

Target Price: SAR167/share
Current Price: SAR152.0/share
Upside: 9.8% (+Div. Yield: 2.8%)
Rating: Neutral

Jamjoom Pharmaceuticals Factory Co.

Normalizing earnings due to a transition to efficiency-driven growth.

Stock data

TASI ticker	4015
Mcap (SARmn)	10,640
Trd. Val (3m) (SARmn)	16.9
Free float	34.5%
QFI holding	10.5%
TASI FF weight	0.16%

Source: Bloomberg

- Utilization improvement to drive revenue growth (11% CAGR over 2025-28e) going forward aided by healthy local demand and normalizing exports.
- Raw materials exposure indicates margin pressure by late 2026e amid rising prices. Accordingly, we anticipate a 9.1% CAGR (12.3% CAGR earlier) in earnings during 2025-28e.
- We lower our TP at SAR167/sh (SAR178/sh earlier), using both DCF and P/E valuations and maintain our "Neutral" rating on the stock.

1Q26 results: Jamjoom reported 5% y/y revenue growth to SAR481mn in 1Q26, in line with our expectations of SAR487mn. Growth was supported by Ophthalmology (+10% y/y), Primary Care (+9% y/y), and Cardiometabolic (+36% y/y), while Dermatology (-6% y/y) and Consumer Health (-18% y/y) declined. Gross profit increased 6% y/y to SAR310mn, consistent with our SAR313mn estimate. Gross margin expanded to 64.5% (vs. 64% in 1Q25), likely driven by a richer mix from high value therapeutic areas and lower tender exposure. Meanwhile, operating profit rose 9% y/y to SAR172mn, in line with our SAR174mn estimate. The OPEX/sales ratio improved to 28.6%, supporting an operating margin of 35.8% (34.6% in 1Q25), on cost discipline and operating leverage. Overall, net profit reached SAR168mn (+7% y/y), in line with our SAR170mn estimates with net margin rising 62bps y/y to ~35% (in line with our estimates).

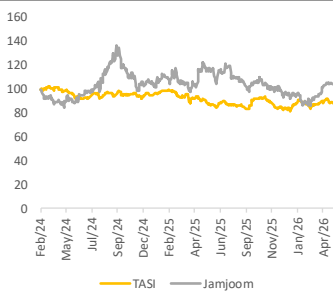
Sustained growth in Saudi market despite early 2026 softness: Saudi Arabia's pharmaceutical market posted a healthy performance in 2025, with total pharma sales rising 13.7% y/y to reach ~SAR62.6bn, according to *souqaldawaaksa* reports. However, growth moderated in 1Q26, with total sales increasing 7% y/y to around SAR17.4bn, aided by a 10% y/y rise in public sector sales, while the private market grew 4.2% y/y (as per IQVIA), reflecting softer consumer spending in the first 2M before rebounding sharply by 24% y/y growth in Mar-2026. Accordingly, demand drivers appear to have been affected by short-term headwinds rather than structural weakness.

Figure 1: Key financial metrics

SARmn	2024a	2025a	2026e	2027e	2028e
Revenue	1,318	1,501	1,652	1,854	2,045
Revenue growth	19.8%	13.8%	10.1%	12.2%	10.3%
Gross Profit	821	939	1,033	1,144	1,265
Gross profit margin	62.2%	62.6%	62.5%	61.7%	62%
EBITDA	437	533	574	629	698
Op. income*	381	462	512	561	625
Net profit	357	464	496	541	602
Net profit margin	27%	31%	30%	29%	29%
Net profit growth	22%	30%	7%	9%	11%
EPS (SAR)	5.1	6.6	7.1	7.7	8.6
DPS (SAR)	3.1	4.0	4.3	4.7	5.2
P/E	29.8x	22.9x	21.5x	19.7x	17.7x
EV/EBITDA	23.8x	19.5x	18.1x	16.5x	14.9x

