Equity Research report
FIRSTMIL AB Equity
8 December 2025

Target Price: SAR 67.4/share
Current Price: SAR49.44/share
Upside: 36.3% (+Div. Yield: +6.6%)
Rating: Overweight

First Milling Company (FMC)

Market leadership to strengthen by strategic investments

- 3Q25 results broadly in line, with a 17% y/y jump in earnings powered mostly by feed, surging 21.5% y/y post Al-Manar Feed's consolidation.
- Topline to grow at a 5.9% CAGR over 2024–28e, supported by flour expansion and feed integration, with earnings to advance at a 6.7% CAGR during the same period.
- We revise our TP of SAR67.4/sh using both DCF and P/E (11x on 2026e EPS) valuations, indicating an upside of 36.3% with an Overweight rating.

3Q25 result: FMC reported revenue of SAR286mn, marking a 9.6% y/y jump (largely in line with our and consensus estimates). Growth was broad-based, with flour sales rising 3.8% y/y, bran 6.7% y/y, and feed surging 21.5% y/y, driven by better product mix and higher sales volume following Al-Manar Feed's consolidation, and enhanced distribution network. Further, gross profit rose 11.2% y/y, reaching SAR124mn (in-line), supported by robust top-line performance, stable feed prices and improved raw material efficiency. Similarly, operating profit grew 13% y/y to SAR88mn, driven by disciplined cost control. As a result, net profit rose 17% y/y to SAR71.6mn, broadly aligning with our and consensus estimates of SAR68mn. with NPM expanding to 25% (vs our: 24.4%, 23.5% in 3Q24).

Capacity expansion and strategic acquisition anchor growth outlook: FMC, KSA's largest milling company with a 30% market share, continues to expand its leadership. As of 3Q25, wheat milling capacity stands at 5,150 tons/day and is set to rise to 5,750 tons/day following the addition of a new 600 ton/day line at Qassim (Mill C; 60% complete). This expansion is complemented by a PESA Mill adding 150 tons/day capacity (60% complete). In Aug-25, FMC strengthened its feed portfolio acquisition of Al Manar Feed, immediately boosting feed output by 450 tons/day and lifting total capacity to 1,320 tons/day (+150%), with a further upgrade at Jeddah facility will add 120tons/day in 2Q26 (60% complete). Complementing these moves, the acquisition of Al-Kenan Al Arabia (Dec-25) enhances vertical integration, and driving downstream efficiencies, positioning FMC for deeper market penetration.

Figure 1: Key financial metrics

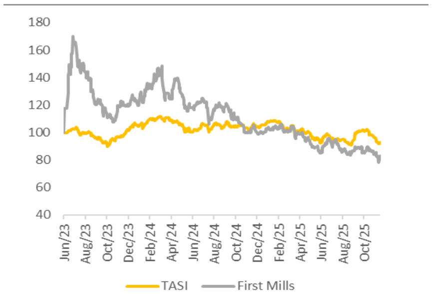
SARmn	2023a	2024a	2025e	2026e	2027e
Revenue	**964**	**1,049**	**1,109**	**1,210**	**1,298**
Revenue growth	*5.5%*	*8.8%*	*5.7%*	*9.1%*	*7.3%*
Gross profit	**413**	**457**	**469**	**514**	**556**
Gross profit margin	*42.8%*	*43.6%*	*42.3%*	*42.5%*	*42.9%*
EBITDA	**335**	**374**	**386**	**419**	**450**
EBITDA margin	*34.8%*	*35.7%*	*34.8%*	*34.6%*	*34.6%*
Net profit	**220**	**251**	**264**	**287**	**315**
Net profit growth	*1.3%*	*13.9%*	*5.2%*	*8.8%*	*9.6%*
Net profit margin	*22.8%*	*23.9%*	*23.8%*	*23.7%*	*24.2%*
EPS (SAR)	4.0	4.5	4.8	5.2	5.7
DPS (SAR)	2.8	2.9	3.1	3.3	3.6
P/E	12.4x	10.9x	10.3x	9.5x	8.7x
EV/EBITDA	11.7x	10.5x	10.1x	9.3x	8.7x

Source: Company data, GIB Capital

Stock data	
TASI ticker	2283
Mcap (SARmn)	2,744
Avg. Trd. Val (3m) (SARmn)	2.5
Free float	41.9%
QFI holding	2.6%
TASI FF weight	0.04%

Source: Bloomberg

Prices indexed to 100



Source: Bloomberg

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Backed by these initiatives, overall sales volume is projected to grow at a 4.6% CAGR over 2024–28e, driving top-line CAGR of 5.9% during the same period. Moreover, margins are expected to remain resilient, with gross margins averaging 42.7% and operating margins at 29.8%, translating into earnings growth of 6.7% CAGR during the same period.

