GIB CAPITAL جي آي بي كابيتال

Target Price: SAR178/share
Current Price: SAR163.6/share
Upside: 9.0% (+Div. Yield: 2.2%)
Rating: Neutral

Jamjoom Pharmaceuticals Factory Co.

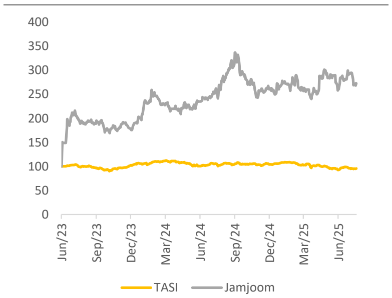
Largely in line 2Q25; Maintain TP with a Neutral rating

- 2Q25 revenues grew 14.6% y/y on the back of strong institutional demand; earnings rose 23.4% due to margin expansion at the operating level.
- New facilities ramp up and BD partnerships ensure top line visibility; expansion of operating margin to support bottom line. We expect earnings to rise at a CAGR of ~17.5% (unchanged) over 2024-27e.
- Accordingly, we maintain our TP at SAR178/sh, using both DCF and P/E valuations and retain our “Neutral” stand on the stock.

Stock data	
TASI ticker	4015
Mcap (SARmn)	11,424
Trd. Val (3m) (SARmn)	10.8
Free float	39.1%
QFI holding	6.7%
TASI FF weight	0.22%

Source: Bloomberg

Prices indexed to 100



Source: Bloomberg

2Q25 results: Jamjoom reported revenues of SAR396mn in 2Q25 (+14.6% y/y), in line with our estimates of SAR384mn and consensus estimates of SAR395mn, driven by strong demand from institutional tenders. This growth was fueled by therapeutic areas such as General Medicine, Consumer Health and Cardiometabolic (Cardiovascular and Anti-diabetic), accounting for more than 90% of the y/y growth. Gross profits came at SAR251mn (+15 y/y), in line with our estimates, reflecting a gross margin of 63.3% compared to our estimated 63%, despite the higher contribution from tender sales, caused by the company’s focus on high-margin products volumes. Operating profits reached SAR135mn (+29% y/y, beating our estimates by 10%) due to lower-than-expected OPEX, with a margin of 34%. Meanwhile, the Algeria JV contributed ~SAR2.5mn to the bottom line in 2Q25 (SAR2mn in 2Q24). As a result, earnings came at SAR132mn (+23.4% y/y), broadly in line with our estimates (+5% deviation), despite the higher-than-expected operating profit, likely due to higher-than-expected Zakat expenses.

Ramping up of production at new facilities and BD agreements ensure the top line visibility: Jamjoom’s ramp up of the new facilities (Jeddah Sterile and Egypt) have improved during 2025 on annual basis, enhancing total utilization rate to 80% by 2Q25 (70% in 2Q24), reflecting a production of 45mn units in 2Q25 (+15% y/y). At the same time, this relieved some capacity in the Jeddah main facility which is expected to undergo upgrades and expansion in some of its production lines.

Figure 1: Key financial metrics

SARmn	2024a	2025e	2026e	2027e
Revenue	**1,318**	**1,516**	**1,750**	**2,013**
Revenue growth	*19.8%*	*15.0%*	*15.4%*	*15.0%*
Gross Profit	**821**	**937**	**1,084**	**1,232**
Gross Profit margin	*62%*	*62%*	*62%*	*61%*
EBITDA	437	507	583	657
Op. income	381	451	525	597
Net profit	**357**	**447**	**510**	**578**
Net profit margin	*27%*	*29%*	*29%*	*29%*
Adj. Net profit*	**375**	**448**	**512**	**580**
EPS (SAR)	5.1	6.4	7.3	8.3
DPS (SAR)	3.1	3.5	4.0	4.5
P/E	32.1x	25.6x	22.4x	19.8x

*Source: Company data, GIB Capital *Adjusted for foreign currency losses*

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Going forward, we expect the aggregate utilization rate to improve further and production to reach 211mn units by 2027e (CAGR of 6% over 2024-27e). Moreover, the company has signed 12 "License and supply" agreements with global pharma companies YTD, in different therapeutic areas with a focus on biosimilars, oncology and adjacent therapeutic areas. Most of these agreements have potential localization terms. However, the financial impact of these Business Development (BD) partnerships is not expected before late 2026e. We expect the company to exercise the localization terms when market opportunities are proven, which we believe provides further support to Jamjoom's revenue visibility. Accordingly, we forecast the top line to reach SAR1.52bn by 2025e (+15.1% y/y; management guides for a 12-15% growth), and to surpass SAR2bn by 2027e, reflecting revenue CAGR of 15% over 2024-27e, in line with our previous estimates.