Source: Company data, GIB Capital. *Does not include other income (expenses)

Prices indexed to 100



Source: Bloomberg

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With the private sector already showing signs of recovery and public sector demand remaining solid, we expect market conditions to improve over the coming periods. Overall, the sector's fundamentals remain strong, and we conservatively anticipate a low to mid-teens growth for the Saudi pharma market in 2026e. Meanwhile, the private market remains highly fragmented, with 439 active players competing for share. Market leadership is diffuse: the highest share in 2025 was 6.71%, held by Tabuk (Astra), closely followed by Jamjoom at 6.65% (based on volumetric sales multiplied by unified selling prices). However, Jamjoom's rank suggests it has less room for outsized market-share gains compared to earlier years when it was scaling rapidly. On the other hand, market fragmentation also indicates significant room for consolidation, differentiation, and strategic partnerships when the sector matures.

Jamjoom's growth engine moves from capacity addition to efficiency: Jamjoom delivered strong growth in recent years, surpassing SAR1.5bn in revenue in 2025 (+13.8% y/y), reflecting a robust 19.5% CAGR over 2021–25. This performance was supported by solid momentum across both local and export markets, driven by consistent increases in volumetric production and sales during the company's capacity-expansion phase. With the expansion cycle completed (and the main Jeddah facility already operating near optimal utilization), we expect the next leg of volume growth to come primarily from rising utilization at the Jeddah Sterile Facility and the Egypt Facility, which together can account for up to 35% of total production capacity. Accordingly, we forecast a ~9.2% CAGR in volumetric production over 2025–28e (vs. 17% in 2022-25), supported by steady improvements in utilization rates rather than new capacity additions.

Eased pressure on sizable export sales supports revenue visibility, expect revenue growth in line with guidance: Export sales remain an important contributor to Jamjoom's topline, and despite regional tensions, the geopolitical impact on operations has so far been limited and contained. Export markets have historically accounted for ~35% of revenues, and the outlook remains mixed but manageable. Shipping routes to Egypt and North Africa continue to operate normally, and Jamjoom benefits from self-sufficient production in Egypt, which reduces supply chain and operational risk (+4% y/y growth in revenues in 1Q26). In contrast, sales to the GCC & Iraq (via road shipping, ~22% of revenues historically) are more exposed to geopolitical developments. This sensitivity was reflected in 1Q26, when Iraq sales declined 2% y/y due to temporary regulatory updates during March-26. Potential risks in these markets include disruption of demand or renewed supply chain constraints should the conflict resume.

However, pressure on exports seem lifted by now, and demand in the target market remains healthy, supporting our assumption of normalized sales in the coming periods. As a result of the above-mentioned dynamics, along with the Saudi market outlook, we expect Jamjoom to reach ~SAR1.65bn and SAR1.85bn in revenue during 2026-27e, with continued growth thereafter surpassing SAR2bn by 2028e. This implies an 10.9% CAGR over 2025–28e (compared to 13.2% in our previous estimates) and broadly aligns with management guidance of 10–12% y/y growth for 2026–27e.

Raw-material exposure suggests margin pressure ahead, with a lag: Global raw-material and shipping costs have risen meaningfully amid energy shortages and supply-chain disruptions. With 50–60% of Jamjoom's inputs costs exposed to these prices, Jamjoom carries a relatively higher margin-risk profile compared to peers. In the short run, we believe that the company's strategic inventories (~6 months stock) are likely to drive an impact lag on performance, shielding margins at least during 2Q26, with gradual expected impact in 3Q/4Q2026 and the following periods. Hence, we expect GPM in 2026e to remain largely stable at 62.5%.

