CI CAPITAL
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2026 MENA POSITIONING

FROM AMBIGUTY TO OPPORTUNITY

Global easing momentum pivotal to MENA economies
A better 2026 for Saudi Arabia
Favourable consumer-related, real estate and tourism sectors

Please refer to important disclosures and analyst certifications on page 82 of this report

MENA POSITIONING

ADCB UH	p. 64
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ALMARAI AB	p. 38
TP (SAR): 67.5	Upside (%): 51.6
AME AB	p. 52
TP (SAR): 184	Upside (%): 75.4
COMI EY	p. 64
TP (EGP): 165	Upside (%): 55.6
EASTPIPES AB	p. 76
TP (SAR): 165	Upside (%): 22.4
EFID EY	p. 47
TP (EGP): 43.5	Upside (%): 97.0
ELM AB	p. 69
TP (SAR): 1,240	Upside (%): 63.5
EMAAR UH	p. 31
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EXTRA AB	p. 38
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TP (AED): 2.02	Upside (%): 100
FWRY EY	p. 74
TP (EGP): 22.1	Upside (%): 51.0
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NAHDI AB	p. 52
TP (SAR):142	Upside (%): 43.4
NBK KK	p. 64
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ORAS EY	p. 31
TP (EGP): 550	Upside (%): 13.6
RAYA EY	p. 47
TP (EGP): 6.45	Upside (%): 142
SMC AB	p. 52
TP (SAR): 30.0	Upside (%): 60.9
SNB AB	p. 64
TP (SAR): 51.0	Upside (%): 39.1
TALABAT UH	p. 38
TP (AED): 1.88	Upside (%): 112
TMGH EY	p. 31
TP (EGP): 152	Upside (%): 114

Closing prices as of 26 November 2025

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Our 2026 strategy

From ambiguity to opportunity. GCC economies exhibited a non-linear performance in 2025, particularly shaped by lower oil prices, softer pace of interest rate cuts, and uncertainty from trade wars. This was not necessarily the case for Egypt, where a gradual recovery has been underway. For 2026, the global backdrop remains challenging, but this does not undermine our expectation that emerging markets will largely benefit from the resumption of the easing cycle and weakened USD. Fiscal discipline and 2025 spending rationalisation should give Saudi Arabia a firmer fiscal base for 2026 amid broadly stable oil prices. Momentum in the UAE is likely to continue — albeit from a higher base — as global trade potentially improves. Egypt and Kuwait should benefit from clear domestic drivers, while Qatar remains broadly resilient with limited short-term triggers.

Global easing momentum pivotal to MENA economies. Despite recent data pointing to a possibly slower pace of Fed rate cuts, monetary easing is expected to remain a key 2026 theme, influencing currencies, capital flows, and commodities. This would enhance funding flexibility, market liquidity, and non-oil growth prospects for Saudi, UAE, and Egypt, respectively. We expect oil prices to remain within current levels in 2026 as lower interest rates, OPEC+'s active stance, China's possible recovery, and political willingness should keep downside pressures at bay. We see Saudi as the key beneficiary of lower interest rates, given its rising financing needs and continued role as the region's most active issuer in international debt markets. UAE ranks second among our coverage as it benefits from the direct positive correlation between its BoP and weaker USD, and amid its status as a top FDI destination.

A better 2026 for Saudi. We expect improving sentiment and momentum for Saudi Arabia in 2026, building on the fiscal discipline and spending rationalisation measures in 2025 and laying a solid foundation for the year ahead. Continued monetary easing should facilitate borrowing, with public debt projected to rise to 36% of GDP from 34%. The domestic liquidity pressure —SAIBOR capturing only half of this year's rate cuts — makes further easing and securing additional funding increasingly imperative. We forecast oil GDP to grow by 5.5% in 2026e and non-oil GDP by 4.8%, led primarily by tourism-related activities. Commitment-driven events (World Expo 2030 and FIFA World Cup 2034) should continue to spur infrastructure development. A potential catalyst to our outlook is the anticipated lifting of the FOL from the current 49%, with authorities planning to revisit these limits in 2026.

Our sector preference. Consumer-related sectors come at the forefront as lower interest rates and contained inflation dynamics should ameliorate spending and support expansion plans. Real estate and hospitality are key for economic growth across all markets under coverage. Financials (including NBFIs) have solid balance sheet growth outlook, though lower rates could weigh on commercial banks' margins. Infrastructure and construction continue to offer limited growth opportunities. Within our top picks, most are top-down calls, with a few exceptions driven by clear bottom-up triggers.

Contents

Our top picks

CI Capital's MENA top picks

Stock	Ticker	Market	Market cap (USDmn)	Rating	Curr.	Target price	Current price	Upside (%)	P/E (x)			P/BV (x)			EV/EBITDA (x)			Dividend yield (%)		
									25e	26e	27e	25e	26e	27e	25e	26e	27e	25e	26e	27e
Real estate																				
Emaar Properties	EMAAR UH	UAE	31,888	Overweight	AED	16.7	13.3	25.5	8.23	6.84	5.57	1.07	0.92	0.79	4.46	3.91	3.28	7.52	7.52	7.52
Talaat Moustafa Group (TMG)	TMGH EY	Egypt	3,066	Overweight	EGP	152	71.0	114	16.3	11.6	8.4	2.09	1.76	1.46	8.56	6.66	5.16	0.46	0.69	1.07
Consumer																				
Almarai	ALMARAI AB	Saudi Arabia	11,877	Overweight	SAR	67.5	44.5	51.6	18.2	16.9	15.3	2.20	2.04	1.88	11.8	11.0	10.1	2.25	2.25	2.25
E7 Group	E7 UH	UAE	550	Overweight	AED	2.02	1.01	100	9.75	8.26	7.79	1.01	0.94	0.88	3.89	3.03	2.82	4.65	5.45	5.78
Edita	EFID EY	Egypt	648	Overweight	EGP	43.5	22.1	97.0	13.4	9.67	7.49	5.54	4.06	3.05	8.18	6.00	4.86	3.73	5.17	6.68
eXtra	EXTRA AB	Saudi Arabia	1,900	Overweight	SAR	140	89.1	56.8	13.3	12.0	11.2	3.81	3.48	3.18	8.00	7.32	6.83	5.25	5.82	6.24
Raya Holding	RAYA EY	Egypt	240	Overweight	EGP	6.45	2.67	147	6.12	4.11	3.08	2.17	1.53	1.13	2.92	2.37	1.83	4.90	9.72	13.0
talabat Holding PLC	TALABAT UH	UAE	5,612	Overweight	AED	1.88	0.89	112	11.7	10.5	9.44	8.93	7.89	6.97	8.34	7.39	6.46	7.13	8.02	8.91
Healthcare																				
AME for Medical Supplies	AME AB	Saudi Arabia	196	Overweight	SAR	184	105	75.4	14.3	12.2	10.5	3.76	3.05	2.53	13.0	10.5	8.82	1.91	1.91	2.50
Ibnsina Pharma (ISP)	ISPH EY	Egypt	226	Overweight	EGP	16.1	10.7	50.5	11.3	7.57	5.71	3.61	2.45	1.88	4.67	3.86	3.39			5.25
Nahdi	NAHDI AB	Saudi Arabia	3,431	Overweight	SAR	142	99.0	43.4	14.9	14.0	12.7	4.67	4.37	4.09	8.22	7.58	6.93	5.37	5.72	6.30
Specialized Medical Co. (SMC)	SMCHEALT AB	Saudi Arabia	1,242	Overweight	SAR	30.0	18.6	60.9	21.1	16.9	14.2	5.09	4.15	3.41	15.3	14.6	13.9	4.29	1.48	1.76
Financials																				
Commercial International Bank (CIB)	COMI EY	Egypt	6,685	Overweight	EGP	165	106	55.6	4.82	4.14	3.72	1.43	1.20	1.02				4.16	8.46	9.42
Abu Dhabi Commercial Bank (ADCB)	ADCB UH	UAE	27,285	Overweight	AED	19.5	13.7	42.3	9.72	9.31	8.52	1.45	1.33	1.22				4.63	4.83	5.28
National Bank of Kuwait (NBK)	NBK KK	Kuwait	28,440	Overweight	KWD	1.26	1.00	25.1	14.1	13.3	12.8	2.23	2.04	1.88				3.49	3.49	3.74
Saudi National Bank (SNB)	SNB AB	Saudi Arabia	58,624	Overweight	SAR	51.0	36.6	39.1	9.44	9.07	8.57	1.54	1.43	1.32				5.72	5.74	6.00
Fintech																				
Elm Co.	ELM AB	Saudi Arabia	16,167	Overweight	SAR	1240	755	64.2	28.3	22.9	17.3	11.4	10.5	5.58	24.1	19.0	18.5	1.00	1.84	2.13
Fawry	FWRY EY	Egypt	1,045	Overweight	EGP	22.1	14.6	51.0	19.5	15.4	12.2	6.80	4.77	3.46	10.8	8.18	5.99			
Industrials																				
East Pipes Company	EASTPIPES AB	Saudi Arabia	1,132	Overweight	SAR	165	135	22.5	10.5	10.1	9.27	3.01	2.49	2.10	8.68	7.89	6.96	2.97	3.34	3.71
Orascom Construction	ORAS EY	Egypt/UAE	1,119	Overweight	EGP	550	484	13.6	9.55	9.05	8.38	1.59	1.46	1.34	3.09	3.18	3.25	5.91	5.86	6.35

Source: Company financials, CI Capital estimates
Closing prices as of 26 November 2025

Investment case for top picks

	Positives	Negatives/Risks
Real estate		
Emaar Properties	• Offers a broad exposure to the more resilient retail and hospitality segments vs. the stabilising development segment, which underpins our preference for Emaar Properties over its subsidiary, Emaar Development. • Positioned to benefit from the long-term attractiveness of the development segment despite temporary periods of oversupply starting 2026e. This is driven by solid fundamentals in Dubai and government initiatives, with increased infrastructure spending supporting population growth. • Beneficiary of the outlook for retail and hotels, supported by rate growth and occupancy which are set to remain elevated. • We expect revenue to accelerate (2025–27e CAGR of c16%) as several projects reach their revenue recognition threshold. Our three-year revenue CAGR for the retail and hospitality segment stand at c5% and c8%, respectively, with the former set to grow at a mid-to-high single digit going forward, excluding any GLA additions. As for hospitality, the focus remains on optimising RevPar through ADRs and occupancy rates with a healthy pipeline of projects further driving growth. • Offers a high dividend yield of c7% following the announced dividend guidance of AED1/share, which signals a lower dependence on ED's cashflows (c31% in 2023–24 vs. c114% historically) and demonstrates strength of the company's recurring income stream.	• Look for sales normalisation as supply exceeds forecasted demand starting 2026e. Nevertheless, with apartments accounting for c80% of 2025–29e supply, single-family offerings — Emaar's main offerings — are set to remain relatively resilient. Emaar is well-equipped to manage softness in apartments, given its strong offering and brand name. • While Dubai emerges as a beneficiary of capital flight amid rising geopolitical tensions, which bodes well for real estate demand, prolonged instability could pose downside risks, particularly to the tourism and retail sectors.
Talaat Moustafa Group (TMG)	• Largest developer by market cap, contracted sales, and backlog, providing visibility on future revenue. • Solid balance sheet (net cash EGP58bn in Sep-25), strong track record (backlog of EGP443bn), brand equity, and clear earnings visibility hedging against any imminent headwinds. • Stands out for its hospitality and international expansion — not priced in — providing recurring, mostly FCY-income streams, which is favourable considering the ongoing sales normalisation. We favour TMGH's shift in strategy, which includes Banan's launch in Saudi Arabia, planned expansion in Iraq and Oman, and the seven-hotel company acquisitions. We forecast a three-year revenue CAGR of c24%, driven by the residential and hospitality segments with an average GPM of c37%. • Well-poised for growth across multiple fronts, with several potential stock triggers in the pipeline. These include: i) the imminent launch of the Spine — a sizable mixed-use development with an estimated sales value exceeding cEGP1tr — targeted for a launch over the coming year; ii) the successful launch of the planned regional expansions or the company's Sharm El Sheikh project; iii) further improvement in the hotel portfolio's KPIs; and iv) announcements on any progress towards the communicated intention for international listing. • The Spine in downtown Madinaty, expected to be launched in 2025-end or 2026, is set to attract strong demand, boosting the company's sales performance in 2025, while enhancing recurring income streams.	• A setback to Egypt's hospitality segment or further deterioration to the geopolitical situation in the region negatively impact visitations to Egypt. • While the multi-market expansion strategy carries risks, the company's solid execution capabilities were proven through Banan in Saudi Arabia. • The company is focused on reinvesting earnings for growth, with no near-term dividend plans, potentially impacting the dividend story.

