

**Target Price: SAR187/share**  
Current Price: SAR137/share  
Upside: 36.4% (+Div. Yield: 2.9%)  
**Rating: Overweight**

## Astra Industrial Group (Astra)

### Revised outlook with TP of SAR187/sh, Maintain OW rating

- Expect top-line to grow at a CAGR of 5.1% over 2025-30e (9% earlier) on revised outlook for Pharma and Chemicals.
- Margin resilience to mitigate the impact of lower revenue; expect earnings to grow at a CAGR of ~8% (~10% earlier).
- We revise our 1Y fwd TP to SAR187/sh. (SAR221/sh. earlier) based on DCF and P/E (19x on 2026e EPS) valuation approaches and maintain OW stand post a 23% YTD correction.

**3Q25 results:** Astra delivered modest top-line growth in 3Q25, rising 6% y/y from a weak 3Q24 base to SAR730mn, broadly in line with our estimates. The Pharma segment grew 6% y/y, Chemicals declined 10% y/y, while the Steel segment provided the main uplift, surging 53% y/y from a low base. Gross profit came in at SAR346mn (+6.8% y/y), also in line with expectations, with gross margin improving slightly to 47.4% (+0.3pps y/y). Segment-wise, margins in Pharma and Steel expanded by 0.8–5pps y/y, while Chemicals margin remained flat. Operating profit rose to ~SAR182mn (+10.8% y/y), exceeding our forecast by 11%, supported by efficiency gains and lower-than-expected provisions. Accordingly, net profit rose 20% y/y to ~SAR167mn, also beating estimates by 11%, primarily driven by stronger operating performance, while positive net finance income (~SAR9mn) was offset by higher zakat expenses (~SAR24mn).

**Pharma revenue to normalize at mid-single-digit growth starting 2025e:** Astra's pharma segment delivered modest growth of 6% y/y in 9M25, lagging peers who reported double-digit growth, mainly due to the softness witnessed in 2Q25, which was likely driven by the expiry of certain public sector contracts, a temporary headwind. Nonetheless, we expect growth to normalize in 4Q25, largely due to more contribution from tender sales, bringing the full-year pharma segment revenue to SAR1.55bn in 2025e (+6.7% y/y, +2.3% vs. prior estimates). Looking ahead, we assign a more mature growth trajectory for Astra's pharma business. Despite favorable market dynamics and sector opportunities, the absence of capacity expansion relative to peers constrains upside potential. Accordingly, we have revised our long-term forecasts: revenue of ~SAR1.67bn in 2026e (+6.4% y/y, vs. ~SAR1.72bn previously), reaching SAR2.2bn by 2030e. This implies a CAGR of ~7% over 2025–30e, down from ~9.7% in earlier projections.

Figure 1: Key financial metrics

| SARmn               | 2023a | 2024a | 2025e | 2026e |
|---------------------|-------|-------|-------|-------|
| Revenue             | 2,820 | 3,062 | 3,068 | 3,216 |
| Revenue growth      | 8.7%  | 8.6%  | 0.2%  | 4.8%  |
| Gross Profit        | 1,182 | 1,342 | 1,420 | 1,509 |
| Gross Profit margin | 41.9% | 43.8% | 46.3% | 46.9% |
| Op. income          | 533   | 658   | 756   | 780   |
| Net profit*         | 475   | 589   | 663   | 714   |
| Growth y/y          | 0.2%  | 24.0% | 12.5% | 7.6%  |
| Net profit margin   | 16.9% | 19.2% | 21.6% | 22.2% |
| EPS (SAR)           | 5.9   | 7.4   | 8.3   | 8.9   |
| DPS (SAR)           | 2.5   | 3.0   | 3.4   | 4.0   |
| P/E                 | 23.1x | 18.6x | 16.5x | 15.4x |
| EV/EBITDA           | 16.0x | 13.5x | 11.8x | 11.4x |