Looking beyond 2026, input-cost pressures may persist even if regional conflict is resolved, given the lagging effect of energy normalization and the time required for improved supply conditions to reach upstream producers. This suggests that raw-material inflation could remain elevated for longer than geopolitical headlines imply. That said, Jamjoom retains several levers to mitigate medium-term margin pressure. These include enhancing its revenue mix, revisiting contractual terms in the public sector segment (which could be challenging), and passing through higher costs on non-regulated products where pricing flexibility exists. These measures should help cushion the impact of gradually rising input costs as higher-priced inventories begin to flow through production. In conclusion, we conservatively anticipate an 82bps y/y decline in GPM during 2027e to 61.7% (compared to 62.6% in 2025), with likely gradual improvement in 2028e to 61.85%.

Earnings growth expected to remain resilient but more measured: In light of the recent performance trends, we now expect Jamjoom’s Algeria JV to deliver a muted contribution growth in 2026–27e, with an average contribution of ~SAR 14mn per year for Jamjoom. We expect a more meaningful pickup emerging only by 2028e as operational efficiency improves and market penetration deepens. We also anticipate other incomes to normalize starting 2026e post a one-off uplift in 2025, with continuing aid by a positive net finance income. Against this backdrop, we forecast bottom-line growth to remain steady but more measured than previously assumed. We now project net profit of SAR 496mn in 2026e (+7% y/y) and SAR 541mn in 2027e (+9% y/y), reaching SAR 602mn by 2028e. This implies a revised CAGR of 9.1% over 2026–28e (vs. 12% previously), reflecting our updated assumptions on lower topline growth and revised margins.

Figure 2: Change in estimates

SARmn	2026e			2027e		
	Current	Earlier	% change	Current	Earlier	% change
Revenues	1,652	1,750	-5.6%	1,854	2,013	-7.9%
Gross profit	1,033	1,084	-4.7%	1,144	1,232	-7.1%
GPM %	62.5%	61.9%		61.7%	61.2%	
Operating profit	512	525	-2.6%	561	597	-6.1%
Operating margin %	31.0%	30.0%		30.2%	29.7%	
Net Income	496	510	-2.8%	541	578	-6.3%
net margin %	30.0%	29.2%		29.2%	28.7%	

Source: GIB Capital

Higher capex guidance indicates potential deals ahead: The company has signed a facility sale and purchase agreement with Pfizer Saudi Limited, in late April-26 to acquire a pharmaceutical manufacturing site in KAEC, pending regulatory approvals. The plant specializes in oral solid dosage manufacturing and packaging, representing a meaningful expansion of Jamjoom’s production footprint and operational capabilities. In parallel, [Jamjoom entered into a local manufacturing agreement with Viatrix Arabia Ltd.](#), under which it will produce a range of Viatrix products across multiple therapeutic areas for the Saudi market. This follows [the non-binding term sheet signed in Oct-25 with Lifera \(PIF-owned\) to establish a JV focused on localizing vaccines, biologics, and biosimilars.](#) In line with this, management has maintained its guidance for a 6-9% CAPEX intensity during 2026-27e, which translates into an expected ~SAR267mn over the two years in our forecasts (SAR74mn in 2025). We note that Jamjoom is not undertaking any organic growth project now, which rather indicates a near-term completion millstone of some transactions. While we view those initiatives positively, we await further clarity and execution milestones and hence have not incorporated any financial impact from these agreements into our forecasts at this stage, on a conservative basis.

Valuation and risks: Post revising our estimates and outlook, we derived our 1Y Fwd TP of Jamjoom using an equal mix of DCF (9.2% WACC) and P/E (2026e EPS). Accordingly, we revised down our blended TP of **SAR167/share** (SAR178/share earlier) and maintained our **“Neutral”** rating on the stock, with a 9.8% upside. The company’s stock currently trades at 21.5x P/E multiple based on our 2026e estimates, in line with last year’s average of 22x.