Strong margins performance due to focus on strategic high-margin products, BD sales likely to lower margins by 2027e: Jamjoom posted an excellent performance in 1H25 in terms of margins, whereas EBITDA margin came at 37.6% (+2.9pps y/y), despite the strong contribution from tender sales (usually generate lower gross margins), thanks to the company's focus on strategic brands that contribute higher margins, like Cardiometabolic, rather than volumes. Moreover, the selling costs related to tender sales added to cost control and efficiency, both supported the operating margin, which rose by 2.6pps y/y, up to 34.2% in 1H25. a. Going forward, we expect the company to post an EBITDA margin of ~33.4% by 2025-26e, up from 32% in earlier estimates, and slightly above management guidance of a range of 31.5-33%. However, we expect sales contribution from the new BD agreements to pose some pressure on margins starting of 2027e, thus, we expect EBITDA margin to normalize to 32.7% by 2027e. As a result, we expect earnings to reach SAR447mn (+29.5% y/y) by 2025e, and to SAR578mn by 2027e, reflecting a CAGR of 17.5% over 2024-27e, in line with our previous estimates.

Valuation and risks: We derive TP of Jamjoom using an equal mix of DCF (9.2% WACC; TP of SAR178/share) and P/E (26x on the average of 2025-26e EPS, TP of SAR178/share). We have revised our justified P/E multiple for the company to 26x, taking into account the recent lower market valuation of the sector. Accordingly, we maintain our blended TP of **SAR178/share** and our **"Neutral"** stand on the stock. The stock currently trades at a P/E of 25.6x based on our estimated 2025e EPS and on a multiple of 22.4x based on 2026e estimates.

Key downside risks are lower-than-expected utilization rates of new facilities, major product repricing from regulatory bodies, increased competition, cost inflation of raw materials, supply chain issues, lower sales volume, currency fluctuations, geopolitical risks, and a change in distributor's commission rates.

Figure 2: 2Q25 results summary

SARmn	2Q25	2Q24	y/y %	1Q25	q/q %	GIBC est.	Variance %
Revenues	**396**	**346**	**14.6%**	**458**	**-13.4%**	**384**	**3.1%**
Cost of sales	-145	-128	14.0%	-165	-11.7%	-142	2.3%
Gross profit	251	218	15.0%	293	-14.4%	242	3.6%
OPEX	-115	-113	2.0%	-135	-14.3%	-121	-4.4%
Operating profit	135	105	29.0%	158	-14.4%	123	10%
Net income	**132**	**107**	**23.4%**	**157**	**-15.9%**	**125**	**5.3%**
Gross margin	63.3%	63.1%		64.0%		63.0%	
Operating margin	34.2%	30.4%		34.6%		31.5%	
Net margin	33.3%	30.9%		34.3%		32.6%	

Source: Company data, GIB Capital

Figure 3: Revenue Mix by Therapeutic Areas

SARmn	2Q25	2Q24	y/y %
Ophthalmology	96.9	98.7	-2%
Dermatology	65.6	68.6	-4%
General Medicine	78.3	53.9	+45%
Consumer Health	55.5	46.3	+20%
GIT	35.5	26.9	+32%
CVD	24.7	17.1	+44%
CNS	6.3	9.1	-30%
Anti-Diabetic	9.7	4.8	+103%
Pain & Inflammation	23.7	20.3	+17%
Total	**396.2**	**345.7**	**+15%**

Source: Company data, GIB Capital

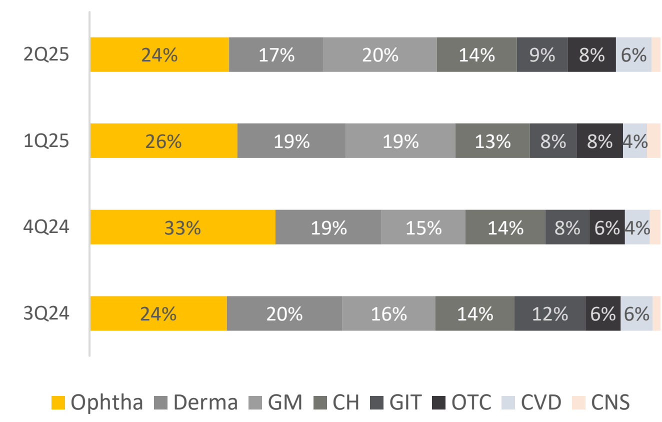
Figure 4: Revenue Mix by Geographies

SARmn	2Q25	2Q24	y/y %
KSA	262.4	225.5	+16%
Gulf	54.5	44.9	+21%
Iraq	43.1	31.1	+38%
North Africa & other export countries	17.9	27.2	-34%
Egypt	18.4	16.9	+9%
Total	**396.2**	**345.7**	**+15%**