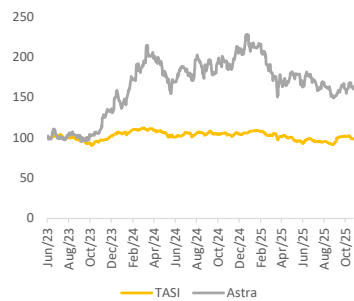
Source: Company data, GIB Capital. \* Attributable to shareholders

#### Stock data

|                       |        |
|-----------------------|--------|
| TASI ticker           | 1212   |
| Mcap (SARmn)          | 10,960 |
| Trd. Val (3m) (SARmn) | 17.9   |
| Free float            | 48.2%  |
| QFI holding           | 7.0%   |
| TASI FF weight        | 0.25%  |

Source: Bloomberg

#### Share price performance vs TASI



Source: Bloomberg

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We observed a notable uptick in gross margin to 64% in 3Q25 (63% TTM average), which was partly supported by lower Active Pharmaceutical Ingredient (API) prices used in production, amid intensifying competition among key API producers in India and China. This dynamic has reduced input costs for local manufacturers such as Astra, through its subsidiary Tabuk Pharma. While the trend remains ongoing since Feb-25, we, on a conservative basis, assume current margin levels (~63%) in our forecasts during 2025–30e for the segment, while monitoring potential volatility in raw material pricing. As a result, gross profit growth is expected to move broadly in line with revenue expansion for the pharma segment.

**Chemical markets remain under pressure — stay conservative until clear signs of recovery:**

Astra’s Chemicals segment continues to be more exposed to regional and international dynamics than other divisions, given its manufacturing footprint across India, Germany, Turkey, Morocco, and the UAE, alongside local facilities. Segment revenue declined 4% y/y in 9M25 to ~SAR752mn, following a flat trend over the past two years. This performance is broadly consistent with international peers in the Polymers & Masterbatch industry, which have faced weak demand from consumer, packaging, and automotive markets. We await further clarity on the planned 25% capacity expansions in Morocco and the UAE, which were expected to contribute from 2H25 but have yet to be disclosed.

Margins, however, proved resilient, standing at 32.4% in 9M25 (vs. 32.6% in 9M24), likely supported by lower carrier input prices. For 2025e, we maintain revenue expectations at ~SAR1.02bn (-3% y/y). Longer term, we have revised forecasts downward to reflect structural challenges: 2026e revenue is now projected at ~SAR1.04bn (-11% vs. prior estimates), with growth limited to low single digits, thereafter, reaching ~SAR1.17bn by 2030e. This implies a CAGR of ~3% over 2025–30e (vs. ~10% previously). Further, gross margins are expected to average ~33% over the same period, translating into a ~3% CAGR in gross profit growth.

**Revived construction activity remains supportive, while Astra adopts a more selective bidding strategy:**

The outlook for Saudi Arabia’s construction sector is highly positive over the medium term, underpinned by government and PIF-led infrastructure initiatives (e.g., Riyadh’s new airport, SAR8bn road development program) and preparations for major upcoming events such as Expo 2030 and the 2034 FIFA World Cup. These favorable market conditions align with Astra’s revised approach in the Steel segment, prioritizing high-value projects over volume-driven sales. This shift was reflected in 9M25 results: revenues declined ~19% y/y, while gross profits rose 14% y/y, lifting margins to 20.3% (vs. 14.5% in 9M24). For 2025e, we forecast segment revenues of SAR496mn (-12% y/y), followed by low single-digit growth, reaching SAR577mn by 2030e (CAGR of 2.5% vs. 3.7% previously).

On profitability, gross profit is expected to reach SAR104mn in 2025e (+23% y/y, margin of 21%), with growth at a ~6% CAGR through 2025–30e, supported by gradual margin expansion (~24% by 2030e vs. 15% in 2024). Nonetheless, the Steel segment is likely to remain the smallest contributor to group performance, averaging ~15% of total revenue during 2025–30e.