Key downside risks are lower-than-expected utilization rates , 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 3: 1Q26 results summary

SARmn	1Q26	1Q25	y/y %	4Q25	q/q %	GIBC est.	Variance %
Revenues	481	458	5%	305	58%	487	-1%
Cost of sales	171	165	4%	118	45%	174	-2%
Gross profit	310	293	6%	187	66%	313	-1%
OPEX	138	136	1.5%	124	11.6%	139	0%
Operating profit	172	158	9%	71	142%	174	-1%
Net income	168	157	7%	68	147%	170	-1%
Gross margin	64.5%	64.0%		61.3%		64.3%	
Operating margin	35.8%	34.6%		23.4%		35.8%	
Net margin	34.9%	34.3%		22.4%		34.9%	

Source: Company data, GIB Capital

Figure 4: Revenue Mix by Therapeutic Areas*

SARmn	1Q26	1Q25	y/y %
Ophthalmology	130.3	118.4	+10%
Dermatology	81.2	86.8	-6%
Primary Care	166.7	153.0	+9%
Cardiometabolic	54.1	39.7	+36%
Consumer Health	49.1	59.6	-18%
Total	481.4	457.5	+5%

Source: Company data, GIB Capital. *Therapeutic areas were reclassified by the company to five core categories: Ophthalmology; Dermatology; Primary Care (including General Medicine, Pain & Inflammation and GIT); Cardiometabolic (including Cardiovascular, Anti-Diabetic and CNS); and Consumer Health.

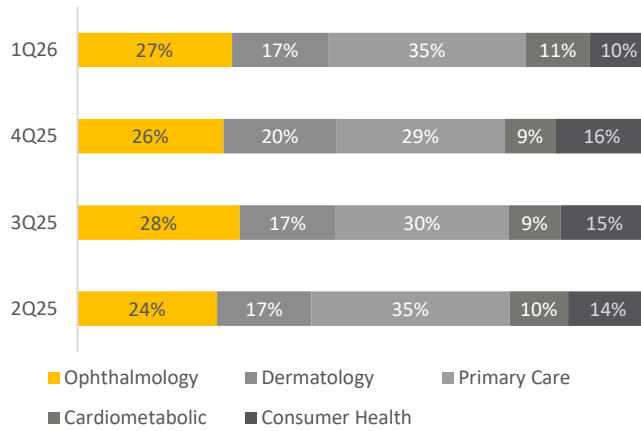
Figure 5: Revenue Mix by Geographies

SARmn	1Q26	1Q25	y/y %
KSA	333.2	315.5	+6%
Gulf	58.2	53.2	+9%
Iraq	39.4	40.1	-2%
North Africa & other export countries	32.6	30.5	+7%
Egypt	18.0	18.3	-2%
Total	481.4	457.5	+5%

