

Daily Bulletin

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- > US CPI rises 0.2% MoM in July 2025
- > SPIMACO reiterates 2025 guidance

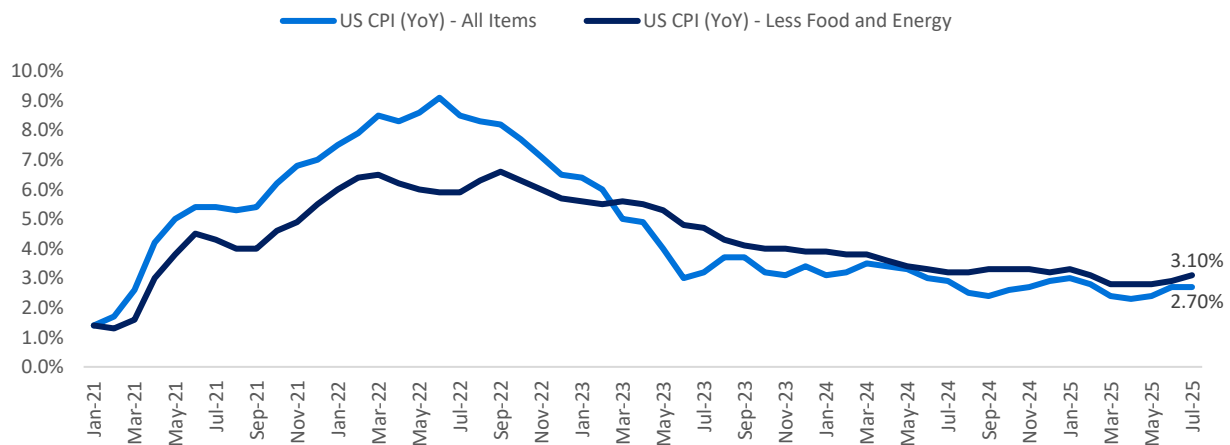
US CPI rises 0.2% MoM in July 2025

The US Bureau of Labor Statistics released the US CPI data on Tuesday, 12th August 2025. The states recorded a CPI of 2.7% YoY and 0.2% MoM, whereas the core CPI came in at 0.3% MoM and 3.1% YoY. Inflation was lower than expected, as market participants had anticipated higher inflation due to the tariff impact.

The lower-than-expected inflation rate led market participants to expect that the FED would have room to consider a rate cut in September. This expectation drove a rally in the S&P 500 and Nasdaq, which rose by 1.1% and 1.4%, respectively, on Tuesday.

Coupled with softer labor data, this reading has led markets to price in a near 100% probability of a 25 bp rate cut at the September Federal Reserve meeting, with some investors expecting a 50-bps cut after U.S. Treasury Secretary Scott Bessent called for a half-point cut and total easing of up to 175 bps. The Fed kept its target rate at 4.25%-4.50% in July for the fifth consecutive meeting, though two dissenting members signaled a preference to begin easing sooner.

U.S. consumer price index



Source: U.S Bureau of Labor Statistics, anbc research

Bloomberg forecast	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26
US 3-Month Term SOFR	4.17	3.96	3.76	3.61	3.48	3.39
Fed Funds Rate - Upper Bound	4.35	4.05	3.85	3.70	3.55	3.45
Fed Funds Rate - Lower Bound	4.08	3.79	3.61	3.43	3.30	3.20

Source: Bloomberg, anbc research

SPIMACO reiterates 2025 guidance

SPIMACO has reiterated all target metrics for 2025 against FY24 levels, except for R&D expenses, which are now expected to rise to 3.4% of revenues. Revenue growth for 2025 is expected at 7-10% (vs 4% YoY achieved in 1H25 and 2% in FY24), with EBITDA margin guidance of 20-21% (vs 24.1% in 1H25 and 14.6% in FY24). Gross margin is expected to remain stable from FY24 (49.8%), with 1H25 at 47.8%. Selling and marketing expenses are targeted to decline from the FY24 level of 19.8% of revenue, with the 1H25 ratio at 16.0%. G&A cost ratio is expected to remain stable from FY24 (16.1%), with 1H25 at 13.9%. R&D expenses as a percentage of revenue is now expected to decrease from 3.6% in FY24 to the revised full-year target of 3.4%, compared to 3.2% in 1H25.