Source: Company data, GIB Capital

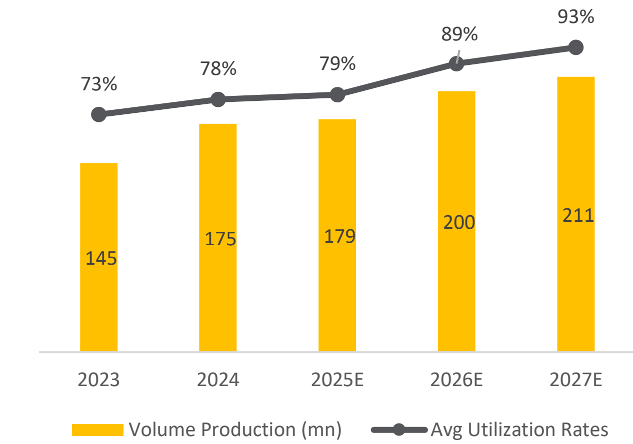
Financial analysis in chart

Figure 5: Revenue segmentation by product



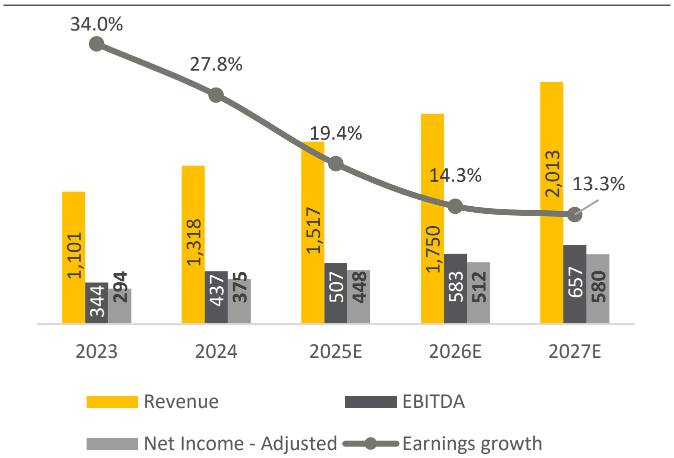
Source: Company data, GIB Capital

Figure 6: Production and utilization rates outlook



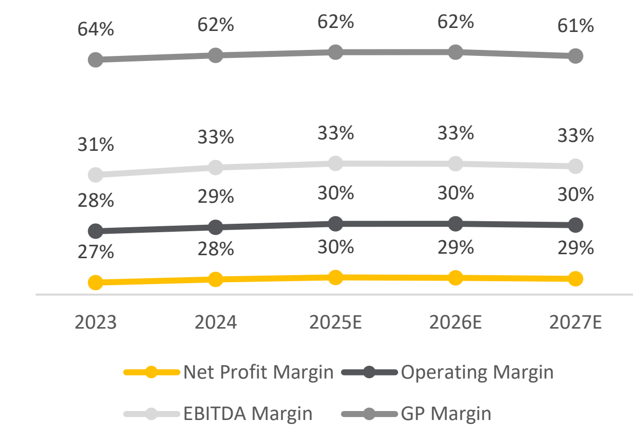
Source: Company Data, GIB Capital

Figure 7: Financial Outlook (in SARmn)



