Daily Bulletin

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MASAR: Gain of SAR 92.9 mn on land sale is expected to uplift 3Q26 earnings

Last Price: SAR 16.8 | YoY Performance: -28.7% | Consensus Target Price: SAR 21.1

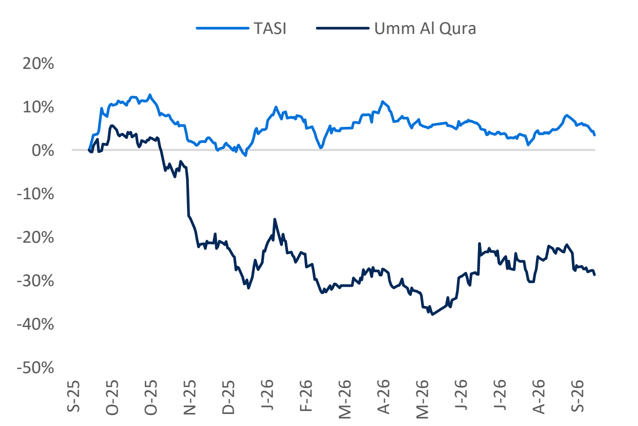
Umm Al Qura for Development and Construction Co. (MASAR) signed an agreement to sale a plot of land with Rawajeh Real Estate Company, within its Masar Destination in Makkah for a total consideration of SAR 168.9 mn, excluding associated taxes and fees. Company is expected to record a gain of SAR 92.9 mn in 3Q26. The plot is a boulevard-facing parcel located in Zone 2 with a land area of 2,500 sqm. Against a book value of SAR 76.0 mn, the sale is expected to recognize a gain of roughly SAR 92.9 mn (2.2x book value), with proceeds to be used for financing working capital and ongoing projects.

Recently, the company announced 2 reservation agreements to sell two additional plots within the Masar Destination, highlighting continued deal momentum. As of 2Q26, the company had agreements in place to develop 81 plots out of 203, across land sales, leases, joint ventures and self-development, with major infrastructure works fully completed and around 40% of lands activated. The reservation mechanism, which allows developers to reserve plots against a non-refundable fee, had drawn over SAR 300.0 mn in advances, providing near-term visibility on further monetization.

In 2025, Umm Al Qura delivered strong growth, with revenue rising 59.2% YoY to SAR 2,903.2 mn. While net profit nearly doubled to SAR 983.4 mn, up 97.2% YoY, lifting net margin to 33.9% in 2025, from 27.3% in 2024. Operating profit doubled to SAR 1,093.8 mn in 2025. In 1H26, revenue grew 37% YoY to SAR 915.9 mn while net profit eased 9% YoY to SAR 216.1 mn, primarily reflecting higher financing charges after the company ceased capitalizing infrastructure-related borrowing costs upon substantial completion. From a liquidity perspective, the SAR 168.9 mn disposal, equivalent to around 5.8% of 2025 revenue, reinforces the company's cash position as it funds its development pipeline. This is supported by continued deleveraging, with total debt reduced to SAR 7.5 bn in 2025 from SAR 9.9 bn in 2024, keeping the debt-to-assets ratio at a conservative 0.29x.

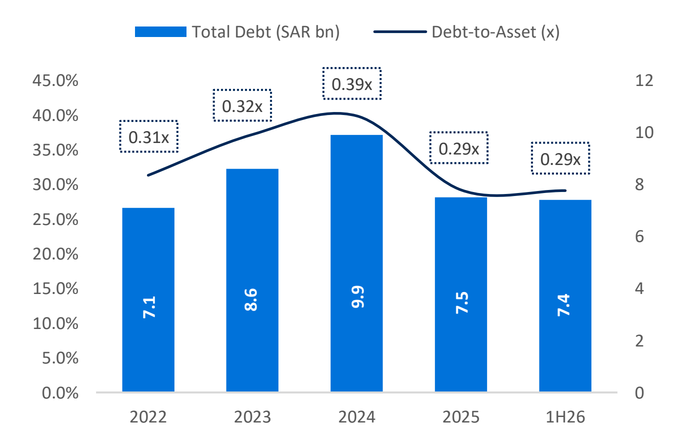
Umm Al Qura's stock price has declined 28.7% YoY, underperforming TASI, which gained 3.4% during the same period. The company is currently trading at a 2026e P/E of 28.5x, with a consensus target price of SAR 21.1/share, implying an upside potential of 25.7% from its last close of SAR 16.8/share.

Relative price chart



Source: Bloomberg, anbc research

Total debt vs debt-to-asset ratio



Source: Company financials, anbc research

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