Source: Company data, GIB Capital

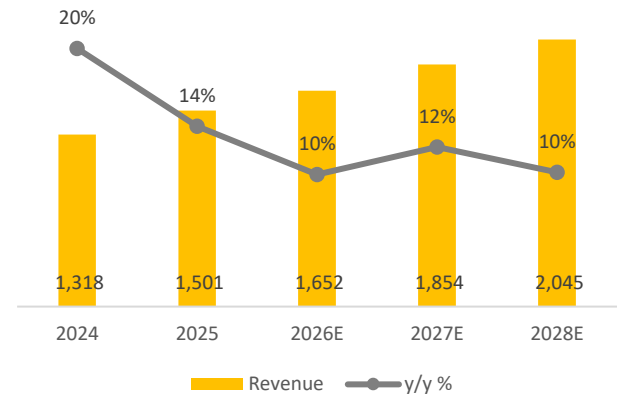
Financial analysis in chart

Figure 6: Revenue segmentation by product in 1Q26



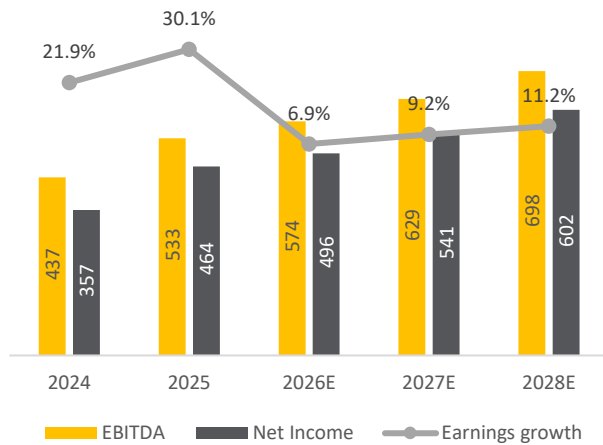
Source: Company data, GIB Capital

Figure 7: Revenue Outlook (in SARmn)



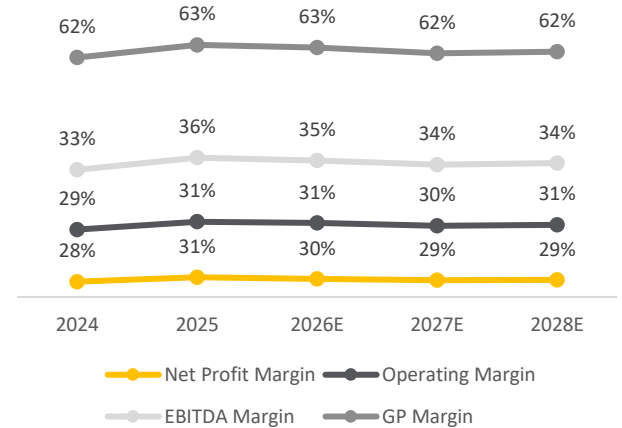
Source: Company Data, GIB Capital

Figure 8: EBITDA & Earnings Outlook (in SARmn)



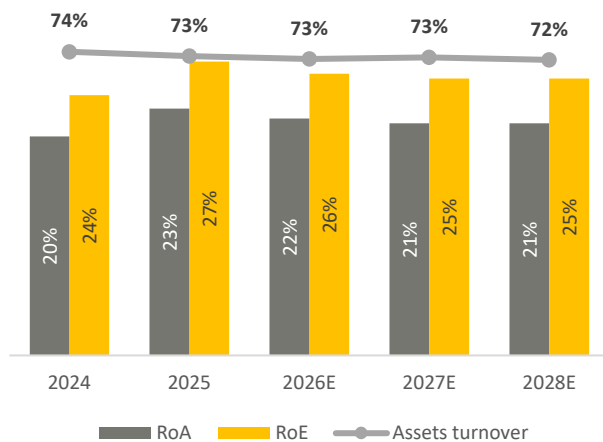
Source: Company Data, GIB Capital

Figure 9: Margins trend



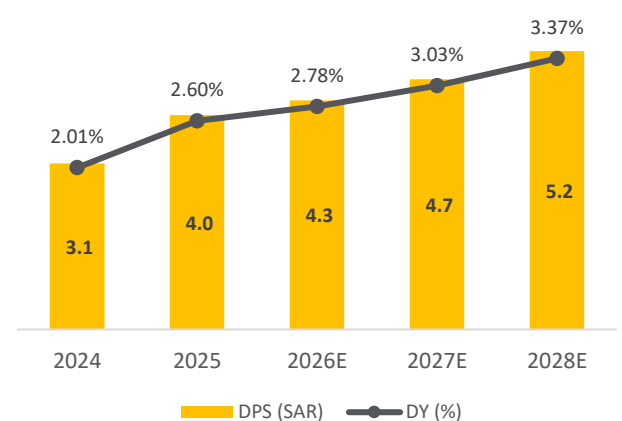
Source: Company Data, GIB Capital

Figure 10: Profitability trend



Source: Company Data, GIB Capital

Figure 11: Payouts



Source: Company Data, GIB Capital

Financials

Figure 12: Summarized basic financial statements (SARmn)