Source: CI Capital estimates

Investment case for top picks (Cont'd)

	Positives	Negatives/Risks
Consumer GCC		
Almarai	• Industry flagship, commanding leading positions in KSA and GCC markets across its dairy, bakery, and poultry segments. • Growth outlook is driven by a three-pillar strategy of expanding its core business, diversifying into new categories and markets. • In this regard, a five-year expansion plan is in place worth SAR18bn, aiming to double poultry capacities to 450mn birds by 2028 (vs. 260mn birds in 2024), strengthening its dairy, juice, and bakery segments, besides expanding into adjacent categories. • Dairy segment (60% of revenue in 2024) dominates 50% of the market, fuelled by solid local and GCC demand, given its wide product range from fresh, long-life milk, yoghurt, and cheese varieties to outsourced premium ice cream. • Profitability margins are likely to remain tilted upwards, supported by growing high-margin poultry and bakery segments. • The company secured c40% of its alfalfa needs from its own farms in Argentina and the US, alleviating any supply challenges. • The company applies rolling hedge for its commodities every eight quarters, where it hedges > 50% of its feed needs. • The company trades at 2026e P/E of 16.9x vs. composite peers' average of 15.1x.	• Poultry revenue (17% of total) to remain muted in 2025e and 2026e on prevalent price discounts due to market imbalances. Also, change in mix to low-priced frozen poultry tends to reduce profitability margins. • With 53% of the loan book carry fixed rate in Dec-24, monetary easing should not have an immediate impact. • Potential diesel and commodity inflation could add to the cost pressure unless modest price hike takes place.
United Electronics Company (eXtra)	• Monetary easing should bode well for eXtra, given its dual exposure to the electronics and home appliances market (66% of 12M TP) and consumer finance arm (34% of 12M TP). • Retail growth hinges on market share gain (22% in 2025e and +5ppt from 2019) via expanding its large appliances range. • New 50:50 partnership with Panda (clix) should support retail revenue growth via its affordable range — ultimately contributing 19% to revenue by 2029e. • Online platform, supplier agreement with Noon, and wider BNPL are set to drive online sales to grow at a five-year CAGR of 11%, contributing 27% to 2029e revenue, up from 23% in 2024. • Tas'heel ranks second in the NBFI market with an 8% market share on partnerships across 400 retail locations. • The company outperformed peers in terms of portfolio growth, recording 28% in 2024 to SAR2.4bn vs. peers' average of 16%. • Tas'heel stands out on solid returns in 2024 (RoAE at 22% vs. peers' 13.3%) and profitability (NIMs at 25.4% vs. peers' 16.9%). • Tas'heel trades on a 2026 P/BV of 2.8x, with a sustainable 21.5% RoAE. • eXtra trades on 2026e P/E of 12.4x (vs. 18x peers' average), unjustified in our view, given its solid top line and 8% EPS growth.	• Launch of Apple stores could add to the prevalent competitive pressure, particularly from online players like Amazon and Noon. • Retail performance is highly exposed to overall consumer sentiment. Hence, any pressure on disposable income should take its toll on revenue. • New entrants to the consumer finance space should intensify competitive pricing pressure, ultimately impacting growth of Tas'heel's loan book and growth. Higher stage-three contribution could worsen borrowers' financial capacity.
talabat Holding PLC	• Dominant position with a leading market share of 60–80% across eight markets in GCC, Egypt, Jordan, and Iraq. • Multi-vertical model positions it well to deliver GMV growth. • 2024–30e GMV growth of 14% is expected to be skewed towards the grocery and retail vertical (including t-Mart), which should grow at 2024–30e CAGR of 25% vs. 9% for the food-delivery vertical. • Diversified footprint beyond GCC markets — extending into high potential markets such as Egypt, Jordan, and Iraq —provides visibility for maintained growth trajectory amid highly competitive GCC markets. • Expansion of its owned dark store t-mart as well as subscription model t-Pro boost customer conversion rate and purchase frequency. Nearly more than 20% of active customers subscribed to t-Pro, which drives c50% of total GMV. Meanwhile, t-Mart drives 50% of grocery GMV. • Intact GMV growth is expected to translate into 2024–30e revenue CAGR of 16% and EPS CAGR of 15% • The stock trades at a 2026e P/E of 10.2x, implying a steep 64% discount to the peers' 28.7x average.	• Cut-throat competition in the GCC, following the entry of the Chinese deep-pocketed KeeTa. This is expected to slow GCC revenue growth, with a 2024–30e CAGR of c7% vs. historical average of 36%. • Expect GPM erosion from 3.2ppt to 28.6% by 2030e, driven partly by voucher-funding campaigns to fend off heightened GCC competition. We also foresee change in revenue mix towards low-margin grocery and retail verticals, besides higher compensation cost for drivers.

Source: CI Capital estimates

Investment case for top picks (Cont'd)

	Positives	Negatives/Risks
Consumer		
Edita Food Industries	• Egypt's leading snack food producer with the largest market share in core categories: cakes at 58%, bakery at 55%, and wafer at 12%, with 37 production lines, as of 9M25. • Key beneficiary of an improving macro backdrop and rising disposable income levels due to the cyclical, impulse-purchase nature of products. • Agile business model and adaptive pricing enable strong volume recovery (+26% y-o-y in 2H25e; +19% in 2026e vs. -3.5% in 2024). • Portfolio diversification, price bracket extension, import substitution trends, and significant capacity additions (+4 lines in 2026e in Egypt), to continue solidifying market share in core categories. • Faster traction at nascent segments (biscuits, candy, frozen: 2024–27e volume CAGR of 16%), with biscuits leading (+c34%), leveraging toll manufacturing agreement in plain biscuit category. • Promising regional expansion plans via on-ground presence (Iraq in 2026e, alongside Morocco since 2021) and exports (target a sustainable 10% of top line). • Poised for more gross margin gains (+2.9pp in 2025e, +0.8pp in 2026e vs. -2.0pp in 2024) on price migration, product reconfiguration, limited FCY exposure (c19% of 2024 CoGS, mostly export-covered), and easing commodity prices (except cocoa). • Edita trades at 2026e P/E of 9.67x, a 35% discount to its three-year average multiple.	• Deceleration in volume pickup on delayed consumption recovery or market share loss to competition, especially with smaller players re-entering the market upon FCY availability. • Need for further direct price hikes, impeding volume recovery. • Unforeseen spikes in raw material costs and/or FX rate. • Lower-than-expected interest rate cuts in 2026e (forecasting -600bps on EGP), pressuring earnings. • Weaker-than-expected performance at the Iraqi venture (forecasting revenues of USD16mn in 2026e; 5% of top line thereafter) and/or longer-than-expected time to breakeven.
Raya Holding (RH)	• Consumer-centric and IT-focused investment company with a positive exposure to EGP weakness, 72% of revenue linked to USD vs. USD-based cost of 60% of sales. • Expect robust earnings growth of 50% y-o-y in 2026e, driven by strong performance of its core segments besides potential monetary easing. • Solid projects' backlog in 2025 of USD314mn (up 24% y-o-y) support IT segment (33% of RH's 12M TP), 57% of which to be settled in 2026. • Potential monetary easing and solid position of Aman's (17% of 12M TP) microfinance and consumer finance will, in our view, continue to fuel loan portfolio, which grew by 57 y-o-y in 9M25 to EGP12.9bn. • NTRA's restrictions on imported smartphones (White List) supports sales of Samsung distribution, together with solid performance of its Nigerian arm should continue to support the trade segment's performance — 16% of RH's 12M TP. • Potential addition of EV brand and XPENG, targeting a wider consumer range should support Raya Auto's growth (7% of RH's 12M TP). • Compelling valuation with 2025e P/E of 6.17x vs. peers' average of 17x, with an attractive 0.1 PEG ratio.	• High D/E of c2x (excluding Aman's debt) in 9M25, is not alarming, in our view, as portfolio companies currently generate solid cash flow to pay off their debt (expect FCF yield>20% on average over 2025–29e). • Increasing competition in the trade, IT, and auto segments, besides unforeseen regulatory changes are key downside risks to our valuation.
E7 Group	• Offers unique exposure to high-growth, superior-margin security printing segment, with limited competition and high barriers to entry. • Quasi-government ownership (40% held by ADQ). • Long-term exclusive contractor for the UAE government for production of all physical ID documents (Emirates ID [EID]), passports, driving licences, and vehicle registrations) since 2021 and Ministry of Education school textbooks since 2020. • Exclusive product nature and client base makes c70% of revenue. • Five-fold passport capacity expansion; entry into lucrative digital tax stamp segment (first contract for Government of Rwanda secured in Oct-25) to come on stream in 2026e. • Eyeing inorganic growth opportunities to expand into digital identity and system integration solutions. • Superior margin profile relative to peers, thanks to a favourable product mix, with room for enhancement from potential M&As. • High-calibre leadership team steering strategic transformation. • Stable cashflow generation, clearly defined DPO policy (minimum DPS commitment of AED0.10 for 2025-27e announced in Jul-25; special cash dividend of AED0.40/share distributed in Aug-25, yielding 37.7%). • E7 trades at 2026e EV/EBITDA of 3.03x, a c61% discount to peers.	• Loss of key contracts given high client concentration risk (UAE government being its major client; 83% of revenue generated from within the UAE in 2024). • Delay in new contracts awards/execution, impacting total revenue expectations and ultimately margins. • Government collection delay (majority of the company's receivables pertained to government entities). • Replacement of physical identity documents with digital ones (albeit risk of replacement remains minimal, as digital identity will continue to be supplementary). • Faster-than-expected depletion of print business. Raw material cost spikes impacting margins, given contractual fixed pricing.

Source: CI Capital estimates

Investment case for top picks (Cont'd)

	Positives	Negatives/Risks
Healthcare		
AME for Medical Supplies	- Uncovered story and unique offering — the only MENA-listed company operating in the aesthetics sector. - With 18 years of exclusive partnerships, the company leads KSA's aesthetics market (45% of fillers and 25% of laser devices). It is now further strengthened by the launch of Korean Botox (Nabota), contributing 11.4% to our valuation. - High revenue visibility supported by treatment recurrency and ongoing product additions (2025–29e revenue CAGR of 14%). - Additional product rollouts — notably the Belgian liposculpture device Euromi and the Italian face and body treatment Novavision — could offer further upside to our numbers. - Solid earnings momentum (2021–24 EPS CAGR of 30%) and projected to grow at 17% over 2025–29e. - Solid margins outlook (2025–29e GPM of c40% and NPM of 18%). - Robust B/S position (1H25 net cash of SAR2mn) and high RoE of c25% over 2025–27e. - Shift to main market supports potential rerating in 2026. - Compelling valuation: AME trades at a 2026e P/E of 12.2x — 35% below local hospital and pharma peers on average, despite offering 5% higher 2025–27e EPS growth.	- Portfolio concentration: Teoxane dermal fillers contribute 63% of 2025–29e revenues — aligned with broader market demand but still a concentration risk. - Competitive pressure remains a key industry risk, though high regulatory barriers and strong brand trust limit new entrants. - Supplier dependence: reliance on exclusive international partners creates supply-chain risk, albeit unlikely to take place. - Regulatory delays in licencing new products could slow portfolio expansion. - Slower-than-expected Nabota ramp-up sales would pressure forecasts. - A longer CCC than our 180-day assumption could weigh on valuation.
Ibnsina Pharma (ISP)	- Robust growth profile, with top line and bottom line expected to grow at a 2025–27e CAGR of 16% and 41%, respectively. - Strong exposure to pharma sector, with +30% MS. Every ±1% market share change could impact our TP by ±EGP1/share, ceteris paribus. - It also holds a leading 32.4% market share in non-pharma distribution in 9M25, according to IQVIA data. - Expect cEGP670mn over 2025–26e cash inflows from EDA's extra fixed fee, boosting cash flow dynamics (2026e FCF yield >13%). - Growing exposure in non-pharma segments contributes 8% to our 2025–29e revenues and 25–30% to earnings on average. - Interest rate cuts boost profitability. We incorporate a cumulative 5% rate cut over 2025–26e and estimate each 1% additional cut potentially adding cEGP60mn to our bottom line and +9% to our TP, ceteris paribus. - Favourable B/S position, driven by improved CCC and expected 2026e ND/EBITDA of 1.3x (vs. 2.4x three-year historical average). - The recent two asset sales reduced ISP's lease liabilities by EGP900mn, though the full impact is yet to be seen beyond 2H26e, on our estimates. - Cheap valuation: ISP trades at a 2026e P/E of 7.6x, a c43% discount to the stock's five-year average.	- High sensitivity to interest rates in line with its relatively high working capital needs. - Intense competition could hinder market share gains. - A slower-than-expected ramp-up of non-pharma segments could limit profitability outlook. - Difficulties in collecting the fixed EGP1/box strip could slightly pressure ISP's cash flow position. - Any potential increase in receivables arising from higher UPA tender sales following the revised budget could pressure WC position. - Introduction of new regulations that would hinder operating conditions for distributors could represent a downside risk.
Nahdi Medical Co.	- Dominating c30% of the KSA retail pharma market, Nahdi is well-positioned to benefit from the sector's growth and ongoing healthcare reforms, particularly rising insurance penetration. - Boast an exceptionally strong financial position with a CCC of c30 days (2.5x faster than Al Dawaa) and 9M25 net cash balance of SAR637mn (4.5% of market cap). Its solid FCF yield (>6%), high RoE (>32% vs. 25% for Al Dawaa), and an >80% payout support a dividend yield of >5.5% over 2026–29e. - Revenue and EPS are expected to grow at a 2026–29e CAGR of 6% and 9.5%, on our estimates (higher than Al Dawaa EPS CAGR). - Pharma sales is its key growth driver (+13% in 2024) and expected to grow by a 2024–26e CAGR of 10%, in line with the broader KSA pharma market. Private labels (16% of 9M25 revenues) also drive margin expansion, with a GPM of c60% (1.5x non-pharma). - The recent roll-out of Wasfaty programme (not in our numbers) also acts as a key catalyst for the stock, in our view. We estimate it could add 7–10% to our 2026–29e revenue on average. - Polyclinic revenue (17% of valuation) surged 4x since 2022, reaching SAR200mn in 2024 and boosting pharma sales 1.4x. Nahdi plans to double its network by 2026e to 20 clinics. Mature clinics generate a GPM >45, 10% higher than pharma retail, according to our research. - Attractive valuation: the stock is currently trading at a 2026e P/E of 14x — 25% below its three-year historical average.	- Higher-than-expected non-pharma promotions, which impacted GPM by 3.5% over 2023–24, could continue to weigh on margins amid the fierce non-pharma competition from online retailers. - Elevated operating costs from new ventures and the roll out of Wasfaty programme could temporarily weigh on profitability margins. - Longer-than-expected receivables days from Wasfaty programme could slightly impact WC dynamics. - Slower-than-expected ramp-up in the polyclinics segment may hinder overall performance, impacting the medium-to-long-term growth outlook. - Any increased competition, primarily following the newly permitted foreign-owned retail pharmacies — which we view as a potential LT threat.