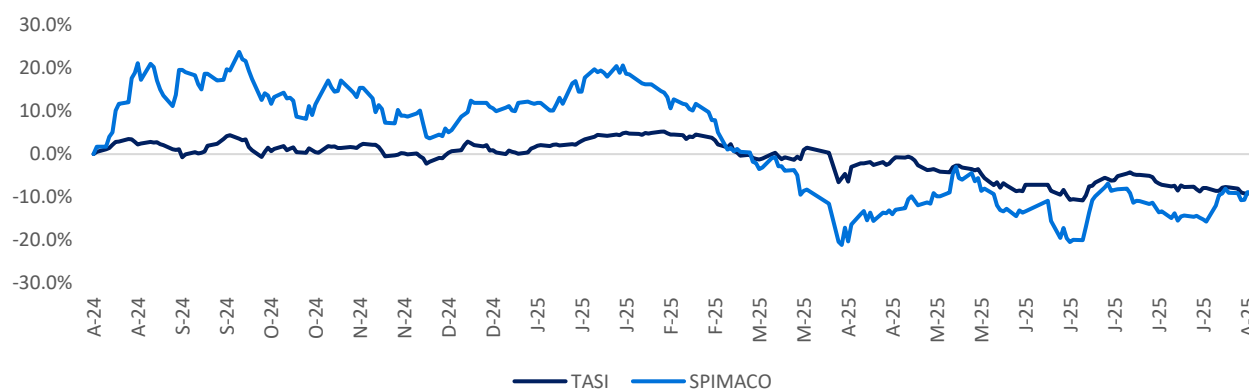
We note that in 1H25, SPIMACO's revenue rose 4% YoY to SAR 886 mn, supported by stronger private sector performance, which drove a 7% YoY increase in 2Q25 revenue. Gross margin declined by 2.5 ppts YoY to 47.8% due to a 10% YoY increase in cost of revenue, primarily from a shift in product mix, higher input and manufacturing costs related to energy and labor inflation, and more competitive pricing on key contracts. Selling and marketing expenses fell 6% YoY to SAR 142 mn (16.0% of revenue, down 1.8 ppts YoY) reflecting sales and commercial team restructuring. G&A expenses were broadly stable at SAR 123 mn (+1% YoY, 13.9% of revenue) supported by cost controls. R&D expenses declined 9% YoY to SAR 28 mn (3.2% of revenue) due to lower laboratory and clinical trial costs, partially offset by higher spending on product registration.

Total operating expenses and impairment charges declined 19% YoY to SAR 277 mn. EBITDA rose 52% YoY to SAR 213 mn, with margin improving 7.6 ppts YoY to 24.1%. Net finance costs fell 16.7% YoY to SAR 28 mn. Net profit reached SAR 111 mn (vs SAR 58 mn in 1H24), with net margin up 5.8 ppts YoY to 12.5%.

As of June 2025, SPIMACO held a 6.4% market share in Saudi Arabia's private market. Private channel sales rose to SAR 485 mn (65.1% of pharma revenue, +5.9% from FY24), government channel sales accounted for 22.2% (+5.3%), international sales contributed 7.2% (-6.7%), CMO revenue was 4.0% (-1.0%), and the other channels contributed 1.5% (-3.4%).

SPIMACO has outperformed TASI in the past one year, as the stock price has dropped by 3.4% against TASI's decline of 8.3% during the same period, while the stock has a consensus target price of SAR 28.0/sh, providing a potential upside of 7.4%.

Relative price chart



Source: Bloomberg, anbc research

SPIMACO Guidance	FY24 Actual	1H25	FY25 Guidance
Revenue Growth (%)	2	4	7-10
EBITDA Margin (%)	14.6	24.1	20-21
Gross Margin (%)	49.8	47.8	Stable vs FY24
Selling & Marketing (% of revenue)	19.8	16	Decline vs FY24
G&A (% of revenue)	16.1	13.9	Stable vs FY24
R&D (% of revenue)	3.6	3.2	3.4

Source: Earnings Presentation, anb research

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