

Daily Bulletin

September 3, 2025

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Tanmiah falls to 52-week low as interim results reveal pricing pressure and higher costs.

Tanmiah Food Co. touched a 52-week low of SAR 76.3/sh, before recovering slightly to close at SAR 76.7/sh on 2nd Sep-25. Over the past year, the stock has declined by 44.5%, significantly underperforming the TASI index, which fell 12.5% during the same period.

In early August, Tanmiah announced a 56.9% YoY decline in net profit for 1H25 to SAR 19.4 mn. This drop was primarily driven by a 13.3% increase in sales and distribution expenses and an 85.1% rise in finance costs, the latter reflecting the impact of the company's ongoing capacity expansion initiatives.

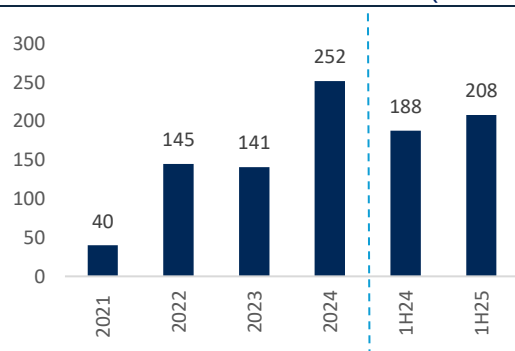
Revenue grew by 8.6% YoY in 1H25 to SAR 1.3 bn, mainly driven by improving sales volumes of the Fresh Poultry segment, though partially offset by a decline in the segment's average selling price due to a mix of higher imports and increased local production, more notably in 2Q25. The growth in revenue was also supported by greater market reach and improved customer mix of the Animal Feed, Health Products segment. Gross margins for 1H25 declined 110 bps YoY to 24.2%, due to higher fuel and electricity costs and Popeyes store expansion-related costs as well as the pricing pressure on Fresh Poultry segment.

Capital expenditure for 1H25 was reported at SAR 481.4 mn, up 140% YoY, to support the expansion of primary-processing, feed milling, farming and hatching capacities, and scaling up of Popeyes network across GCC. The company opened 7 new outlets during 1H25, with 4 stores in KSA, 2 in Kuwait, and 1 in Bahrain.

Looking ahead, Tanmiah's CAPEX commitments include major capacity-building projects in the pipeline, including an additional 40 MT per hour feed mill capacity, an additional 13,500 birds per hour processing capacity, upgrade of Jeddah feed mill, and the continued rollout of Popeyes outlets.

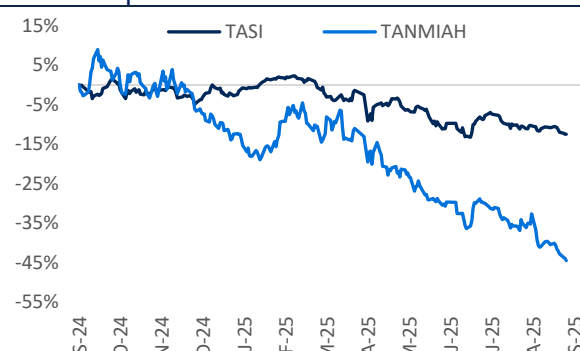
The stock is currently trading at a 2025e P/E of 26.4x, with a consensus target price of SAR 125.4/sh, implying a potential upside of 63.4%.

Tanmiah's CAPEX commitments (SAR mn)



Source: Earnings presentation, anbc research

Relative price chart



Source: Bloomberg, anbc research

Masar signs 2 land deals worth SAR 328.8 mn

Umm Al Qura for Development and Construction Co. (Masar) signed two reservation agreements to sell land plots with a combined land area of 5,311.01 m² within Masar Destination in Makkah project to Shoala Al-Wadi Real Estate Co., a special-purpose vehicle owned by a real estate fund managed by SEDCO Capital, for a total of SAR 328.8 mn.

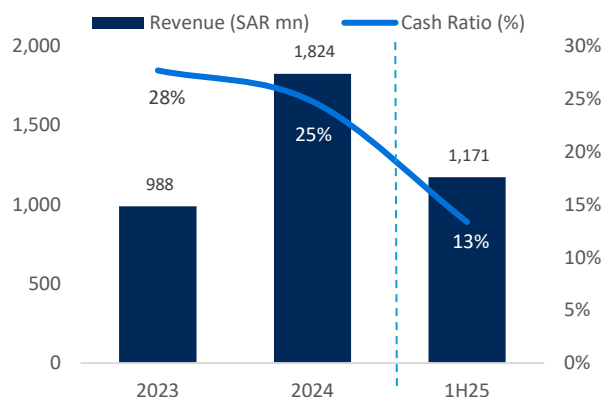
The sale is intended to finance residential unit development. Under the three-month reservation agreements, the company expects the down payment to improve liquidity and anticipates a positive impact on financial results upon completing the sale or expiry of the agreements. To support developers, Masar has introduced a pre-booking mechanism that enables greater flexibility in design, financing, and licensing, thereby improving project efficiency and overall viability.

In 1H25, Masar sold five plots, bringing the cumulative number of plots sold, leased, or placed under joint venture agreements to 52 as of 30 June 2025. Following this period, an additional eight plots were sold in August with two more transactions completed in September, raising the total number of such to 62 as of 1 September 2025.

We highlight that Masar's cash ratio has declined from 28% in 2023 to 13% in 1H25 (down ~15%). The new business model, resulting in the company receiving upfront payments, is expected to alleviate the liquidity pressure and bridge the gap between net income and operating cashflow.

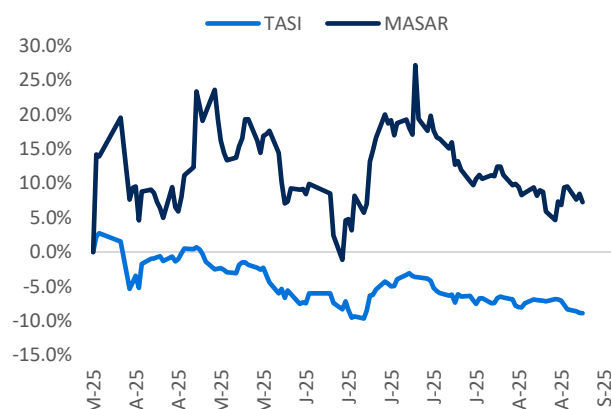
Masar has outperformed TASI by 7.2% since its IPO on 24th March-25, while TASI declined 11.9% over the same period. The stock is currently trading at a TTM P/E of 46.1x.

Masar's revenue and cash ratio



Source: Company financials, anbc research

Relative price chart (since IPO)



Source: Bloomberg, anbc research

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