Source: CI Capital estimates

Investment case for top picks (Cont'd)

	Positives	Negatives/Risks
Specialized Medical Co. (SMC)	• SMC serves c18% of Riyadh's total population and c26% of its expatriate, on our calculations. It is the only Riyadh-based provider, alongside Al Hammadi, focused on mid-class A and B insurance networks. • Receivable days are expected to fall by c35 days to 100 days by 2027e, improving its CCC, driven by the strategic phase-out of long-term care (LTC) beds (+150 beds discontinued during 2023–25), where government are the main payers. This shift enables SMC to focus on higher-margin inpatient and outpatient services. • Has a strong track record in ramping up new hospitals — SMC (2), launched in 2020, reached positive EBITDA in 2021 and NP breakeven in 2022 vs. the standard four-year period for new hospitals. • We expect the number of cases served to grow 11% over 2025–27e, supported by higher turnover in inpatient and outpatient services compared with post-acute care (PAC). • Revenue/case is projected to grow 3.5% over 2025–27e, as acute services typically generate 2–3× higher bed rates than LTC. In addition, two major contracts are expected to be renewed over 4Q25–1H26e, providing a potential uplift in pricing in 2026–27e. • EPS is set to grow at a 2025–27e of 22%, 9% higher than the average KSA hospitals. Returns are also strong, with a 2026e RoE of 27% vs. the sector average of 19%. • SMC aims to open three new hospitals during 2027–29e, effectively doubling bed capacity to 1.3k beds and tripling clinics to 801. We expect these new facilities to contribute 45% of 2032e revenues, once utilisation exceeds 60%. • Attractive valuation: The stock trades at a 2026e P/E of 16.9x — an 18% discount to peers — and offers the most attractive PEG ratio in the sector at 0.77 vs. the KSA hospital average of 1.5.	• The upcoming hospital expansion requires SAR3.3bn in capex, with c80% funded through debt, which will pressure free cash flow over 2026–28e. • ND/EBITDA is expected to exceed 5x during 2027–29e, as long-term capex debt include a four-year grace period. This eases near-term FCF dynamics but keeps the balance sheet highly leveraged until deleveraging begins in 2029e. • Dividend distributions are likely to remain limited until 2029e, resulting in a modest dividend yield of c1.2%. • Any delays in project execution or lower-than-expected bed utilisation could negatively affect its financial performance. • With all operations concentrated in Riyadh, SMC remains exposed to any rise in local competition and to increased pricing pressure from insurers (76% of 2024 top line), in our view.

Source: CI Capital estimates

Investment case for top picks (Cont'd)

	Positives	Negatives/Risks
Financials		
Abu Dhabi Commercial Bank (ADCB)	• ADCB has a stellar growth profile, paired with safe asset quality. • We deem the bank's 5-year strategy as ambitious, albeit poses upside potential to our numbers and TP. • ETR reduction potentially sustaining post-2025e, serves as an additional trigger for our numbers and TP. • GRE expansion potentially lowers the bank's RWA and CoR. • Expect lowest RoE compression over 2027e (-0.60pp vs. peers' -4.13pp) on healthy revenue stream and volume growth. • Attractive multiples (2026e P/BV of 1.33x vs. 1.63x for peers), while offering the third-highest dividend yield of 4.63% in 2025e).	• Further GRE expansion could come at the cost of margins. • Expect one of the highest margin compressions of 42bps through 2027e. • Failing to fully meet all targets as per the bank's ambitious strategy may trigger some negative sentiment around the stock.
Commercial International Bank (CIB)	• Strongest brand equity in coverage, with manifested corporate foothold. • Active treasury management to maintain robust profitability. • A rate-cycle reversal should lift credit volumes, led by capex lending (c40% of corporate loans in 9M25) and working capital lending. Loan book to expand at a 2025–27e CAGR of 28.3%. • New ECL model implies lower CoR, averaging 47bps through 2027e, further supporting bottom-line growth. • Established deposit franchise, with CASA contribution to total deposits at c59%. • Amongst the highest in terms of capitalisation (CAR at 30.2% as of Sep-25). • Solid earnings growth profile relatively from a high base (2025–27e CAGR of c17%). • Top beneficiary from a potential pickup in foreign flows into the equity market. • CIB trades on a 2026e P/BV of 1.20x vs. a sustainable RoE of c29.0%.	• Balance sheet most sensitive to FX movement in line with the bank's high contribution of FCY loans (c21% in Sep-25). Nonetheless, CIB has been actively raising FCY-denominated Tier-2 capital to limit the impact of any currency depreciation on capitalisation. • Highest NPL ratio among Tier-1 banks (2.52% in Sep-25).
National Bank of Kuwait (NBK)	• Debt law set to benefit NBK, adding c20bps to pre-debt law NIMs through 2029e through improved utilisation. • Among top beneficiaries from the issuance of the mortgage law (loan additions of average 4.3pp and earnings growth additions of 5.4pp), with a leading position within the local retail segment, further boosted through Boubyan's high retail market share (owns 60% of the latter). • Benefiting from the potential corporate lending pick up, while maintaining high retail exposure through Boubyan. Credit activity to be further supported by a pick-up in project awards, with 2025–27e loan growth CAGR of 6.9%. • Strong deposits franchise – NBK maintains a relatively low CoF, with CASA deposits contributing c35%. • Trades on a 2026e P/BV of 2.04x, below peer average of 2.15x, while offering the highest 2025e dividend yield of 3.49% vs. 2.31% for peers.	• High focus on good quality corporates, international syndications, where competition is the highest and margins are the slimmest. • Lower capitalisation ratios vs. peers, albeit sufficient to absorb pressure on profitability and support loan growth.
Saudi National Bank (SNB)	• Balanced, quality exposure to the corporate and retail segments (largest corporate market share of c20%, second-highest retail market share of c29%). • Clear play on the corporate story, given its strong ties with government entities and strong corporate franchise. • The bank's retail segment (c49% of loan book) should support margins as lower interest rates take effect. • Highest CASA contribution (c81%) and strong deposit franchise (second highest at c22% market share). • Fundamentally robust profile: liquid balance sheet, low leverage, robust asset quality, and capitalisation. • Long-awaited new strategy disclosed, detailing ambitious targets that were well received by the market. Further stock rerating is likely as targets are met. • Trades on a 2026e P/BV of 1.43x and a P/E of 9.07x, against a sustainable RoE of 16.2%, while offering a decent 2025e DY of 5.72%. • Beneficiary of potential relaxation of FoL on Tadawul.	• If project prioritisation in Saudi Arabia takes a more aggressive route, the bank's ability to grow loan growth may prove to be more challenging, putting its ambitious loan growth plans at risk. • NIMs to contract in a lower interest rate environment, as we expect the lower asset yields to more than offset funding cost savings. • Historically below-average growth rates, lagging peers, albeit proven to have picked up since beg-2025.

Source: CI Capital estimates

Investment case for top picks (Cont'd)

	Positives	Negatives/Risks
Fintech		
Elm Co.	• A clear play on Saudi digitalisation theme, as it is KSA's largest IT spender (government at 21.7% of total IT expenditure). We estimate Saudi spending to grow at a 2024–30e CAGR of 8%. • Offers a comprehensive and unique portfolio, boasting 50 brands across various sectors, with 170 projects under management annually. • A foray into the private sector (61% of 2024 revenue), Elm serves 700k+ customers from the private sector and 30mn+ users. These clients span both public and private sectors, benefiting from Elm's extensive portfolio of digital services and solutions. • A strong presence in a fragmented landscape comprising local firms, global tech players, government entities, and startups, with no single company dominating all ICT sub-sectors. • Elm's acquisition of Thiqah reinforces its position as a specialist in smart technology solutions and creates many synergies, given its complementary profile. • Superior margin profile relative to peers, thanks to a favourable product mix, with room for enhancement from potential M&A synergies. • Solid shareholder backing, with PIF owning 67% of shares, should continue to help in securing further contracts in domestic market and expand regionally. • Trades at 2026e P/E of 22.9x, 56.2% below two-year historical average.	• System interruptions and cyber-attacks could interrupt daily business and lessen integrity. • The risk of relying on governmental entities on a big portion of the group's revenue, however, government operations is affected by fiscal, monetary, and regulatory factors. • Contracts prone to macroeconomic risks/execution delay on large projects and mega cities. • Government collection delay would lead to major working capital shortages.
Fawry	• A clear play on growing retail e-payment market via its diversified portfolio across ADP, banking services, microfinance, consumer lending, insurance, supply chain, prepaid cards, and investments. • Well-positioned to benefit from the current economic setting as throughput is repriced with inflation. • Agile strategy driving earnings growth via a richer revenue mix geared towards higher margin segments (banking and financial services, both estimated to contribute c67% of 2025e revenue and c72% in 2026e vs. c60% in 2024). • Well-poised for margin expansion supported by new product launches in the pipeline and economies of scale. New products include remittances and the Instant Payment Network (IPN) both awaiting regulatory approvals, posing an upside. • Wide active customer base of 54.5mn (as of 3Q25), strongly supporting new product launches. • Healthy balance sheet, with strong FCF generative capacity allows for more room for growth. • Attractive valuation: 2026e PEG of 0.56x, c53% below peers, we still see a meaningful upside although the stock rallied 71% y-t-d.	• Competition is a main watch factor especially for the Alternative Digital Payments (ADP) segment. • Prolonged regulatory approvals could weigh on the new product launches. • Pressures on FCF generations: weaker-than-expected working capital cycle, and higher capex bill weigh on FCF generations. • A slower-than-expected ramp-up at new investments on intensified competition.

Source: CI Capital estimates

Investment case for top picks (Cont'd)

	Positives	Negatives/Risks
Industrials		
East Pipes Company	• Diversified exposure to water infrastructure projects, limiting reliance on O&G activity; Aramco accounts for 62.4% of FY23–24 awards vs. peers' 95% for Saudi Steel Pipes and 73% for Arabian Pipes. • Slight margin premium, driven by exclusivity of being sole HSAW producer, with 2025e GPM of 26.7% and EBITDA margin of 26.1%, both above sector averages of 25.5% and 24.3%. • Local competitiveness enhanced by 6.5–27.3% anti-dumping tariffs on imported pipes (effective Jun-25), expected to support margins and domestic market share. • Expansion plans to drive growth, adding 100k tonnes to bring total capacity to 500k tonnes. Pilot production is scheduled for 4Q25/26 and full operations expected by 1Q26/27, implying a 2025–27e revenue CAGR of 8.9%. • East Pipes trades at a 2026 P/E of 10.1x.	• Working capital remains a drag on cash flow, with high NWC/sales ratio of 63.7% in 2025e (vs. 58.0% in 2024) — already factored in our numbers — still signals continued balance sheet pressure. • Despite having the most diversified portfolio within our coverage, any production delays or lower-than-expected upstream capex from Aramco could weigh on the company's performance, given the sector's high correlation to Aramco's spending.
Orascom Construction	• Potential merger with OCI N.V. to boost the company's cash balance, exceeding the USD1.5bn mark, adjusted for current concessions capital calls and working capital. • The sizable cash balance would allow the company to significantly expand its concession portfolio and potentially venture into data centre investments. • Solid award momentum growth driven by UAE growth plans. • Sizable investments in hyperscale data centres to boost margins and profitability. • US operations to deliver healthy growth and margins on healthy awards pipelines. • Potential reconstruction of neighbouring countries could boost backlog and awards. However, this would require financial guarantees from global financing institutions to materialise. • Current concession portfolio to contribute USD15–20mn to bottom line by 2027e. • BESIX earnings recovery to support earnings. • Orascom Construction trades on a 2026 P/E of 9.05x.	• Unfavourable merger terms with OCI N.V. could negatively impact shareholder returns. • Any delays in projects completion along with awards slowdown could weigh down negatively on performance. • Any potential slowdown in AI investments could weigh negatively on top line and margins.