Income statement	2024a	2025a	2026e	2027e	2028e
Revenue	1,318	1,501	1,652	1,854	2,045
revenue y/y	20%	14%	10%	12%	10%
COGS	(498)	(562)	(619)	(710)	(780)
Gross Profit	821	939	1,033	1,144	1,265
Gross Profit margin	62%	63%	63%	62%	62%
S&D	(317)	(357)	(382)	(429)	(471)
G&A	(71)	(79)	(88)	(99)	(108)
R&D	(34)	(39)	(43)	(48)	(53)
Impairment loss on financial assets	(18)	(3)	(9)	(8)	(9)
Operating profit*	381	462	512	561	625
Operating margin	29%	31%	31%	30%	31%
Finance costs	(17)	5	4	4	4
Other income	19	27	17	17	19
PBT	383	493	532	582	647
Zakat/tax	(26)	(29)	(36)	(40)	(45)
Net income	357	464	496	541	602
EPS (In SAR)	5.1	6.6	7.1	7.7	8.6
DPS (In SAR)	3.1	4.0	4.3	4.7	5.2
Payout	61%	60%	60%	60%	60%
EBITDA	437	533	574	629	698
Net debt (w/ lease liabilities)	(260)	(341)	(395)	(432)	(543)

Balance Sheet	2024a	2025a	2026e	2027e	2028e
Cash and cash equivalents	262	358	412	450	561
Inventories	271	248	256	288	312
Trade receivables	444	586	679	747	818
Prepayments & other receivables	52	48	58	61	67
Total Current Assets	1,029	1,241	1,405	1,546	1,759
Property, plant and equipment	672	689	747	863	926
Right-of-use assets	2	29	30	31	32
Total Non-Current Assets	743	805	870	993	1,064
Total Assets	1,772	2,046	2,275	2,539	2,823
Current Liabilities	202	225	240	272	298
Non-current Liabilities	79	104	122	139	159
Equity	1,491	1,717	1,913	2,128	2,366
Total Equity and Liabilities	1,772	2,046	2,275	2,539	2,823
BVPS (In SAR)	21.3	24.5	27.3	30.4	33.8

Cashflow	2024a	2025a	2026e	2027e	2028e
Cashflow from Operations	263	406	450	524	584
Cashflow from Investing	(62)	(69)	(97)	(160)	(109)
Cashflow from Financing	(217)	(243)	(299)	(326)	(363)
Total Cashflows	(16)	94	54	38	111

Source: Company, GIB Capital. *Does not include other income (expenses)

Figure 13: Key ratios

Key ratios	2024a	2025a	2026e	2027e	2028e
Profitability ratios					
RoA	20%	23%	22%	21%	21%
RoE	24%	27%	26%	25%	25%
Sales/Assets	74%	73%	73%	73%	72%
Net margin	27%	31%	30%	29%	29%
EBITDA margin	33%	36%	35%	34%	34%
Liquidity ratios					
Curr. Assets/ Curr. Liabilities	5.1	5.5	5.8	5.7	5.9
Debt to Total Equity	0.0	0.0	0.0	0.0	0.0
Receivable Days	123	143	150	147	146
Inventory Days	199	161	151	148	146
Payable days	127	121	120	121	122
Cash conversion cycle	195	183	181	174	170
Debt ratios					
Net Debt/EBITDA	-0.6	-0.6	-0.7	-0.7	-0.8
Net Debt/Equity	-0.1	-0.2	-0.2	-0.2	-0.2
Debt/Assets	0.0	0.0	0.0	0.0	0.0
Valuation ratios					
P/E	30.2	23.2	21.7	19.9	17.9
P/B	7.2	6.3	5.6	5.1	4.6
EV/EBITDA	24.1	19.7	18.3	16.7	15.1
Div. yield	2.0%	2.6%	2.8%	3.0%	3.4%

Source: Company, GIB Capital

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