**Revised outlook:** Accordingly, we have slightly revised our group-level top-line forecasts for 2025–26e by +3% and -2%, respectively. Beyond that, however, we have revised projections downward to reflect a more moderate CAGR of 5% over 2025–30e (vs. 9% previously). Importantly, margin expansion is expected to offset much of the impact from slower revenue growth. Gross margins are expected to improve steadily from 43.8% in 2024 to 48.6% by 2030e (vs. 47% earlier), supported by margin expansion across all segments. In addition, disciplined OPEX management and favorable financing dynamics—driven by declining leverage and rising finance income—should provide further support to earnings.

As a result, we now forecast net income of ~SAR663mn in 2025e (+23% y/y on an adjusted basis, +8.6% vs. prior estimates) and SAR714mn in 2026e (+9.6% vs. prior estimates), rising to ~SAR966mn by 2030e. This implies a CAGR of ~8% over 2025–30e, compared to ~10% previously.

Figure 2: Change in estimates

| SARmn              | 2025e   |         |          | 2026e   |         |          |
|--------------------|---------|---------|----------|---------|---------|----------|
|                    | Current | Earlier | % change | Current | Earlier | % change |
| Revenues           | 3,068   | 2,979   | 3.0%     | 3,216   | 3,292   | -2.3%    |
| Gross profit       | 1,420   | 1,383   | 2.6%     | 1,509   | 1,505   | 0.3%     |
| GPM %              | 46.3%   | 46.4%   |          | 46.9%   | 45.7%   |          |
| Operating profit   | 756     | 713     | 6.0%     | 781     | 730     | 7.0%     |
| Operating margin % | 24.6%   | 23.9%   |          | 24.3%   | 22.2%   |          |
| Net Income*        | 663     | 611     | 8.6%     | 714     | 652     | 9.6%     |
| net margin %       | 21.6%   | 20.5%   |          | 22.7%   | 45.4%   |          |

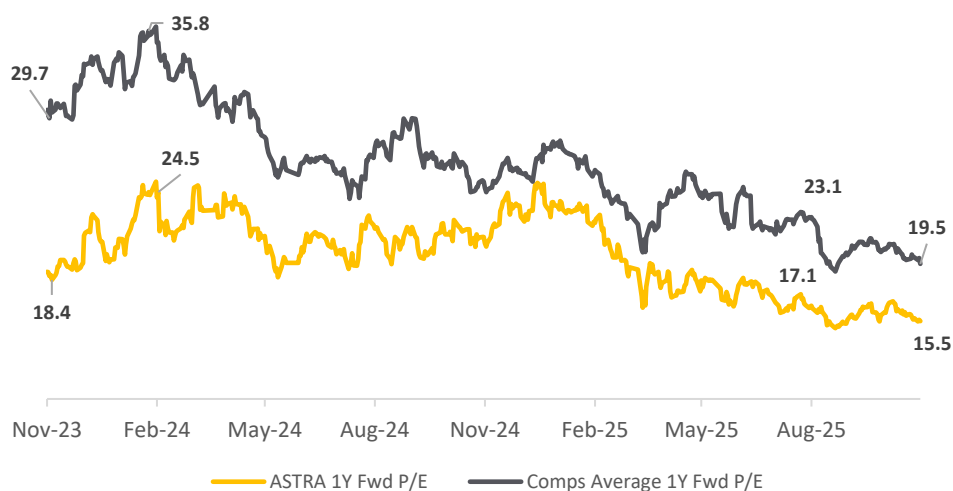
Source: GIB Capital

**Valuation and Risks:** Post revision in our estimates and rolling forward our valuation to 2026e, we revised our 1Y Fwd target price to **SAR187/share** (SAR221 TP earlier) based on an equal mix of DCF (SAR186 TP) and P/E (19x 2026e EPS; SAR187 TP) methods, and maintain an **“Overweight”** rating on the stock with a 36.4% upside potential.

We have revised our justified P/E multiple for Astra from 24x previously to 19x, on the back of multiple revisions for the Group divisions. While we, in general, lowered our justified multiples for our Pharma coverage, we apply a discount on Astra’s multiple, considering a conglomerate discount and the impact of the lower multiples of Astra’s other division, to reach a justified P/E multiple of 19x. However, post a ~24% YTD correction, the stock now trades at a forward P/E of 15.4x on 2026e EPS.