Source: CI Capital estimates
Note: Closing prices as of 26 November 2025

Top-down framework

From easing to stability: Key drivers shaping 2026

The global economy enters 2026 amid a progressive monetary easing initiated in 2H25. We have this at the core of our top-down expectations for 2026, considering its spillover effects on EM currencies, capital flows, and commodity dynamics. While monetary easing offers relief, emerging markets show mixed resilience as financial markets continue to reprice risk against US fiscal pressures, a softer USD, and policy-driven volatility.

The lower-rate cycle translates into lower financing costs and improved funding accessibility, benefiting most of our coverage. Although this easing is intended to support growth and, in turn, higher oil demand, we expect near-term oil price movements to be also dictated by OPEC+ policy amid heightened uncertainty. Meanwhile, a softer USD helps contain imported inflation, enhances the ability to maintain the currency pegs across our GCC coverage, and eases pressure on Egypt's exchange rate trajectory.

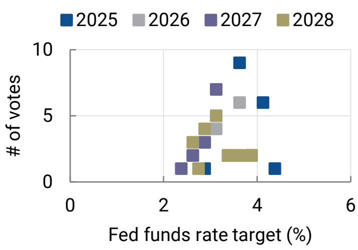
Risks to global growth remain tilted towards the downside, with protectionism and fiscal vulnerabilities weighing on short-term activity. The IMF projects global growth to moderate from 3.3% in 2024 to 3.2% in 2025 and 3.0% in 2026.

Against this, we flag four themes as key to our 2026e outlook: i) monetary easing cycle, ii) weakened USD, iii) range-bound oil prices, and iv) domestic structural reforms.

Broader easing cycle to offset global headwinds, support growth

Lower interest rates are expected to support economic activity through 2026, although the full extent of this year's cumulative Fed cuts — including the anticipated 25bps in Dec-25 — remains unclear. Fed signals continue to be mixed, reflecting caution amid persistent inflation and ongoing lags in economic data. Policymakers are carefully tracking labour market trends, inflationary pressures, and incoming reports before determining whether additional easing is warranted, implying that any further cuts are likely to be gradual.

FOMC dot plot implies continued monetary easing cycle



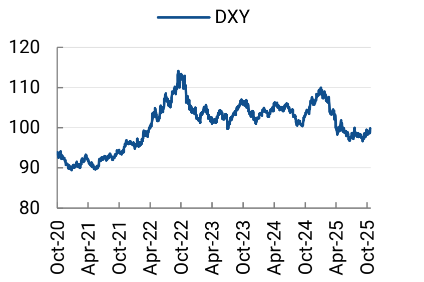
Source: Bloomberg, CI Capital Research

Lower global rates should unlock liquidity, ease financing pressures, and renew investor appetite for emerging markets. For Saudi Arabia, UAE, and Egypt, these conditions offer a timely boost to funding flexibility, market liquidity, and non-oil growth prospects. This has contributed to renewed interest in MSCI EM, which has gained momentum, with portfolio flows to EM rebounding modestly in Oct-25 to around USD27bn.

USD weakness supportive of EM dynamics

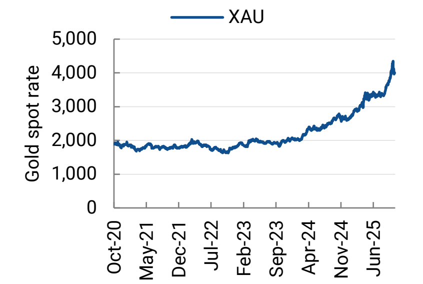
The USD has depreciated notably in recent months, though its trajectory in 2026 remains unclear. We note that further USD weakness is possible, yet its status as the world's reserve currency continues to anchor global demand. Policy uncertainty, particularly around tariffs, has added downward pressure, while volatility remains elevated. Despite this, the current USD level is still favourable for MENA markets, supporting most GCC economies by maintaining currency pegs, restricting imported inflation, and improving tourism competitiveness, particularly in Dubai and, to a lesser extent, Saudi Arabia. Egypt also stands to benefit from enhanced currency buffers, reduced subsidy costs, and lower inflation pass-through. The main exception is Qatar, where cheaper USD funding and persistent surpluses may fuel outbound investment, while its developed market status could lead to portfolio reallocations away from local assets.

USD dips to multi-month low amid global uncertainty



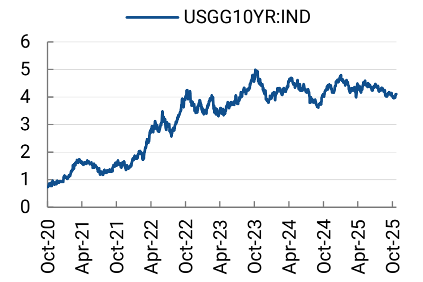
Source: Bloomberg, CI Capital Research

Gold hits all-time high amid USD weakness, negative DXY correlation



Source: Bloomberg, CI Capital Research

US 10-year treasury yields rising due to inflation fears, policy uncertainty



Source: Bloomberg, CI Capital Research

Expect range-bound oil prices

Oil dynamics remain the most closely watched factor in the MENA region due to high sensitivity to prices. Despite recent volatility, we expect the oil price dynamics to remain largely stable, supported by OPEC+'s measured approach. Global demand, especially from China, as well as geopolitical risks represent key uncertainties. Overall, we expect oil market conditions to lean towards stability in 2026, supporting a relatively narrow trading range in the near term.

Factors we consider for oil outlook

Support factors	Pressure factors
Current OPEC+ policy (pausing output hikes for 1Q26)	Tariffs and policy uncertainty
Global monetary cycle (low interest rates supporting economic growth and energy consumption)	Sluggish global demand growth
China stimulus package (could boost oil demand)	Pick-up in trade tensions
Unexpected demand spikes in non-OECD countries	Accelerating energy transition in China (EVs, hybrids reducing oil demand growth)
Geopolitical conflicts (Middle East, Russia/Ukraine)	Rising OPEC+ production targets

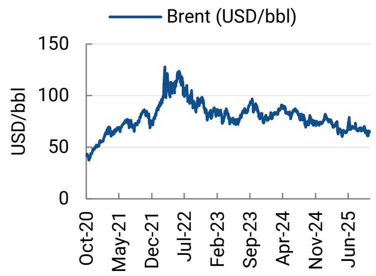
Source: CI Capital Research

In a surprising move, OPEC+ suspended further hikes in 1Q26 after approving a modest 137k/bpd increase for Dec-25, consistent with the increments in Oct-25 and Nov-25. We expect this pause to help limit downward pressure on Brent, despite potential weakness in global oil demand, particularly as China's recovery phase is yet to commence, and amid a cautious market environment.

In China, the central bank is likely to maintain an accommodative stance to support housing, strategic sectors, and small businesses. While tariff escalation risks remain contained, existing tariffs and non-tariff measures, including export controls, may rise. Weak consumer and business confidence, coupled with elevated unemployment, continue to weigh on growth, creating downside risks for 2026 and global oil demand. These factors are heightening pressure on China to introduce further stimulus to avoid a slowdown.

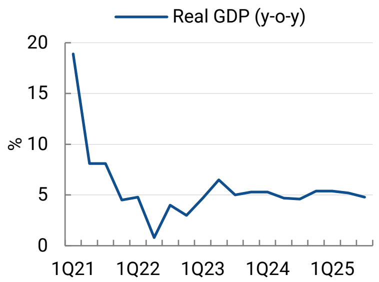
We view current Brent levels as manageable for Saudi Arabia's 2026 budget, which factors in fiscal deficits through 2028. This suggests limited downside risk within a relatively narrow trading range.

Brent averages USD69/bbl y-t-d vs. USD80/bbl in 2024 on increasing oversupply concerns



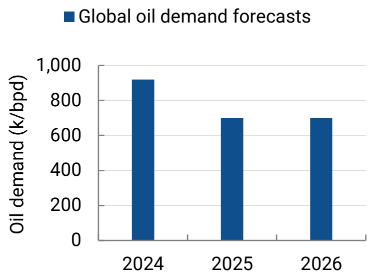
Source: Bloomberg, CI Capital Research

China's real GDP growth losing momentum, adding pressure to global markets



Source: Bloomberg, CI Capital Research

Global oil demand to decelerate sharply in 2025–26 due to weaker macroeconomic conditions, transport electrification



Source: IEA, CI Capital Research

Domestic reforms add to recovery

Local reforms will be a key watch factor in 2026, helping economies mitigate possible external headwinds. In Saudi Arabia, the fiscal impact of lower oil prices is expected to be cushioned by the government's commitment to regulatory reforms and ongoing spending rationalisation, the bulk of which took place in 2025. This prudent approach is likely to continue in 2026, with borrowing remaining the primary source of deficit financing. The pre-budget statement reaffirms a disciplined debt strategy, supported by a favourable monetary easing cycle. The Kingdom is also focusing on revenue diversification through domestic tourism, sports, and labour market reforms, alongside capital market reforms.

Egypt is also undergoing a comprehensive macroeconomic and structural reform programme, delivering a broader macroeconomic stabilisation story that is capturing renewed interest by the investment community. The reforms encompass improvements across monetary, fiscal, real, external, and risk-related factors.

Kuwait is similarly active in terms of reforms. Continued implementation, facilitated by the current absence of parliament, could accelerate key fiscal and economic diversification measures, support growth, and strengthen the long-term economic trajectory. However, a pullback in oil prices represents a significant risk, given Kuwait's projected deficit of 7% of GDP and its heavy reliance on oil revenues, which account for 88% of total revenues.

Our 2026 ranking: Saudi Arabia tops list

We evaluate the implications of key global and domestic themes, namely i) monetary easing, ii) impact from weakened USD, and iii) oil market dynamics on economies under our coverage. Moreover, we acknowledge that sustained progress of domestic reforms is key support to economic activity. Our analysis includes a comparative assessment of selected macro indicators that demonstrate sensitivity to these themes.

We identify the primary beneficiaries of global monetary easing mainly through assessing the expected borrowing activity by each country in 2026e and the capacity to increase leverage. To estimate the impact of a weaker USD, we examine the correlation between currency movements and current account performance across our coverage universe.

On the oil front, we assess fiscal sensitivities to Brent price fluctuations and the relative contribution of oil-related GDP to overall economic activity. Finally, we incorporate a qualitative assessment of structural reform progress and its implications on our coverage during 2026.

For Saudi, we expect the downward revision and correction in 2025 across its economic activity, targets, and capital market to lend support to potential recovery. We note that Saudi Arabia faces total financing needs of cSAR260bn in 2026, making it a primary beneficiary of lower global interest rates. An expected improvement in Saudi Arabia's domestic liquidity in 2026 against a better backdrop in terms of interest rates and inflation allow for more favourable external borrowing conditions and trigger stronger foreign investment flows. This could be further reinforced if the government proceeds with its decision to lift the foreign ownership cap in local companies (currently 49%) — a decision postponed to 2026.

Ranking our coverage against key macro indicators – Saudi Arabia tops the list

Theme	Saudi Arabia	UAE	Egypt	Kuwait	Qatar
Global easing cycle	1	4	3	2	5
Weakened USD	2	1	4	3	5
Steady oil backdrop	3	2	1	5	4
Rank	**1**	**2**	**3**	**4**	**5**

Source: CI Capital Research
Note: Ratings are on a scale of 1 to 5, where 1 indicates the highest score and 5 the lowest

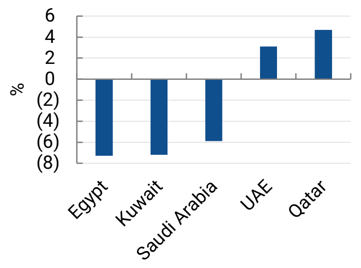
Lower rates enhance fiscal flexibility, capital flow prospects

Saudi Arabia stands out as a key beneficiary of lower interest rates, driven by its ongoing reliance on international markets for funding (y-t-d SAR46bn) and the need to tap external markets amid tight domestic liquidity. This is underpinned by its controlled debt growth, with capacity expected to expand to 36% of GDP in 2026e vs. 34% of GDP in 2025e.

Fiscal resilience is reinforced by the rising contribution of off-budget expenditure through the National Investment strategy, set to reach 53% of total spending by 2028 vs. 44% in 2026. The country's strong 'A+' credit rating is supported by ongoing diversification efforts, continued strength of the non-oil sector, underpinned by sustained socioeconomic and capital-market reforms. Combined with an estimated budget deficit of 5.9% of GDP in 2025e and public expenditure accounting for c33% of GDP, these dynamics position the Kingdom to take advantage of lower funding costs.

