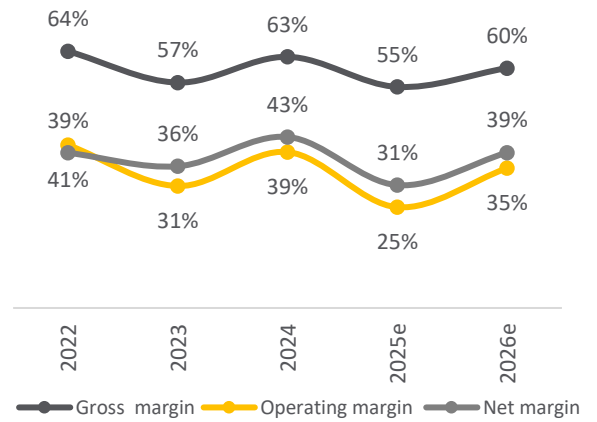
Source: Company data, GIB Capital

Figure 7: Total Revenue trend (SARmn)



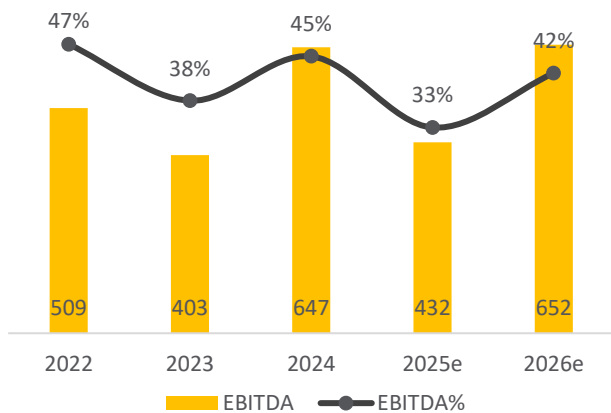
Source: Company data, GIB Capital

Figure 8: Margins trend



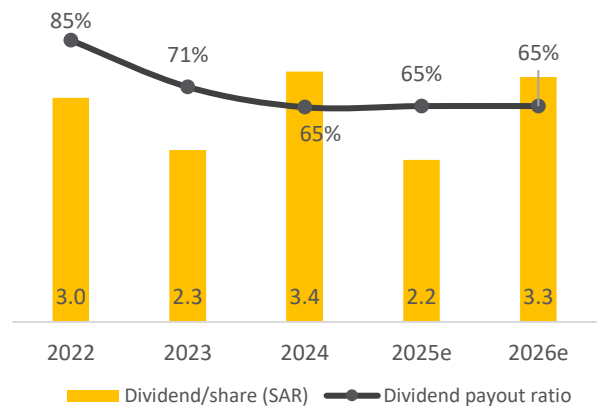
Source: Company data, GIB Capital

Figure 9: EBITDA (SARmn) and EBITDA margin



Source: Company data, GIB Capital

Figure 10: Dividend and payout (%)



Source: Company data, GIB Capital

## Financials

Figure 11: Summarized basic financial statements (SARmn)

Income statement	2023a	2024a	2025e	2026e
<b>Revenue</b>	<b>1,073</b>	<b>1,447</b>	<b>1,298</b>	<b>1,552</b>
revenue y/y	-2%	35%	-10%	20%
Operating Costs	466	535	578	618
<b>Gross Profit</b>	<b>607</b>	<b>912</b>	<b>720</b>	<b>935</b>
Gross Profit margin	57%	63%	55%	60%
G&A	279	342	390	390
<b>Operating profit</b>	<b>328</b>	<b>566</b>	<b>328</b>	<b>545</b>
Operating margin	31%	39%	25%	35%
Investment Income	127	151	180	175
Other income	3	2	3	3
<b>Net income</b>	<b>381</b>	<b>621</b>	<b>400</b>	<b>605</b>
Net margin	36%	43%	31%	39%
y/y	-10%	63%	-36%	51%
<b>EPS</b>	<b>3.3</b>	<b>5.2</b>	<b>3.3</b>	<b>5.0</b>
DPS	2.3	3.4	2.2	3.3
Payout	71%	65%	65%	65%
<b>EBITDA</b>	<b>403</b>	<b>647</b>	<b>432</b>	<b>652</b>
Net debt	(2,039)	(160)	256	(6)
Balance Sheet	2023a	2024a	2025e	2026e
Investments	269	1,202	411	411
Accounts receivable	95	99	89	106
Prepaid expenses and other current assets	137	162	175	187
Clearing participant financial assets	3,527	4,409	4,429	4,600
Cash and cash equivalents	2,051	352	172	434
<b>Total Current Assets</b>	<b>6,078</b>	<b>7,459</b>	<b>7,516</b>	<b>7,979</b>
Property and equipment	218	367	442	443
Intangible assets	377	422	433	417
Equity-accounted investee	384	551	551	551
Investments	391	172	270	270
<b>Total Non-Current Assets</b>	<b>1,587</b>	<b>1,682</b>	<b>1,865</b>	<b>1,850</b>
<b>Total Assets</b>	<b>7,665</b>	<b>9,141</b>	<b>9,381</b>	<b>9,829</b>
Current Liabilities	4,069	5,046	4,964	5,177
Non-current Liabilities	439	604	786	809
Equity	3,157	3,492	3,632	3,844
<b>Total Equity and Liabilities</b>	<b>7,665</b>	<b>9,141</b>	<b>9,381</b>	<b>9,829</b>
BVPS	26.3	29.1	30.3	32.0
Cashflow	2023a	2024a	2025e	2026e
Cashflow from Operations	395	625	388	790
Cashflow from Investing	-108	-2,163	-501	-93
Cashflow from Financing	-355	-160	-68	-435
<b>Total Cashflows</b>	<b>-68</b>	<b>-1,698</b>	<b>-180</b>	<b>262</b>

Source: Company data, GiB Capital

Figure 1: Key ratios

Key ratios	2023a	2024a	2025e	2026e
<b>Profitability ratios</b>				
RoA	5%	7%	4%	6%
RoE	12%	18%	11%	16%
Sales/Assets	14%	16%	14%	16%
Net margin	35.6%	42.9%	30.8%	39.0%
<b>Liquidity ratios</b>				
Current Assets/ Current Liabilities	1.5	1.5	1.5	1.5
Receivable Days	32	25	25	25
Payable days	39	36	36	36
Cash conversion cycle	-7	-11	-11	-11
<b>Debt ratios</b>				
Net Debt/EBITDA (w/o IFRS liab.)	-5.1	-0.2	0.6	0.0
Net Debt/Equity (w/o IFRS liab.)	-0.65	-0.05	0.07	0.00
<b>Valuation ratios</b>				
P/E	61.2	38.4	59.7	39.5
P/B	7.6	6.8	6.6	6.2
EV/EBITDA	52.1	32.5	48.7	32.2
Dividend Yield	1.2%	1.7%	1.1%	1.6%

Source: Company data, GIB Capital

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### Contact us for queries:

Sell Side Research Department,  
GIB Capital,  
B1, Granada Business & Residential Park,  
Eastern Ring Road, PO Box 89589, Riyadh 11692  
[www.gibcapital.com](http://www.gibcapital.com)