Exposure to unstable markets, hyperinflationary currencies, lower-than-expected margin of the Pharma segment, prolonged working capital cycle, higher-than-expected provisioning, volatile profits of the Steel segment, unprofitable sale of underperforming assets, and lack of further growth opportunities in Chemicals are key risks to our investment view.

Figure 3: Astra vs. comps trading multiples



Source: Bloomberg, GIB Capital.

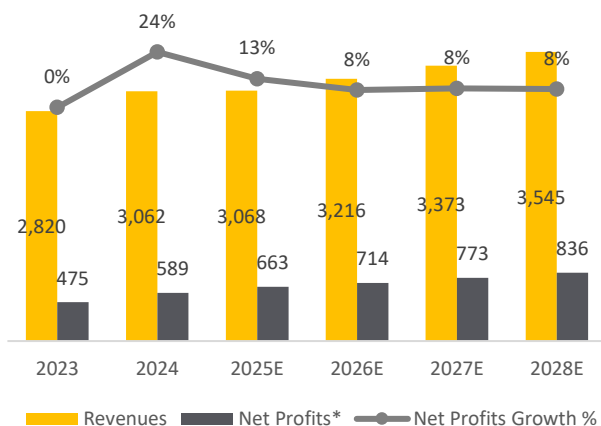
Figure 4: 3Q25 results

| SARmn                   | 3Q25         | 3Q24         | y/y %        | 2Q25         | q/q %         | GIBC est.  | Variance %   |
|-------------------------|--------------|--------------|--------------|--------------|---------------|------------|--------------|
| <b>Revenues</b>         | <b>730.1</b> | <b>688.5</b> | <b>6.0%</b>  | <b>715.1</b> | <b>2.1%</b>   | <b>704</b> | <b>3.7%</b>  |
| Cost of sales           | 384.0        | 364.5        | 5.4%         | 388.5        | -1.2%         | 364        | 5.4%         |
| <b>Gross profit</b>     | <b>346.0</b> | <b>324.0</b> | <b>6.8%</b>  | <b>326.6</b> | <b>5.9%</b>   | <b>340</b> | <b>1.8%</b>  |
| Opex                    | 163.9        | 159.6        | 2.7%         | 123.0        | 33.3%         | 176        | -6.9%        |
| <b>Operating profit</b> | <b>182.1</b> | <b>164.4</b> | <b>10.8%</b> | <b>203.6</b> | <b>-10.6%</b> | <b>164</b> | <b>11.2%</b> |
| <b>Net income*</b>      | <b>167.4</b> | <b>139.4</b> | <b>20.1%</b> | <b>174.9</b> | <b>-4.3%</b>  | <b>150</b> | <b>11.3%</b> |
| Gross margin            | 47.4%        | 47.1%        |              | 45.7%        |               | 48.3%      |              |
| Operating margin        | 24.9%        | 23.9%        |              | 28.5%        |               | 23.3%      |              |
| Net margin              | 22.9%        | 20.2%        |              | 24.5%        |               | 21.4%      |              |

Source: Company data, GIB Capital. \* Attributable to shareholders

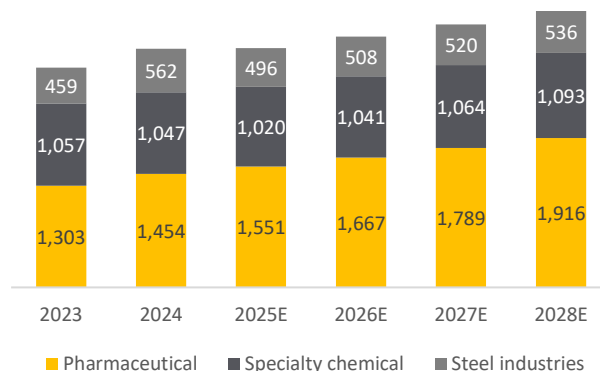
## Financial analysis in charts

Figure 5: Financial Performance (SARmn)