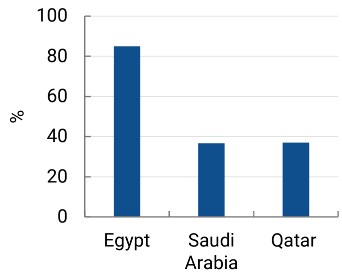
Alongside Egypt and Kuwait, which run deficits of 7.3% and 7.2% of GDP, respectively, Saudi Arabia is among the key gainers from an easing cycle as lower borrowing costs support fiscal flexibility. Unlike Saudi Arabia and Kuwait whose currencies are pegged to the USD, Egypt's deficit financing costs are influenced by both global and domestic interest rate trends, adding an extra layer of sensitivity to local monetary conditions.

Budget balance-to-GDP (2026e) – debt-reliant countries to capitalise on lower rates



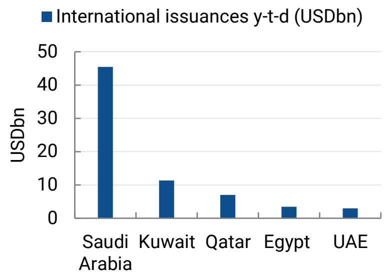
Source: Central banks' data, CI Capital estimates
Note: For Egypt, the budget balance is for FY25/26e

Egypt, Saudi top indebted in our coverage measured by debt-to-GDP; Kuwait started to increase leverage



Source: Government official data, CI Capital estimates
Note: Estimated for 2026. For Egypt, it is for FY25/26e

Saudi Arabia to continue dominating international issuances in 2026



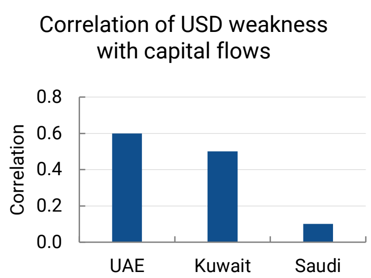
Source: Local sources, CI Capital Research

High external openness key to benefit from weaker currency

To gage the beneficiaries of a weaker USD, we analyse the correlation between periods of USD weakness and both capital-account and current-account inflows. We assign a higher weight to capital account inflows, as they tend to respond more directly to exchange rate, in our view. Meanwhile, current account inflows can be influenced by seasonal factors, trade dynamics, and existing agreements. We view the UAE as the main beneficiary of a weakened USD, showing the strongest positive correlation between USD depreciation and both capital inflows and current account performance among our GCC coverage. Saudi Arabia and Kuwait should also gain moderately, reflecting some sensitivity of external balances and flows to USD movements. Conversely, Qatar appears least exposed, exhibiting negative correlations with USD weakness.

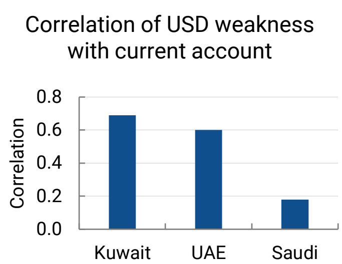
We assess Egypt on a standalone basis, unlike our GCC coverage, as it currently adopts a flexible exchange rate regime. In 2024, the government relaunched its economic and structural reform programme, following the Ras El Hekma mega investment deal, the resumption of the IMF Extended Fund Facility (EFF) Programme, and the devaluation and floating the EGP. These developments have triggered a wave of FDI inflows — a trend that we expect to persist as macroeconomic stabilisation progresses.

Historical correlations show USD depreciation boosting capital flows to GCC, except Qatar



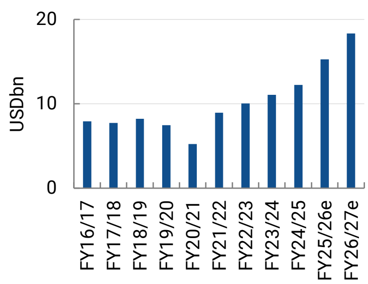
Source: Central banks' data, CI Capital estimates

Correlation of USD depreciation benefits current account non-oil flows for GCC coverage, except Qatar



Source: Central banks' data, CI Capital estimates

Egypt FDIs on upward trend after normalising for Ras El Hekma deal



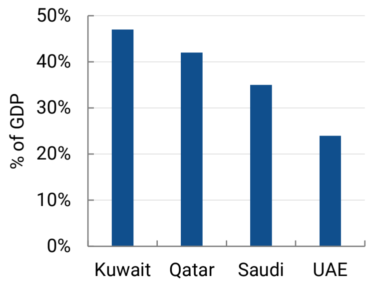
Source: CBE, CI Capital estimates

Low oil sensitivity, dependency drive relative advantage

Egypt emerges as the top performer under relatively low oil prices, potentially gaining from a reduction in subsidy costs of around EGP30bn for every USD 5/bbl decline in Brent prices, on our calculation. With the oil sector accounting for only 10.5% of GDP (vs. an average 34% in the GCC), Egypt is in a relatively preferential position to contain fiscal pressures as growth is significantly less sensitive to hydrocarbon activity.

The UAE and Saudi Arabia display moderate vulnerability, with a USD5/bbl decline in Brent from current levels translating into a USD8bn (35%) reduction in our 2026e fiscal surplus expectation for the former and a USD20bn (20%) widening of our estimated fiscal deficit for the latter. Conversely, Kuwait and Qatar remain the most exposed to price fluctuations, as hydrocarbons constitute 40–47% of their GDP.

Kuwait has highest hydrocarbon-to-GDP, UAE lowest



Source: CSB, GASTAT, FCSC, CI Capital Research

Saudi Arabia, Kuwait most vulnerable to Brent prices downside risks among our GCC coverage

	Fiscal sensitivity for every USD5/bbl decline in Brent	Budget position in 2026e
UAE	Lower surplus by 35% (USD8bn)	**Surplus**
Qatar	Lower surplus by more than 1x (USD3bn)	**Surplus**
Saudi Arabia	Wider deficit by 20% (USD20bn)	**Deficit**
Kuwait	Wider deficit by 26% (USD4.7bn)	**Deficit**

Source: CI Capital estimates

2026e key macro forecasts

	Saudi Arabia	UAE	Egypt	Kuwait	Qatar
Real sector					
Non-oil GDP growth (%)	4.80	4.40	4.80	1.20	4.00
Oil GDP growth (%)	5.50	8.50	-	2.60	7.00
Population (mn)	35.3	11.8	111	4.82	3.06
GDP/capita (USD)	35,057	49,377	3,678	32,214	77,500
Fiscal sector					
Fiscal balance (% of GDP)	(4.40)	3.00	(6.70)	(7.10)	0.70
Debt (% of GDP)	36.0	30.0	82.0	3.00	37.0
External sector					
Current account balance (% of GDP)	3.10	12.1	(3.30)	25.7	19.5
Monetary sector					
Inflation (%)	1.70	2.20	13.0	2.80	2.50
Growth in private sector credit (%)	12.4	7.00	24.0	6.00	5.00

Source: CI Capital estimates

Summary of key sector implications from our top-down outlook in 2026e – Flag real estate & tourism, consumer, healthcare as key beneficiaries in relative terms

Sector	High-level macro impact	Thesis
Real estate & hospitality	Favourable	The reversal of the interest rate cycle is set to bode well for developers, mainly supporting stronger profitability through lower interest payment. This will also enable new project launches and fuel expansions. Lower rates are also supportive of demand driven by mortgage lending, especially in the UAE. We maintain our view on the UAE's residential market's fundamentally sound supply-demand dynamics, despite temporary oversupply starting 2026e. Dubai's upward trend in selling prices has been sustaining, albeit at a slower rate. With apartments accounting for c80% of 2025–29e supply, single-family offerings are set to remain relatively resilient. We foresee continued growth in retail and hospitality segments in UAE, driven by continued tourism-focused initiatives and infrastructure spending. We expect the normalisation in contracted sales in Egypt to continue, as drivers supporting previous sales levels, including the need to hedge against EGP depreciation, gradually fade. Meanwhile, we are positive on the hospitality segment in Egypt, with the improvement in hotel performance sustaining, driven by easing geopolitical risks as well as a weaker EGP. With the market in a phase of sales normalisation, we prefer names with growth drivers beyond development, including FCY/recurring income.
Consumer	Favourable	Monetary easing should boost discretionary spending, ultimately benefiting electronic retailers and associated consumer lending across the region. This should reduce finance expenses of highly leveraged consumer names. Strong demographics and robust tourism inflows, driven by the weakened USD, support F&B demand across all markets under coverage. Nevertheless, the commitment to event-driven projects and potential increase in private investment supports the financial performance of Saudi HR companies. However, the Saudi government's reassessment of priorities for major projects remains a key watch factor. In Egypt, the macro backdrop is highly conducive to the consumer sector in 2026e. We see an imminent private consumption recovery, with easing inflation, stabilising FX rates, and lower interest rates. A gradual improvement in purchasing power amid a normalising pricing environment should allow for volume pick-up across F&B companies.
Healthcare	Favourable	A lower interest rate trajectory and easing financing costs support MENA hospital operators and Egypt distributors (both highly levered). Meanwhile, a weaker USD should boost margins for MENA pharma manufacturers, as 55–60% of sector COGS — primarily Active Pharmaceutical Ingredients (APIs) — is imported in KSA and Egypt. In KSA, healthcare growth remains underpinned by rising insurance penetration and supportive policies. With only five new hospitals expected in 2026e, limited bed supply should improve utilisation and strengthen pricing power with insurance companies (c70% of sector revenues), in our view. Rate cuts should further bolster hospitals' profitability and liquidity, particularly for highly leveraged operators (sector ND/EBITDA averages 2.5–3x). For pharma retailers, our view is mixed where the core pharma sales benefits from the same drivers as hospitals, but non-pharma remains under competitive pressure. In Egypt, we expect another strong year, particularly for pharma players (both manufactures and distributors), supported by a favourable FX movement, improved CCC, and lower interest rates — driving an average EPS growth of c50% y-o-y in 2026e, on our estimates.

Source: CI Capital Research

Summary of key sector implications from our top-down outlook in 2026e – Flag real estate & tourism, consumer, healthcare as key beneficiaries in relative terms (Cont'd)

Sector	Rating	Thesis
Financials	Neutral-to-Favourable	The ongoing easing monetary cycle is set to add pressure on banks' margins, and consequently RoEs, with asset yield compressions becoming inevitable across markets. Nevertheless, we expect robust loan growth momentum to largely mitigate the impact, supported primarily by corporate lending, while retail demand should gather pace as rate cuts become more pronounced. With the inflow of loan-loss recoveries gradually subsiding, we project a modest uptick in CoR over the medium term, reflecting a normalisation from the exceptionally low levels observed in 2024, further supporting bank profitability. We factor in a neutral-to-positive net impact on earnings for banks under coverage (2026–28e earnings CAGR of 8.66%).
Fintech & telecom	Neutral-to-Favourable	Although both the fintech and telecom are not direct beneficiaries of our identified key macro themes for 2026, they both benefit from domestic digitalisation targets and tourism growth trends. The fintech sector is supported by a macro environment that fosters digital transformation, financial inclusion, and economic diversification towards technology-driven industries. Governments across the region are prioritising digital transformation and remain the largest IT spenders, sustaining a healthy pipeline of projects that should continue to fuel growth. We also hold high conviction in the retail e-payments segment, which is well-positioned to capitalise on these structural tailwinds. Tourism growth trends further support retail e-payment segment in specific cases. At the same time, the telecom sector continues to benefit from the digitalisation theme, driven by 5G rollout, rising data consumption, and direct price increases, supporting its role as both an enabler and beneficiary of the digital economy.
Construction	Neutral-to-Favourable	The construction sector is poised for a strong multi-year growth trajectory, supported by robust government spending and strategic national initiatives in the UAE. The Dubai Economic Agenda (D33), targeting AED700bn in total investments over the next decade, is expected to bode well for contractors. Additionally, ADNOC's AED551bn capex programme for 2026–30e should provide sustained demand for awards' pipeline. We expect the UAE's recently announced 5GW AI data centre complex to trickle down positively to data centre awards in the region. This should offset any potential slowdown in other countries for contractors and positively impact Orascom Construction and Alec Holdings.
Utilities	Neutral	The ongoing monetary easing cycle should weigh positively on the profitability for relatively leveraged utility companies. In the UAE, we expect growth momentum to continue in 2026e, albeit at a slower pace. We expect the sustained tourism sector and infrastructure investments to accommodate Dubai's growing population and to underpin top-line growth for utility firms. We expect utility companies in Qatar to report modest growth with companies primarily benefitting from interest rate cuts.

Source: CI Capital Research

Summary of key sector implications from our top-down outlook in 2026e – Flag real estate & tourism, consumer, healthcare as key beneficiaries in relative terms (Cont'd)

Sector	Rating	Thesis
Logistics	Neutral	Lower interest rates and in turn potential pick-up in consumption activity should trigger higher traffic of goods on board container vessels, which would translate to higher container figures across the GCC. This would also boost the number of transit containers across the GCC, particularly Jeddah, given its geographic presence at a cross point between Europe and Asia. The stability of oil prices at the current levels is encouraging countries to increase their strategic oil reserves, particularly China, which in turn is pushing tanker rates upwards, with Very Large Crude Carriers (VLCC) almost doubling for some routes since Aug-25. In contrast, tanker rates are poised to keep improving, as China is accelerating its expansion for new oil reserve sites.
Oil & gas	Neutral	We expect oil prices to remain broadly stable in 2026e amid OPEC+ current approach. The production hikes announced throughout 2025 are expected to trickle down positively to pipes and drilling companies. KSA rig suspensions are likely to continue reversing in 2026e as the impact from previous oil production hikes and rising gas awards materialise in the market. Interest rate cuts should also support activity and trickle down positively to profitability as companies rely on debt to support organic and inorganic growth. For other commodity-linked industries, sector-specific challenges could offset the positive backdrop for global emerging economies.

