

Daily Bulletin

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Nahdi ties up with NUPCO to participate in 'Wasfaty' program

Rating: Neutral | Target Price: SAR 125.7

Nahdi Medical Co. has signed an agreement with NUPCO to participate in the Wasfaty program (prescription dispensing services) across its pharmacy network starting October 2025. We see this development as significantly positive for Nahdi and negative for Aldawaa, as Wasfaty has the potential to be a game changer for the retail pharmacy sector and could reshape investment theses on both the companies. Since its launch in 2018, the program has reached a market size of approximately SAR 2.4 bn as of 2024.

As mentioned in our retail pharmacy report dated 9th September 2025 ([link](#)), Aldawaa has been the largest beneficiary to date, with Wasfaty contributing 26% of total revenue in 1H25 and accounting for 56% of the program's market share over the same period. However, its market share has already declined from 70% in 2024 to 56% in 1H25, and we expect this trend to accelerate following Nahdi's entry. Nahdi, as the largest pharmacy operator in Saudi Arabia (1,173 stores vs Aldawaa's 954) and with higher brand equity (Nielsen equity index of 7.0 vs 3.5 for Aldawaa as of 2Q25), is well positioned to capture a meaningful share of Wasfaty while also boosting organic traffic at a time when non-pharma categories have been facing intense competition. We believe the upside for Nahdi is not only from prescriptions but also cross-selling of health and wellness products.

We ran a scenario analysis to gauge the potential impact of Wasfaty on Nahdi. In our base case scenario, we project a 5% annual growth in Wasfaty's market size, with Nahdi's share rising to 10% by 2026 and ultimately reaching 30% by 2030. This trajectory suggests that incremental annual revenue from Wasfaty could reach SAR 1.0 bn by 2030, potentially driving up to a 20% increase in our TP from the current SAR 125.7.

Under a conservative scenario, we project a 2.5% annual growth in the Wasfaty market size with Nahdi capturing a 15% share by 2030. This would translate into SAR 0.4 bn in incremental annual revenue from Wasfaty by 2030. In an optimistic scenario, we project 10% market growth with Nahdi capturing 50% share by 2030, leading to incremental annual revenue of SAR 2.1 bn by 2030.

We await further clarity on the company's sustainable share within the program and the company's guidance on the margin profile post-Wasfaty, before finalizing our estimates.

Base Scenario	2026f	2027f	2028f	2029f	2030f
Wasfaty Market Size (SAR bn)	2.6	2.8	2.9	3.1	3.2
Nahdi Market Share	10%	15%	20%	25%	30%
Nahdi Incremental Revenue (SAR bn)	0.3	0.4	0.6	0.8	1.0
Conservative Scenario	2026f	2027f	2028f	2029f	2030f
Wasfaty Market Size (SAR bn)	2.5	2.6	2.6	2.7	2.8
Nahdi Market Share	5%	8%	10%	13%	15%
Nahdi Incremental Revenue (SAR bn)	0.1	0.2	0.3	0.3	0.4
Optimistic Scenario	2026f	2027f	2028f	2029f	2030f
Wasfaty Market Size (SAR bn)	2.9	3.2	3.5	3.9	4.3
Nahdi Market Share	10%	20%	30%	40%	50%
Nahdi Incremental Revenue (SAR bn)	0.3	0.6	1.1	1.5	2.1

Source: anb research

Saudi Paper starts commercial ops of 5th production line

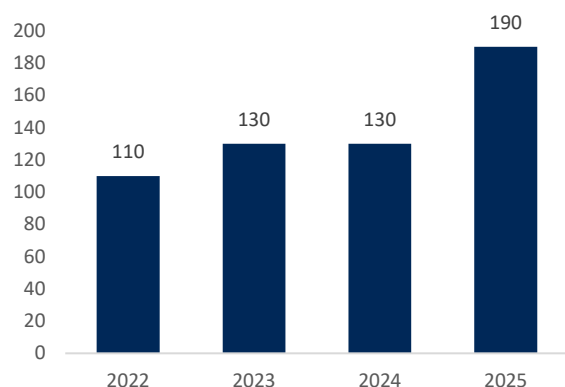
Saudi Paper manufacturing Co. (SPM) completed production and pilot operations of its fifth production line for sanitary paper roles, with an annual production capacity of 60,000 tons. SPM has begun commercial operations on the new production line, with financial impact expected to be reflected beginning 3Q25. This has brought the total production capacity for sanitary paper roles to 190,000 tons per year.

With this development, the company expects to improve its market share within the Saudi market, which was estimated at 40.6% by the end of FY24. Additionally, SPM is aiming to export to new markets and improve its geographical spread. As of FY24, the company's exports made up 17.2% of total sales. During 2024, the company achieved its highest ever production rate and highest volumetric sales.

Looking ahead, SPM has also signed a non-binding agreement with TOSCOTEC to purchase a sixth production line with an annual capacity of 60,000 tons of sanitary paper rolls. This will increase the company's total production capacity to 250,000 tons/year. The value of purchasing the production line and related equipment is estimated at SAR 300 mn, which the company aims to finance through its operating revenues and loans from banks.

SPM is trading at SAR 57.0/sh, underperforming TASI with a decline 13.6% since 29th Sep-24, compared to TASI's decline of 6.8% over the same period. The company is trading at a TTM P/E of 37.9x.

Sanitary roles annual capacity ('000 tons)



Source: Company financials, anbc research

Relative price chart



Source: Tadawul, anbc research

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