Change in estimates: We have revised our estimate slightly upward, lifting our topline by ~3-5% for 2025-26e, to factor in feed production capacity updates, which are anticipated to boost feed volumes significantly. Consequently, raised our earnings forecasts by about 1–6% for the same period, supported by stronger topline growth and lower financing costs.

Figure 2: Revision in estimates

SARmn	2025e			2026e		
	Current	Earlier	% change	Current	Earlier	% change
Revenues	**1,109**	**1,081**	**2.6%**	**1,220**	**1,152**	**5.0%**
Gross profit	469	459	2.2%	514	485	6.0%
GPM %	42.3%	42.5%		42.5%	42.1%	
Operating Profit	328	320	2.4%	358	335	6.6%
Operating margin %	29.6%	29.6%		29.6%	29.1%	
Net profit	**264**	**262**	0.7%	**287**	**270**	6.3%
NPM %	23.8%	24.2%		23.7%	23.4%	

Source: GIB Capital

Valuation and risks: Following our revised estimates and basing our valuation on an equal weight of DCF valuation and relative valuation (applying an 11x multiple to 2026e EPS (down from 14x to reflect current market sentiment). We lower our 1Y Fwd TP to SAR67.4/share (SAR75.5/share earlier), implying an Overweight rating with a potential upside of 36.3%. Downside risks include the reduction or removal of the wheat subsidy, sharp movements in raw material prices, delays in capacity addition, increased customer concentration, and regulations on food waste.

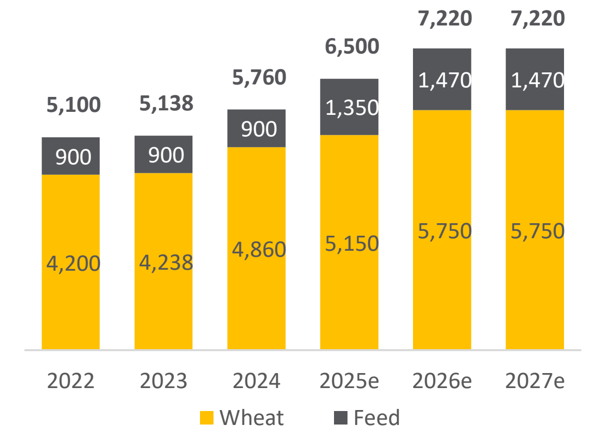
Figure 3: 3Q25 results summary

SARmn	3Q25	3Q24	y/y %	2Q25	q/q %	GIBCe	Variance %
Revenues	**286**	**261**	**9.6%**	**238**	**20.4%**	**279**	**2.4%**
Cost of Goods	162	150	8.4%	135	20.1%	155	4.6%
Gross Profit	**124**	**112**	**11.2%**	**103**	**20.8%**	**124**	**-0.2%**
Operating Expenses	36	34	6.7%	36	-1.5%	38	-6.1%
Operating Profit	**88**	**78**	**13.2%**	**66**	**33.0%**	**86**	**2.4%**
Net Income	**72**	**61**	**16.9%**	**51**	**39.4%**	**68**	**5.0%**
Gross Margin	43.3%	42.7%		43.2%		44.5%	
Operating Margin	30.8%	29.8%		27.9%		30.8%	
Net Profit Margin	25.0%	23.5%		21.6%		24.4%	

Source: Company data, GIB Capital

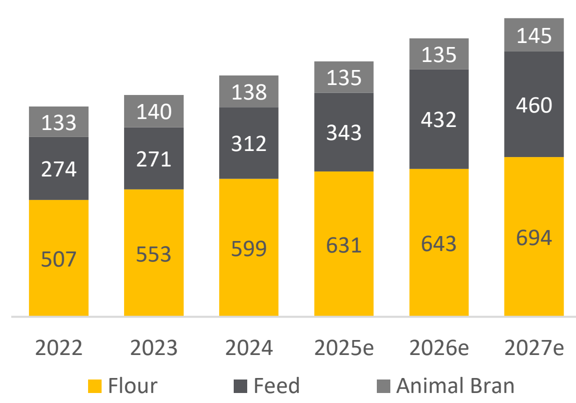
Financial analysis in charts

Figure 4: Wheat /Feed capacity (tons/day)