Source: CI Capital Research

Macro outlook

Country outlook

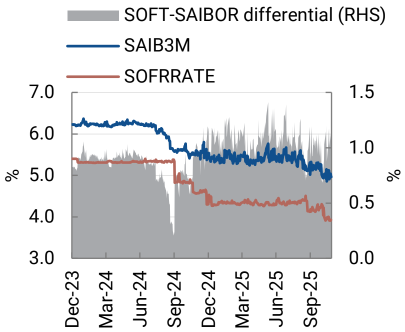
Saudi economy poised for 2026e growth on reforms, tourism, fiscal discipline

The current OPEC+ policy implies that Saudi oil production will reach 9.9mn bpd (+6% y-o-y) in 2026, driving oil-GDP growth to 5.5% vs. 2.2% in 2025e, on our estimates.

The government's preliminary budget projects a fiscal deficit of 3.3% of GDP in 2026 and anticipates smaller deficits through 2028. For 2025, the deficit was revised to 5.3% of GDP (vs. 2.3% previously), reflecting 4% higher spending and 8% lower revenues. This compares to our forecasted deficits of 5.4% and 4.4% of GDP in 2025e and 2026e, respectively. Our estimates imply a fiscal breakeven oil price of USD 88/bbl in 2026.

Spending rationalisation in 2025 was evident in project revisions and delays, notably in The Line and the 2029 Asian Winter Games. Alongside its commitment to off-budget spending through PIF, the government's prudent fiscal approach is expected to continue into 2026. Supported by a disciplined debt strategy, local and external borrowing will remain the primary financing sources, further supported by a global easing cycle. Public debt is projected to rise modestly to 37% of GDP in 2026e, up from 34% in 2025e, remaining consistent with Vision 2030 targets.

SAIBOR's limited response to rate cuts highlights liquidity squeeze to be alleviated by further easing, external borrowing

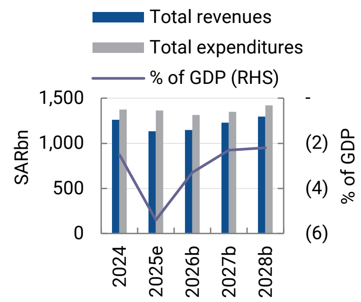


Source: Bloomberg, CI Capital Research

Liquidity in Saudi was relatively tight throughout 2025. This was evident as the interbank rate (SAIBOR) declined by 25bps y-t-d, capturing only half of the 50bps in cumulative policy rate cuts. This makes the Kingdom the key beneficiary within our coverage from the momentum of the monetary easing cycle. The situation also underscores the need for increased external borrowing, as well as the capacity of GCC banks (ex. Saudi) to channel liquidity into the Saudi market to avail liquidity needed to fund a pick-up in economic growth amid broadly stable oil prices, on our expectations.

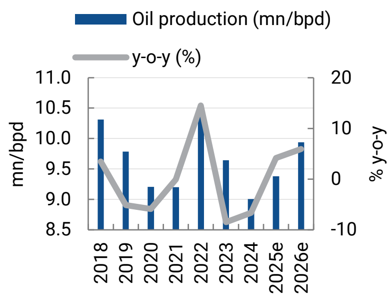
Non-oil GDP growth will be driven by tourism, sports, and consumption, supported by increasing workforce participation. Record visitor numbers and rising tourism revenues are fuelling consumption, hospitality, and the Kingdom's emergence as a regional entertainment hub. A pipeline of new hotels in Makkah, Al-Madinah, and Riyadh, alongside major sports and entertainment events, is expected to further strengthen the hospitality sector and consumer spending. Although The Line has been revised downward and uncertainty remains around the Asian Winter Games 2029, the Kingdom's ongoing commitment to large-scale infrastructure developments, highlighted by preparations for Expo 2030 and the FIFA World Cup 2034, will continue to enhance accessibility and reinforce Saudi Arabia's status as a global tourism and event destination.

Fiscal deficit to persist through 2028 on expansionary spending policy



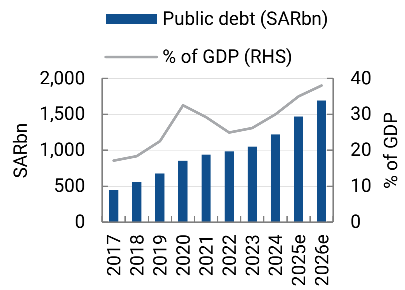
Source: MoF, CI Capital Research

Oil production set to rise 6% y-o-y to 9.9mn/bpd in 2026e, in line with current OPEC+ policy



Source: Bloomberg, OPEC, CI Capital estimates

Public debt to rise to 37% of GDP in 2026e vs. 34% of GDP in 2025e



Source: MoF, CI Capital estimates

The transport, storage, and communication sector, accounting for c10% of non-oil GDP, is set to benefit from growth in cargo transport and passenger rail traffic. Rising tourism and ongoing infrastructure investments, including airport expansions and enhanced connectivity, are expected to sustain robust growth through 2026–27.

Meanwhile, PIF is preparing a long-term strategy focused on domestic investment. Capital market reforms are progressing, including the potential inclusion in JP Morgan's Emerging Market Bond Index (EMBI), which should ultimately deepen market liquidity, enhance corporate governance, and strengthen Saudi Arabia's regional financial hub position.

Key risks include potential delays or reversals in the reform momentum. Most recently, the Capital Market Authority (CMA) postponed plans to revisit foreign ownership limits in 2026 (originally scheduled for 2025). Currently, foreign investors can own up to 49% of listed companies on Tadawul, with the cap potentially rising or being removed in the future.

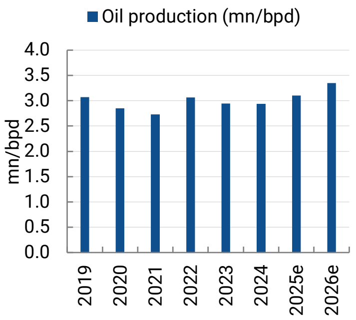
UAE: Strong fundamentals allow it to defy global uncertainty

We see the UAE continuing its growth momentum in 2026, albeit at a slower pace. The UAE approved a record AED92.4bn federal budget for 2026 (+29% y-o-y), with social development and pensions receiving the largest share at AED34.6bn. Non-oil GDP is expected to maintain its upward trajectory, led by the tourism sector and infrastructure spending to accommodate the growing population in Dubai. energy facilities, and a new rainwater drainage network. Ongoing infrastructure development, including major road projects across Dubai, highlights the government's strong commitment to the 2040 Urban Master Plan. The city has approved a record AED303bn budget for 2026–28, with AED99.5bn in spending projected for 2026 (+15.4% y-o-y). Infrastructure remains the largest expenditure category, accounting for 48% of the total budget and covering roads, tunnels, bridges, transport systems, sewage stations, parks, and renewable energy facilities.

Alongside impressive tourism inflows in 2026, the wholesale and retail trade sector (23% of GDP) is expected to be the main driver of non-oil GDP. We note a temporary imbalance between supply and demand in the residential property market, as the sector faces a short-term oversupply even amid normalising sales. The education sector is flagged as a potential emerging growth driver.

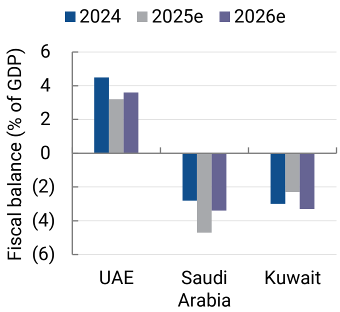
Given the UAE's relatively low dependence on oil revenues, a pullback in oil prices poses minimal risk to the economy compared with Kuwait and Saudi Arabia. Abu Dhabi is set to benefit from higher oil production following the unwinding of OPEC+ production cuts, alongside leveraging AI as a key growth driver, in line with the UAE's AI Strategy 2031. Oil GDP is expected to grow over the medium term, supported by ADNOC's plan to raise production capacity to 5mn bpd by 2027, up from 4.85mn bpd currently.

UAE's oil production set to increase 8% y-o-y to 3.4mn/bpd in 2026e



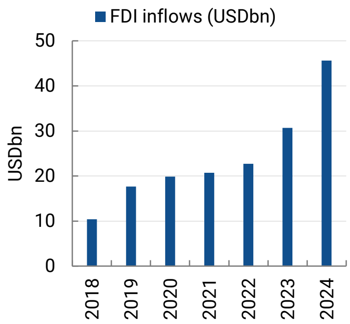
Source: OPEC, CI Capital Research

UAE poised to register fiscal surplus of 3.2% of GDP amid peer deficits on lower oil dependence



Source: CSB, FCSA, MoF, CI Capital estimates

FDI on track to reach 2031 target of USD65.4bn vs. USD46bn in 2024 (+48% y-o-y)



Source: UNCTAD, FDI Monitor, CI Capital Research

Egypt: Macroeconomic stabilisation building momentum

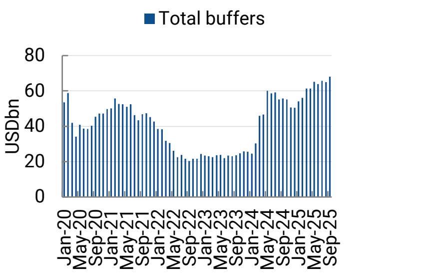
Clear improvements across external, fiscal, monetary, and risk indicators support a positive view on Egypt. External buffers have strengthened since the 2024 downturn, supported by the Ras El Hekma transaction, which helped restore the buffers balance and structural FX reforms that have improved flow dynamics. Meanwhile, CDS spreads are down 40% y-t-d, and S&P's sovereign rating upgrade to 'B' reflects an improved risk profile, renewing interest in Egypt.

We see Egypt's external position as a key source of optimism for 2026, likely to strengthen further, supported by flow-dynamics momentum and potential easing of regional tensions that would help normalise Suez Canal revenues. FY24/25 momentum was driven by a strong rebound in remittances, tourism, and merchandise exports, surging 66%, 17%, and 29% y-o-y, respectively. While oil trade remains vulnerable, with oil deficit widening 81% y-o-y, we expect gradual normalisation as arrears to foreign oil companies are cleared in 1Q26 and production is restored from 4Q26.

On the fiscal front, the government implemented the bulk of fiscal consolidation measures that should reflect partially on FY25/26e and fully on the following FY26/27e. We expect FY25/26e budget to generate an overall deficit of 6.7% and a primary surplus of 4.1% vs. 7.4% and 3.6%, respectively, in the previous year. Interest expense remains a key burden, consuming c50% of total spending, putting pressure on the overall balance. Meanwhile, fiscal reforms put the deficit on a downward trajectory.

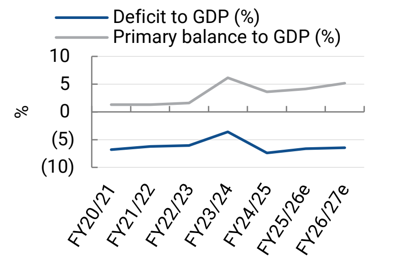
We see inflation on a clear downward trajectory as the effects of fiscal reform gradually unwind. We expect the monetary stance to remain prudent yet supportive, with the CBE pursuing a gradual easing path while preserving positive real yields. We forecast inflation to decline to 9% by end-2026, down from 12.5% in Oct-25, and expect policy rates to fall by 600bps over 2026. Additionally, we expect the CBE to pair measured rate cuts with the reversal of the reserve requirement ratio (RRR).

Total FCY buffers (NIR, banks' NFAs, other deposits) at all-time high



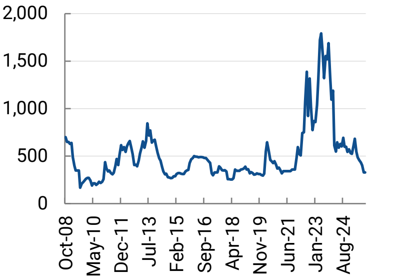
Source: CBE, CI Capital estimates

Primary balance better reflects effect of fiscal consolidation on budget



Source: MoF, CI Capital estimates

CDS approaching historical lows, signalling improved risk sentiment



Source: Reuters, CI Capital Research

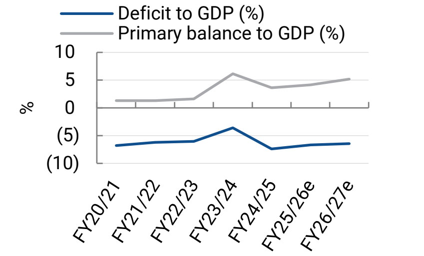
Kuwait: Continued momentum of disciplined reforms crucial to withstand 2026 global dynamics

The fiscal balance is expected to remain in the deficit territory in FY25/26 on weaker oil revenues. We expect it to be fully financed through a mix of local and external borrowing, following the approval of the debt law in May 2025 — which removed a longstanding overhang on our outlook. This will ultimately help preserve the strength of the General Reserve Fund (GRF), maintaining sovereign buffer capacity. Nonetheless, we continue to monitor the government's discipline in fiscal reforms that will expand its non-oil revenue base, including the 5% VAT and phasing out of subsidies.