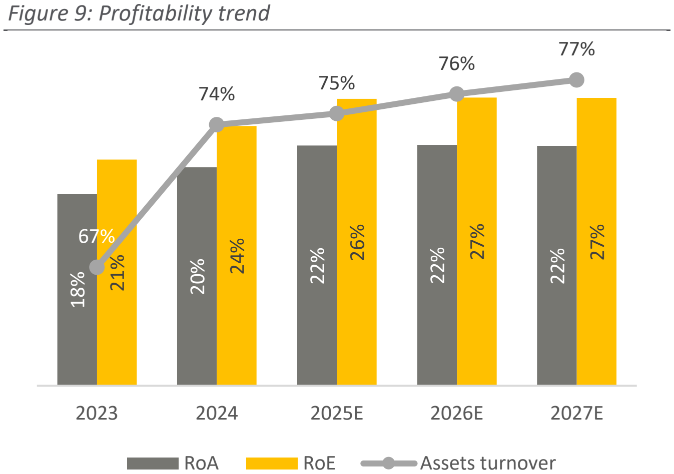
Source: Company Data, GIB Capital

Figure 8: Margins trend



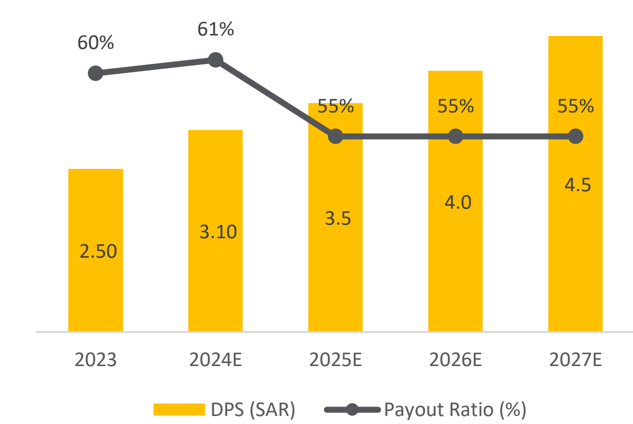
Source: Company Data, GIB Capital

Figure 9: Profitability trend



Source: Company Data, GIB Capital

Figure 10: Payouts



Source: Company Data, GIB Capital

Financials

Figure 11: Summarized basic financial statements (SARmn)

Income statement	2024a	2025e	2026e	2027e
Revenue	**1,318**	**1,516**	**1,750**	**2,013**
Revenue y/y	*20%*	*15%*	*15%*	*15%*
COGS	(498)	(579)	(666)	(781)
Gross Profit	**821**	**937**	**1,084**	**1,232**
Gross Profit margin	*62%*	*62%*	*62%*	*61%*
S&D	(317)	(343)	(392)	(449)
G&A	(71)	(86)	(100)	(114)
R&D	(34)	(39)	(45)	(50)
Impairment loss on financial assets	(18)	(18)	(21)	(22)
Operating profit	**381**	**451**	**525**	**597**
Operating margin	*29%*	*30%*	*30%*	*30%*
Finance cost	(17)	2	1	1
Other income	19	22	22	22
PBT	**383**	**476**	**549**	**620**
Zakat/tax	(26)	(29)	(38)	(42)
Net income	**357**	**447**	**510**	**578**
EPS (In SAR)	**5.1**	**6.4**	**7.3**	**8.3**
DPS (In SAR)	3.1	3.5	4.0	4.5
Payout	61%	55%	55%	55%
EBITDA	**437**	**507**	**583**	**657**
Net debt (w/ lease liabilities)	(260)	(353)	(453)	(576)

Balance Sheet	2024a	2025e	2026e	2027e
Cash and cash equivalents	262	355	454	577
Inventories	271	293	336	387
Trade receivables	444	527	599	673
Prepayments and other receivables	52	53	58	66
Total Current Assets	**1,029**	**1,229**	**1,447**	**1,704**
Property, plant and equipment	672	702	740	780
Right-of-use assets	2	2	1	1
Total Non-Current Assets	**743**	**792**	**851**	**913**
Total Assets	**1,772**	**2,021**	**2,299**	**2,618**
Current Liabilities	202	240	275	320
Non-current Liabilities	79	90	102	116
Equity	1,491	1,692	1,921	2,181
Total Equity and Liabilities	**1,772**	**2,021**	**2,299**	**2,618**
BVPS (In SAR)	21.3	24.2	27.4	31.2

Cashflow	2024a	2025e	2026e	2027e
Cashflow from Operations	263	407	460	525
Cashflow from Investing	(62)	(68)	(79)	(85)
Cashflow from Financing	(217)	(246)	(281)	(318)
Total Cashflows	**(16)**	**93**	**100**	**123**

Source: Company, GIB Capital

Figure 12: Key ratios

Key ratios	2024a	2025e	2026e	2027e
Profitability ratios				
RoA	12%	18%	20%	22%
RoE	14%	21%	24%	26%
Sales/Assets	65%	67%	74%	75%
Net margin	19%	27%	27%	29%
EBITDA margin	28%	31%	33%	33%
Liquidity ratios				
Current Assets/ Current Liabilities	5.4	5.0	5.1	5.1
Debt to Total Equity	0.0	0.0	0.0	0.0
Receivable Days	140	110	123	127
Inventory Days	149	215	199	185
Payable days	123	142	127	133
Cash conversion cycle	166	183	195	179
Debt ratios				
Net Debt/EBITDA	-0.5	-0.8	-0.6	-0.7
Net Debt/Equity	-0.1	-0.2	-0.1	-0.2
Debt/Assets	0.0	0.0	0.0	0.0
Valuation ratios				
P/E	67.0	39.3	32.2	25.7
P/B	9.4	8.2	7.7	6.8
EV/EBITDA	43.4	32.8	25.8	22.3
Div. yield	1.3%	1.5%	1.9%	2.1%
FCF Yield	0.0%	1.9%	1.7%	3.0%

Source: Company, GIB Capital

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