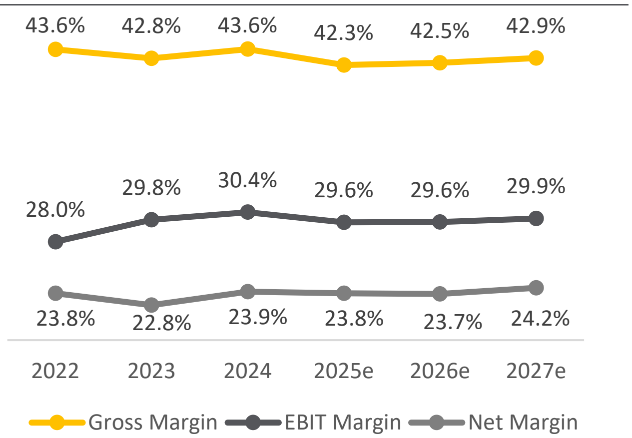
Source: Company data, GIB Capital

Figure 5: Revenue (SARmn)



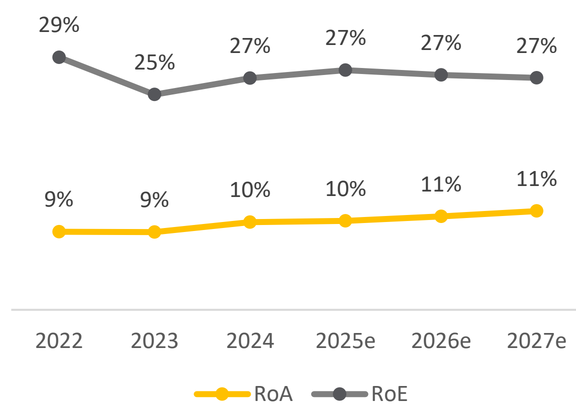
Source: Company data, GIB Capital

Figure 6: Margin trend



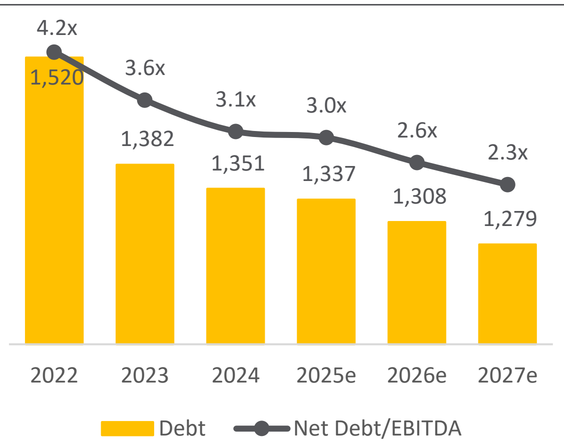
Source: Company data, GIB Capital,

Figure 7: RoA and RoE



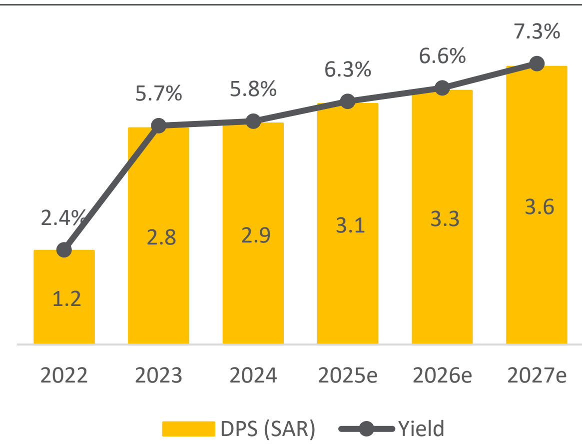
Source: Company data, GIB Capital

Figure 8: Leverage trend (SARmn)



*Source: Company data, GIB Capital,*net debt includes lease liabilities*

Figure 9: Dividend



Source: Company data, GIB Capital

Summarized Financial statements

Figure 10: Summarized basic financial statements (SARmn)