We expect the fresh liquidity from planned debt issuances to increasingly fund project activity, unlocking further non-oil GDP potential. On the upside, we see oil GDP rebounding to 2.6% in 2026e vs. -1.8% in 2025, reflecting the continued unwinding of oil production cuts. Continued monetary easing, provided it is mimicked by the Central Bank of Kuwait (CBK), poses an upside to credit activity and consumer activity. Paired with the potential implementation of the housing law, we see 2026 as a year of possibilities for Kuwait.

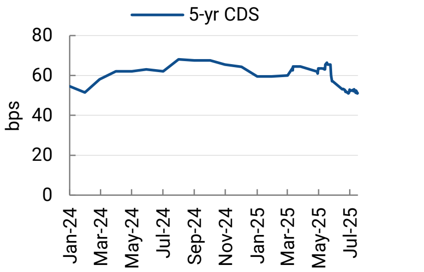
Nonetheless, despite the 2025 developments, we see Saudi Arabia and the UAE continuing to precede Kuwait in terms of attracting FDI and non-oil revenue growth potential.

Oil production to rise 1.9% y-o-y to 2.5mn/bpd in 2026e on restored production by OPEC+



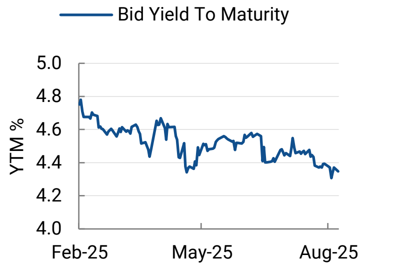
Source: Bloomberg, OPEC, CI Capital estimates

Healthy 5-year CDS levels at 52bps vs. 64bps end-2024, reflecting local developments



Source: Bloomberg, CI Capital Research

Only outstanding bond maturing in 2027, yielding in c4.65%, implies attractive upcoming issuance



Source: Bloomberg, CI Capital Research

Qatar: Resilient fundamentals

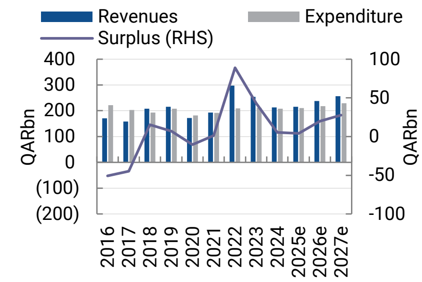
Qatar's fiscal and economic outlook for 2026 remain to be robust, with a projected surplus of QAR6bn (0.7% of GDP) in 2026e, supported by resilient hydrocarbon revenues and moderate capex growth reflecting infrastructure maturity. We forecast non-hydrocarbon GDP to expand by 5% in 2025e and 4% in 2026e, driven by education, trade, services, and tourism, while the North Field Expansion (NFE) anchors medium-term growth prospects, underpinning stronger hydrocarbon output and double-digit fiscal surpluses beyond 2027e. Diversification under the Third National Development Strategy (NDS3) continues to advance, albeit unevenly, with tourism and FDI gradually improving.

A current account surplus between 10–20% over the coming two years supports continued debt reduction, potentially lowering public debt to 33% of GDP by 2027e from 40% in 2025e, in our view. Meanwhile, we expect inflation to remain low at 0.1% in 2025e and rising to 2.5% in 2026e (on unfavourable base), before stabilising around 2% over the medium term.

Geopolitical risks and regional tourism competition (mainly from Saudi Arabia as GCC account for 36% of Qatar tourism) pose a challenge to the non-oil growth momentum. However, substantial buffers, including reserves of around QAR200bn and a current account surplus, provide ample policy space to absorb shocks, whether from global oil price volatility or regional geopolitical tensions.

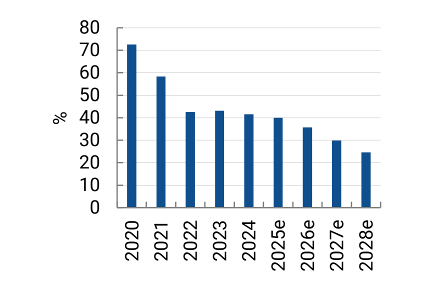
The ongoing Fed easing cycle is broadly supportive of liquidity conditions, lending growth, and consumption. However, in Qatar's case, lower rates, alongside a softer USD and the country's twin surpluses, could instead encourage offshore spending and capital outflows. Meanwhile, the unfavourable Brent outlook remains a key downside risk to fiscal performance, as roughly 80% of government revenues are hydrocarbon-linked, leaving the budget sensitive to oil price volatility. As such, we do not view Qatar as a beneficiary of our identified themes for 2026e.

Surplus to sustain in 2026e, rise in 2027e on hydrocarbon revenue, NFE production reliance



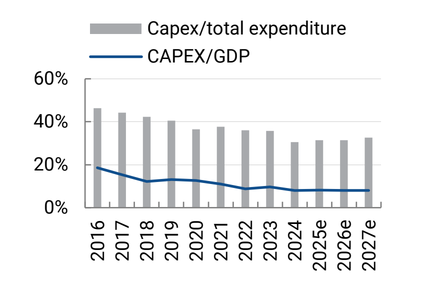
Source: MoF, NPC, CI Capital estimates

Debt-to-GDP to drop to 37% in 2026e, building on post-World Cup trend, down from peak of 73% in 2020



Source: MoF, NPC, CI Capital estimates

Capex-to-total spending, capex-to-GDP remain below historical average on infrastructure maturity



Source: MoF, NPC, CI Capital estimates

Sector outlooks

MENA real estate

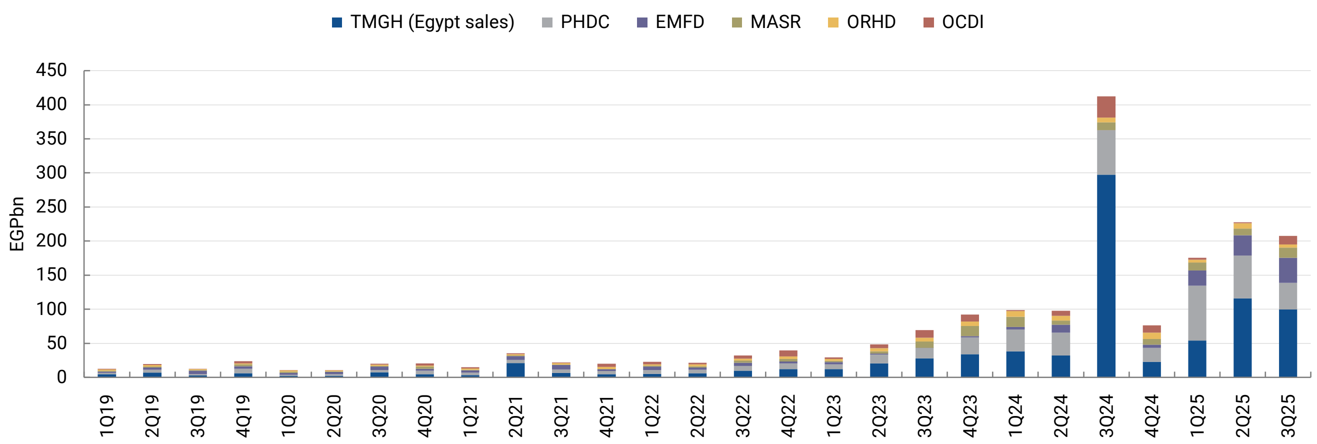
We expect the normalisation in contracted sales in Egypt to continue during 2026e, given that the drivers supporting previous sales levels, including the need to hedge against EGP depreciation, have faded. With the market in a phase of sales normalisation, we prefer names with growth drivers beyond development, including FCY/recurring income. Local developers are pursuing opportunities abroad, while GCC investors are increasing their focus on Egypt. Talaat Moustafa Group (TMG) is pursuing projects in Saudi Arabia, Iraq, and Oman. Madinet Masr (MASR) is preparing to launch its first Saudi project between 4Q25 and 1Q26. Additionally, Palm Hills Developments (PHD) is developing a 1.87mn sqm plot in Abu Dhabi. On the inbound side, GCC investment is led by Emaar Misr's EGP100bn East Cairo project with Midar, the full acquisition of Albro North Coast, and a 380-feddan East Cairo expansion with Dallah Al Baraka. This is supported by a more stable EGP/USD outlook and favourable costs.

As for Dubai, we maintain our view on the UAE's residential market's fundamentally sound supply-demand dynamics. Despite a temporary oversupply starting 2026e, specifically for apartments (accounting for c80% of 2025–29e supply), single-family offerings are set to remain relatively resilient. Meanwhile, we foresee continued growth in retail and hospitality segments in the UAE, driven by continued tourism-focused initiatives as well as infrastructure spending.

Egypt: Prefer FCY/recurring income plays in a phase of off-plan sales normalisation

Aggregate contracted sales across Egypt real estate developers inched down 4% y-o-y in 9M25, with TMG leading the decline. Contracted sales for TMG dropped 29% y-o-y in 9M25 with 9M24 figures boosted by the launch of SouthMed in the North Coast, creating an unfavourable base. Going forward, we anticipate a continued normalisation in sales from record-high figures achieved in 2022–2024, as the drivers supporting previous sales levels, including the need to hedge against EGP depreciation continue to fade. On a like-for-like basis and excluding any new launches, we expect contracted sales for top-tier developers to inch down by c6% y-o-y in 2025e and c9% y-o-y in 2026e.

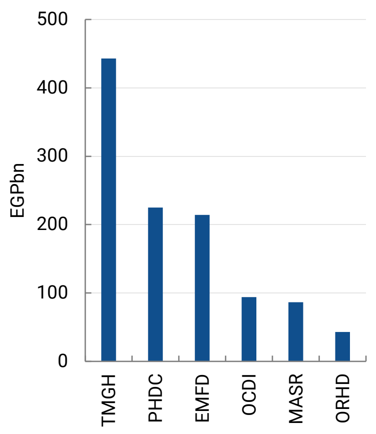
Contracted sales boosted by SouthMed since its launch in 3Q24; Expect sales normalisation



Source: Companies' data
Note: 3Q24 sales boosted by the launch of SouthMed

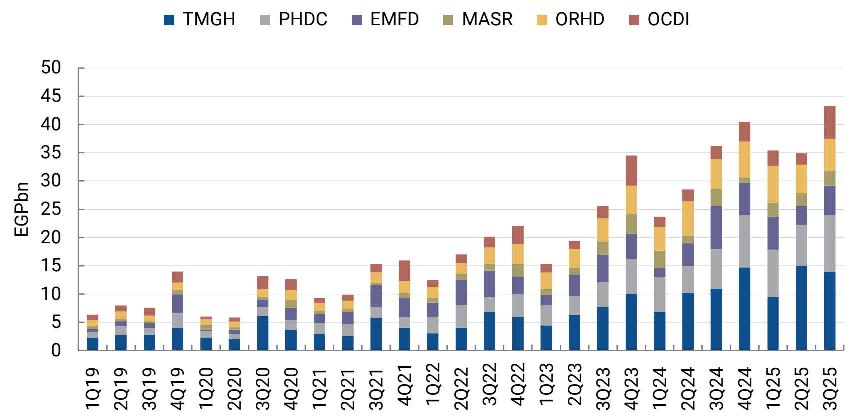
Reported numbers continued to be robust across Egypt's real estate developers, with most names recording top-line growth throughout 9M25. This was driven by both real estate and hospitality segments. Looking ahead, we expect reported numbers to sustain at healthy levels, reflecting strong contracted sales levels previously achieved, with a combined backlog of cEGP1tr across six developers, providing revenue visibility in the coming four years. Meanwhile, margins are set to sustain at healthy levels in 2026, reflecting selling price escalations that were passed on previously.