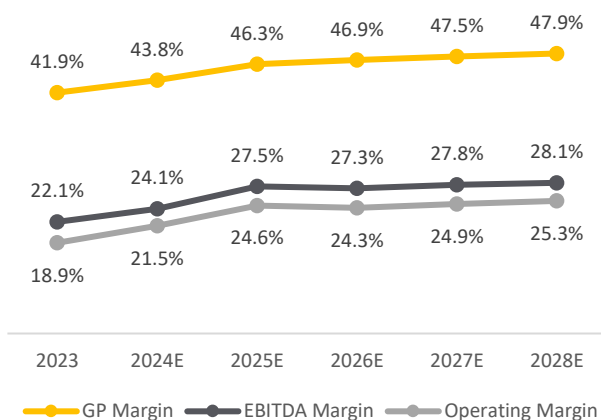
Source: Company data, GIB Capital. \* attributable to shareholders.

Figure 6: Revenues Segmentation Trend (SARmn)



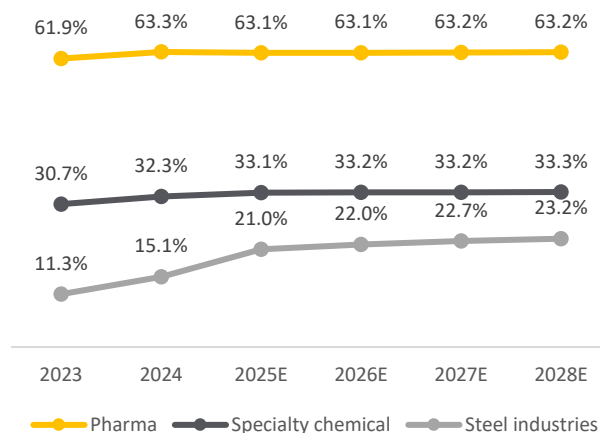
Source: Company data, GIB Capital.

Figure 7: Margins Trend – Group-Level



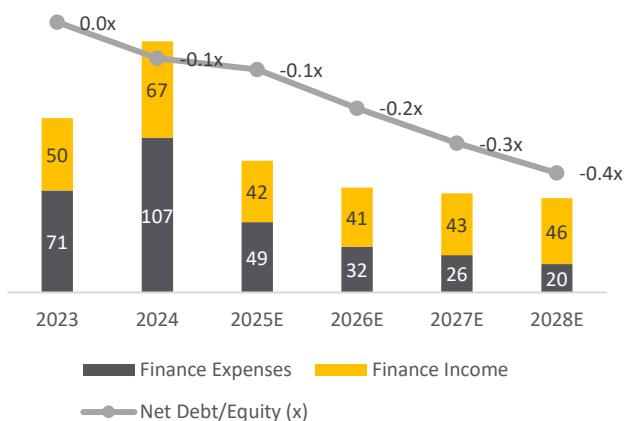
Source: Company data, GIB Capital.

Figure 8: GP Margins Trend – by Segment



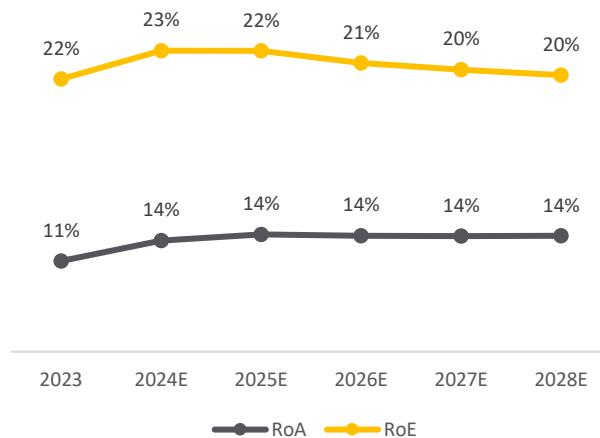
Source: Company data, GIB Capital.

Figure 9: Finance Expenses & Income Trend (SARmn)



Source: Company data, GIB Capital.

Figure 10: RoA & RoE Trend



Source: Company data, GIB Capital.