Income statement	2023a	2024a	2025e	2026e	2027e
Revenue	**964**	**1,049**	**1,109**	**1,210**	**1,298**
revenue y/y	*6%*	*8.8%*	*5.7%*	*9.1%*	*7.3%*
COGS	551	592	640	696	742
Gross Profit	**413**	**457**	**469**	**514**	**556**
Gross Profit margin	*42.8%*	*43.6%*	*42.3%*	*42.5%*	*42.9%*
Selling and distribution expenses	48	56	66	76	82
General and administrative expenses	78	82	79	81	87
Operating profit	**287**	**318**	**328**	**358**	**388**
Operating margin	*30%*	*30.4%*	*29.6%*	*29.6%*	*29.9%*
Finance costs, net	61	62	58	63	66
Other income	0	0	0	0	0
PBT	**226**	**257**	**270**	**294**	**322**
Zakat/tax	6	6	6	7	7
Net income	**220**	**251**	**264**	**287**	**315**
Net margin	*23%*	*23.9%*	*23.8%*	*23.7%*	*24.2%*
y/y	*1%*	*14%*	*5%*	*9%*	*10%*
EPS	**4.0**	**4.5**	**4.8**	**5.2**	**5.7**
DPS	2.8	2.9	3.1	3.3	3.6
Payout	70%	63%	65%	63%	63%
EBITDA	**335**	**374**	**386**	**419**	**450**

Balance Sheet	2023a	2024a	2025e	2026e	2027e
Inventories	148	162	182	198	211
Trade receivables	5	19	33	36	39
Prepayments and other current assets	12	12	12	14	14
Cash and cash equivalents	192	193	178	200	235
Total Current Assets	**358**	**404**	**426**	**468**	**519**
Property and equipment	671	682	736	767	796
Right-of-use assets	304	300	317	336	354
Intangible assets	5	9	9	9	9
Derivative financial instruments	43	8	8	8	8
Goodwill	1,091	1,091	1,091	1,091	1,091
Total Non-Current Assets	**2,113**	**2,092**	**2,163**	**2,213**	**2,260**
Total Assets	**2,471**	**2,496**	**2,589**	**2,681**	**2,780**
Current Liabilities	289	361	470	487	500
Non-current Liabilities	1,289	1,190	1,158	1,127	1,096
Equity	892	945	960	1,067	1,183
Total Equity and Liabilities	**2,471**	**2,496**	**2,589**	**2,681**	**2,780**
BVPS	16.2	17.1	17.4	19.3	21.4

Cashflow	2023a	2024a	2025e	2026e	2027e
Cashflow from Operations	318	306	297	343	372
Cashflow from Investing	(119)	(56)	(172)	(73)	(71)
Cashflow from Financing	(222)	(249)	(140)	(247)	(266)
Total Cashflows	**(23)**	**0**	**(14)**	**22**	**35**

Source: Company, GIB Capital

Figure 11: Key ratios

Key ratios	2023a	2024a	2025e	2026e	2027e
Profitability ratios					
RoA	9%	10%	10%	11%	11%
RoE	25%	27%	27%	27%	27%
Sales/Assets	39%	42%	43%	45%	47%
Net margin	23%	24%	24%	24%	24%
Liquidity ratios					
Currrent Assets/ Current Liabilities	1.2	1.1	0.9	1.0	1.0
Debt to Total Equity (w/ IFRS liab.)	1.5	1.4	1.4	1.2	1.1
Receivable Days	2	6	11	11	11
Inventory Days	98	100	104	104	104
Payable days	32	37	37	37	37
Cash conversion cycle	68	69	78	78	78
Debt ratios					
Net Debt/EBITDA (w/o IFRS liab.)	2.5	2.2	2.1	1.7	1.4
Net Debt/EBITDA (w/ IFRS liab.)	3.6	3.1	3.0	2.6	2.3
Debt/Assets (w/o IFRS liab.)	0.4	0.4	0.4	0.3	0.3
Net Debt/Equity (w/o IFRS liab.)	1.0	0.9	0.8	0.7	0.5
Net Debt/Equity (w/ IFRS liab.)	1.3	1.2	1.2	1.0	0.9
Valuation ratios					
P/E	12.5	10.9	10.3	9.5	8.7
P/B	3.1	2.9	2.8	2.6	2.3
EV/EBITDA	11.7	10.5	10.1	9.3	8.7
FCF Yield	7.9%	11.6%	6.7%	12.2%	13.4%
Dividend Yield	5.7%	5.8%	6.3%	6.6%	7.3%

Source: Company, GIB Capital

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