Daily Bulletin

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MASAR: Pricier plots lift 3Q26 net profit 29.1%; finance costs cap 9M growth

Last Price: SAR 16.1 | Consensus Target Price: SAR 21.5 | YTD Performance: -6.4%

Umm Al Qura for Development and Construction Co. (MASAR) posted net profit of SAR 666.9 mn for 3Q26, up 29.1% YoY but 3.6% below the SAR 692.0 mn consensus estimate. Revenue reached SAR 1,638.3 mn (+29.4% YoY) from 10 plot sales within Masar Destination, the same number in 3Q25 but at markedly higher values. The 10 plots carried a contractual value of SAR 1,739.2 mn (SAR 173.9 mn per plot) more than double their SAR 806.8 mn book value.

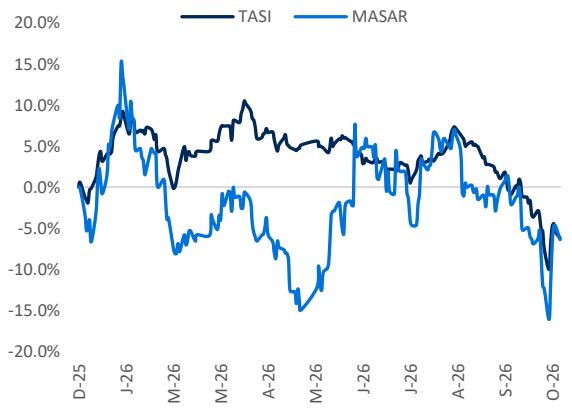
Al Diyar Al Arabia Real Estate Development Co. was the largest buyer, taking four plots for SAR 603.8 mn. By end of September, 91 of Masar Destination's 203 plots were under executed agreements, with a further 6 reserved. Sales momentum has carried into 4Q26 with a further SAR 139 mn plot sale announced in October.

Operating profit rose 43.4% to SAR 774.8 mn in 3Q26, a clean gain driven by gross profit (+46% to SAR 831.5mn) which more than offset a near doubling of operating expenses. Finance costs for 3Q26 rose to SAR 92.9 mn from SAR 4.5 mn in 3Q25, mainly due to lower capitalization of borrowing costs following the completion of major infrastructure works in 2025. Net margin held steady at 40.7%.

For 9M26, operating profit increased 27.6% YoY to SAR 1,230.8 mn, with other operating income rising to SAR 236.5 mn compared to SAR 58.9 mn in 9M25. The increase in other operating income is due to a SAR 96.4 mn gain from the reversal of a provision and a SAR 47.6 mn gain from modifying loan terms, both recorded in 1H26. However, a sharp rise in finance costs absorbed most of this operating growth at the bottom line, limiting net profit growth to 1.6% YoY at SAR 928.0 mn.

Masar's stock has declined 6.4% YTD, as of last close of SAR 16.1, broadly in line with TASI, which declined 6.2% during the same period. The consensus target price stands at SAR 21.5/share, implying an upside potential of 33.5% from its last close price.

Relative price chart



Source: Bloomberg, anbc research

Masar key financials (SAR mn)

	3Q26	3Q25	YoY (%)	2Q26	QoQ (%)	Cons.	Var (%)
Revenue	1,638	1,266	29	916	79	1,648	-0.6
COGS	807	696	16	470	72	-	-
Gross profit	**832**	**569**	46	**446**	87	-	-
GM %	*51*	*45*		*49*			
Operating exp.	57	29	95	86	-34	-	-
Operating profit	**775**	**540**	43.4	**360**	115	-	-
OM %	*47%*	*43%*		*39%*		-	-
Net income	667	517	29	216	209	692	-3.6
Net margin (%)	*41*	*41*		*24*		*42*	
EPS	**0.46**	**0.36**		**0.15**		**0.48**	

Source: Company financials, anbc research

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