## Summarized Financial Statements

Figure 11: Summarized basic financial statements (SARmn)

| Income statement          | 2023a        | 2024a        | 2025e        | 2026e        | 2027e        | 2028e        |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Revenue</b>            | <b>2,820</b> | <b>3,062</b> | <b>3,068</b> | <b>3,216</b> | <b>3,373</b> | <b>3,545</b> |
| revenue y/y               | 9%           | 9%           | 0%           | 5%           | 5%           | 5%           |
| COGS                      | 1,637        | 1,720        | 1,648        | 1,707        | 1,772        | 1,846        |
| <b>Gross Profit</b>       | <b>1,182</b> | <b>1,342</b> | <b>1,420</b> | <b>1,509</b> | <b>1,602</b> | <b>1,699</b> |
| Gross profit margin       | 42%          | 44%          | 46%          | 47%          | 47%          | 48%          |
| Sales & Marketing expense | 376          | 412          | 422          | 440          | 461          | 484          |
| G&A expenses              | 234          | 224          | 197          | 238          | 249          | 261          |
| Impairment charges        | 14           | 19           | 11           | 16           | 17           | 18           |
| Research expenses         | 26           | 29           | 35           | 34           | 37           | 39           |
| <b>Operating profit</b>   | <b>533</b>   | <b>658</b>   | <b>756</b>   | <b>780</b>   | <b>838</b>   | <b>898</b>   |
| Operating margin          | 19%          | 22%          | 25%          | 24%          | 25%          | 25%          |
| Finance costs, net        | 20           | 33           | 6            | (9)          | (17)         | (26)         |
| Other expenses/(income)   | 0            | 0            | 0            | 0            | 0            | 0            |
| Zakat and income tax      | 29           | 73           | 72           | 61           | 66           | 71           |
| Gain on disc.operation    | (11)         | 48           | 0            | 0            | 0            | 0            |
| Non-controlling interest  | 2            | (12)         | (14)         | (15)         | (16)         | (17)         |
| <b>Net income*</b>        | <b>475</b>   | <b>589</b>   | <b>663</b>   | <b>714</b>   | <b>773</b>   | <b>836</b>   |
| Net margin                | 17%          | 19%          | 22%          | 22%          | 23%          | 24%          |
| y/y                       | 0%           | 24%          | 13%          | 8%           | 8%           | 8%           |
| <b>EPS</b>                | <b>5.9</b>   | <b>7.4</b>   | <b>8.3</b>   | <b>8.9</b>   | <b>9.7</b>   | <b>10.4</b>  |
| DPS                       | 2.5          | 3.0          | 3.4          | 4.0          | 4.8          | 5.2          |
| Payout                    | 42%          | 41%          | 41%          | 45%          | 50%          | 50%          |
| <b>EBITDA</b>             | <b>624</b>   | <b>739</b>   | <b>845</b>   | <b>876</b>   | <b>938</b>   | <b>996</b>   |
| Net debt                  | (87)         | (309)        | (435)        | (791)        | (1,188)      | (1,615)      |

| Balance Sheet                       | 2023a        | 2024a        | 2025e        | 2026e        | 2027e        | 2028e        |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Inventories                         | 716          | 686          | 790          | 809          | 830          | 855          |
| Trade Receivables                   | 944          | 1,121        | 1,261        | 1,313        | 1,368        | 1,428        |
| Prepayments and Others              | 150          | 128          | 128          | 128          | 128          | 128          |
| Cash and Equivalents                | 1,058        | 178          | 154          | 457          | 831          | 1,180        |
| Time deposit                        | 563          | 668          | 668          | 668          | 668          | 668          |
| <b>Total Current Assets</b>         | <b>3,432</b> | <b>2,781</b> | <b>3,000</b> | <b>3,374</b> | <b>3,825</b> | <b>4,259</b> |
| Intangible Assets                   | 77           | 76           | 76           | 76           | 76           | 76           |
| Property, Plant & Equipment         | 756          | 818          | 882          | 918          | 907          | 895          |
| <b>Total Non-Current Assets</b>     | <b>840</b>   | <b>1,547</b> | <b>1,611</b> | <b>1,647</b> | <b>1,635</b> | <b>1,624</b> |
| <b>Total Assets</b>                 | <b>4,272</b> | <b>4,328</b> | <b>4,611</b> | <b>5,021</b> | <b>5,460</b> | <b>5,882</b> |
| Current Liabilities                 | 1,829        | 1,559        | 1,433        | 1,424        | 1,448        | 1,421        |
| Non-current Liabilities             | 312          | 238          | 228          | 225          | 222          | 219          |
| Equity                              | 2,131        | 2,531        | 2,951        | 3,372        | 3,791        | 4,242        |
| <b>Total Equity and Liabilities</b> | <b>4,272</b> | <b>4,328</b> | <b>4,611</b> | <b>5,021</b> | <b>5,460</b> | <b>5,882</b> |
| BVPS                                | 26.6         | 31.6         | 36.9         | 42.2         | 47.4         | 53.0         |

| Cashflow                 | 2023a      | 2024a       | 2025e      | 2026e      | 2027e      | 2028e      |
|--------------------------|------------|-------------|------------|------------|------------|------------|
| Cashflow from Operations | 680        | 729         | 543        | 785        | 839        | 889        |
| Cashflow from Investing  | -87        | -746        | -153       | -132       | -88        | -87        |
| Cashflow from Financing  | -228       | -865        | -414       | -350       | -377       | -453       |
| <b>Total Cashflows</b>   | <b>364</b> | <b>-882</b> | <b>-24</b> | <b>303</b> | <b>375</b> | <b>349</b> |

Source: Company, GIB Capital. \*Attributable to shareholders

Figure 12: Key ratios

| Key ratios                          | 2023a | 2024a | 2025e | 2026e | 2027e | 2028e |
|-------------------------------------|-------|-------|-------|-------|-------|-------|
| <b>Profitability ratios</b>         |       |       |       |       |       |       |
| RoA                                 | 11%   | 14%   | 14%   | 14%   | 14%   | 14%   |
| RoE                                 | 22%   | 23%   | 22%   | 21%   | 20%   | 20%   |
| Sales/Assets                        | 66%   | 71%   | 67%   | 64%   | 62%   | 60%   |
| Net margin                          | 16.9% | 19.2% | 21.6% | 22.2% | 22.9% | 23.6% |
| <b>Liquidity ratios</b>             |       |       |       |       |       |       |
| Current Assets/ Current Liabilities | 1.9   | 1.8   | 2.1   | 2.4   | 2.6   | 3.0   |
| Receivable Days                     | 122   | 134   | 150   | 149   | 148   | 147   |
| Inventory Days                      | 160   | 146   | 175   | 173   | 171   | 169   |
| Payable days                        | 53    | 50    | 55    | 54    | 53    | 52    |
| <b>Debt ratios</b>                  |       |       |       |       |       |       |
| Net Debt/EBITDA                     | -0.14 | -0.42 | -0.51 | -0.90 | -1.27 | -1.62 |
| Debt/Assets                         | 0.23  | 0.12  | 0.08  | 0.06  | 0.05  | 0.04  |
| Debt/Equity                         | -0.04 | -0.12 | -0.15 | -0.23 | -0.31 | -0.38 |
| <b>Valuation ratios</b>             |       |       |       |       |       |       |
| P/E                                 | 23.1  | 18.6  | 16.5  | 15.4  | 14.2  | 13.1  |
| P/B                                 | 5.1   | 4.3   | 3.7   | 3.2   | 2.9   | 2.6   |
| EV/EBITDA                           | 16.0  | 13.5  | 11.8  | 11.4  | 10.7  | 10.0  |
| FCF yield                           | 4.9%  | 3.3%  | 3.5%  | 5.9%  | 6.8%  | 7.3%  |
| Div. Yield                          | 1.8%  | 2.2%  | 2.5%  | 2.9%  | 3.5%  | 3.8%  |

Source: Company, GIB Capital.

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