Combined backlog exceeding cEGP1tr, provides future revenue visibility



Source: Companies' data
Note: Data as of 1H25

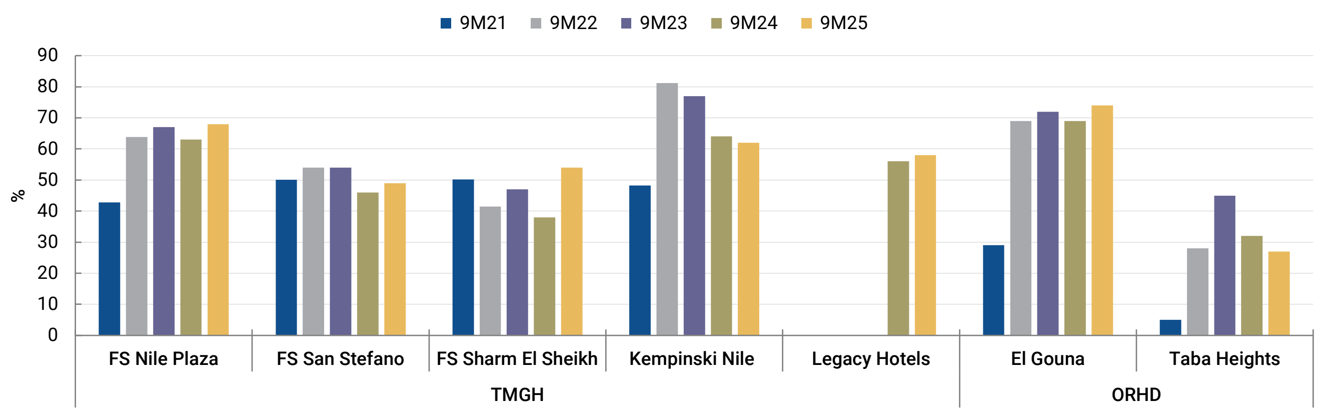
Solid top-line figures reflecting sales levels previously achieved



Source: Companies' data

Strong hospitality performance continued in Orascom Development Egypt (ODE) and TMG, with the segment's revenue growing c38% and c27% y-o-y, respectively, in 9M25, driven by healthy occupancies and ARRs. Hotel KPI improvements was broadly in line with expectations on higher absorption of geopolitical tensions y-o-y. Looking ahead, we expect the positive trend in hospitality to sustain, driven by further easing of geopolitical risks as well as a weaker EGP. Our outlook for the hospitality segment is positive in 2026 onwards, with 18.6mn tourists expected. This compares to the government's forecast of 17.8mn tourists in 2025, with Egypt welcoming 15mn visitors during the 9M25 (+21% y-o-y) and revenues reaching USD12.5bn (+14.7% y-o-y), according to data from the Ministry of Tourism and Antiquities. The growth is expected to be driven by major projects such as the Grand Egyptian Museum (GEM), which is estimated to attract 5mn visitors annually.

Occupancy rates remain healthy across TMGH, ORHD's hotel portfolios with further improvement ahead

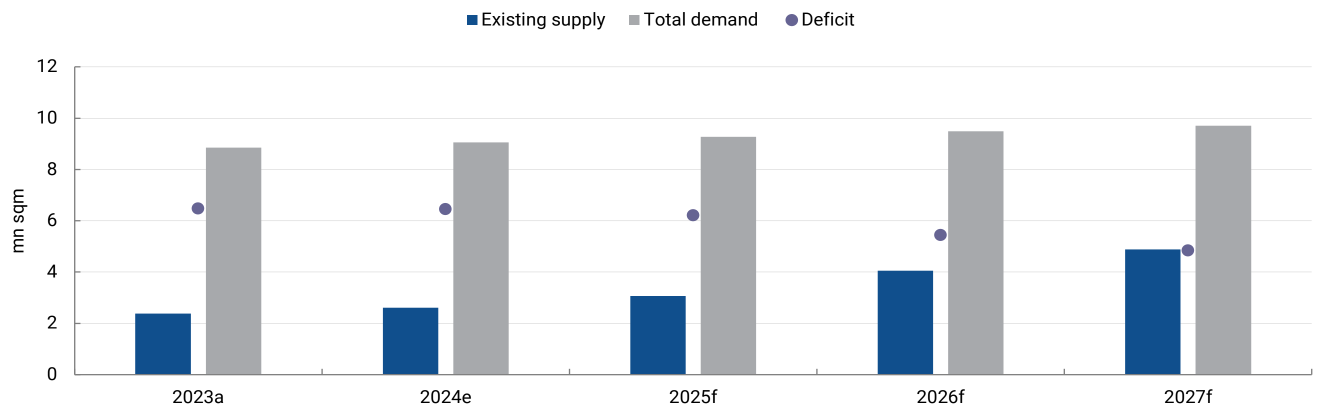


Source: Companies' data

Recurring income segments delivered robust growth for TMG, growing their contribution to total revenue to 44% during 9M25 from 27% in 9M23, with the segments contributing c52% to gross profit (vs. 35% in 9M23). As for ODE, recurring income segments accounted for c41% of the company's top line in 9M25, which compares to a c35% contribution in 9M23. Performance of hotels and town management are set to drive earnings going forward for ODE, with an accelerated construction pace further adding value.

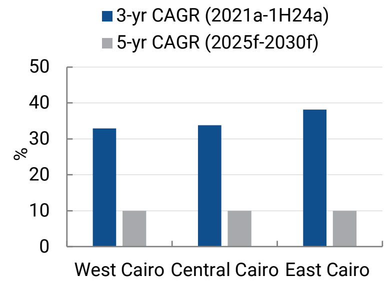
Bonyan is purely focused on the non-residential, investment segment within Egypt's real estate market. The portfolio is split geographically between East and West Cairo with a 72: 28 GLA breakdown and a 74: 26 of GLA breakdown from an asset type perspective between office and retail. We view this favourably, given a higher stability for the office segment compared to the retail The focus on offices is also favourable from an asset appreciation perspective. The supply-demand dynamics are favourable within the office segment with a deficit of 6.5mn sqm as of Jun-24, according to market research. Backed by a strong tenant base, Bonyan's portfolio benefits from favourable lease terms and mostly USD-linked contracts (c57%).

Demand for office space to consistently outweigh supply through 2027



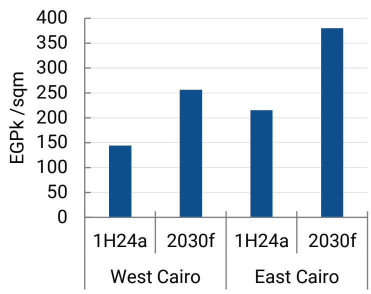
Source: Savills

Office lease rates show highest growth across East Cairo



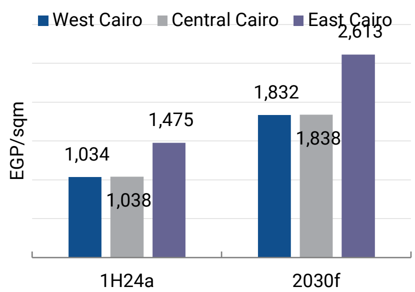
Source: Savills

East Cairo outperforms on sale rates



Source: Savills

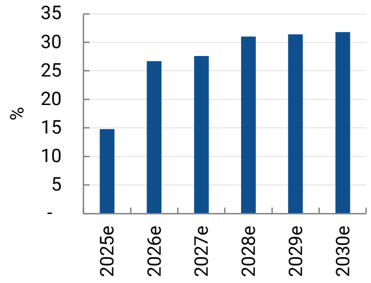
Office lease rates show highest growth across East Cairo



Source: Savills

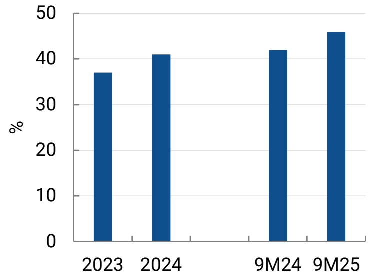
FCY generation is becoming more meaningful for developers. This is evident across TMG, with the company's revamped strategy entailing the geographical expansions across Saudi Arabia, Iraq, and Oman, as well as growing its hospitality portfolio through the acquisition of Legacy Hotels. We expect international sales to contribute more meaningfully to total sales starting 2026e (c27% vs. c15% in 2025e). As for MASR, the company is preparing a new Saudi Arabia project for launch in 4Q25–1Q26, with 1–2 additional market penetration expected around the same time. Regional expansion is also underway for PHD via the development of a 1.87mn sqm land plot in Abu Dhabi. ODE's international sales momentum remains strong, with international buyers accounting for c46% of total sales in 9M25, up from c41% in 2024 and c42% in 9M24.

International sales to contribute more meaningfully starting 2026e for TMG



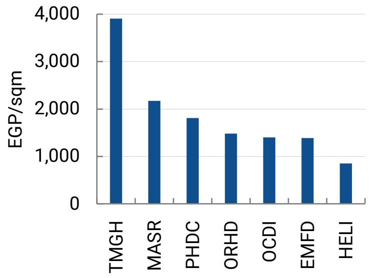
Source: CI Capital estimates

International buyers grow their sales contribution for ODE



Source: Company data

TMGH trades at the highest EV/sqm with further upside potential ahead; HELI, ORHD are cheapest



Source: Companies' data
Closing prices as of 26 November 2025

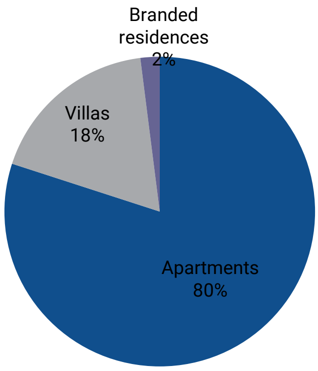
Total debt increased for most names in 9M25, reflecting a higher construction pace for PHD, increased development activities for MASR, and the development of new hotels for TMG. We expect the reversal of the interest rate cycle to bode well for developers on stronger profitability through lower interest payment, specifically for TMG and ODE, and to a lesser extent, for Emaar Misr given its high interest income contribution to earnings (c55% as of 2024). For every 100bps cut in rates, interest expense is set to drop 4% for Emaar Misr and Heliopolis Housing, 5% for PHD, 6% for ODE, and 7% for TMG. This will also enable new project launches and fuel expansions.

Our top pick in the sector is TMG, which stands out for its hospitality and international expansion — not priced in — providing recurring, mostly FCY income streams, which is favourable considering the ongoing sales normalisation. We forecast a three-year revenue CAGR of c24%, driven by the residential and hospitality segments with an average GPM of c37%. Several catalysts await, including the launch of the Spine, as well as the projects in Oman and Iraq, and announcements on any progress towards the communicated intention for international listing.

UAE: Fundamentally healthy supply-demand dynamics, featuring temporary periods of oversupply

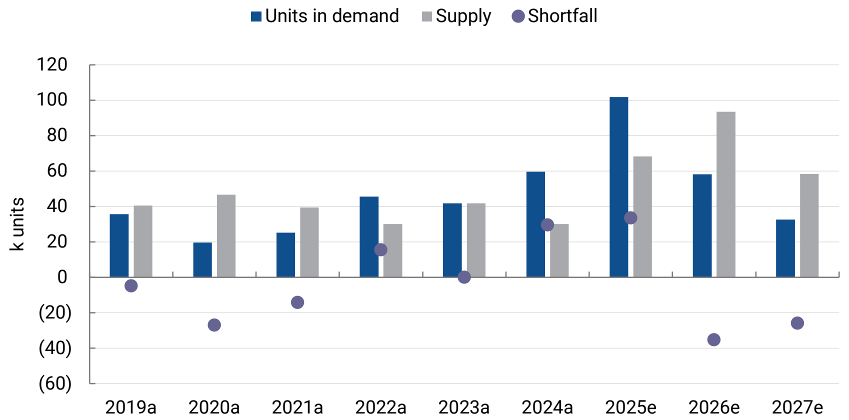
In 2026e, the residential market is expected to enter a phase of normalisation as supply and demand move towards equilibrium. We forecast supply figures of 93k and 58k units in 2026–27e, assuming a materialisation rate of c80%, which is set to surpass anticipated demand of 58k and 32k units, respectively. We expect this transition to moderate the pace of price growth rather than trigger a decline in property values. That said, population growth, stability of the Dubai market, and the controlled supply are expected to act as supporting factors, keeping demand intact. Of the 302k units that are currently under construction and due for completion by 2029e, 80% are apartments, with a relatively limited supply expected within the single-family offerings.

2025–29 supply set to be dominated by apartments



Source: Knight Frank, Reidin

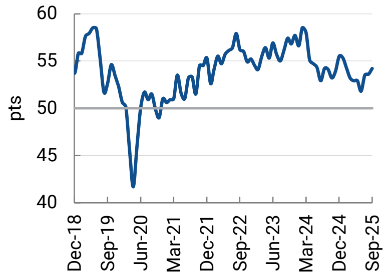
Foresee potential unit oversupply of 35k, 26k units in 2026–27e



Source: Reidin, CI Capital estimates

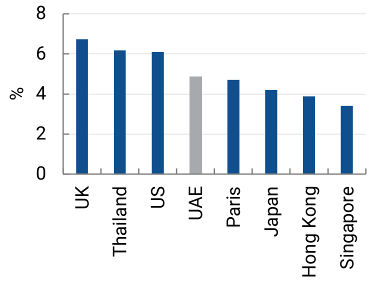
Dubai continues to offer an investor-friendly environment, given its tax advantages, appealing rental yields (5–7%) and a diversified economy supported by robust infrastructure and strategic global connectivity. In 2024, the UAE's foreign trade exceeded AED2.8tr (USD762.3bn) for the first time, marking a significant rise from previous years. This was largely driven by the country's strategic trade partnerships and ongoing diversification initiatives.

Dubai PMI indicates sustained expansion in business activity



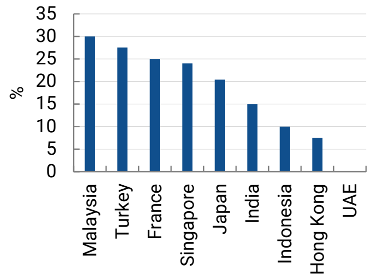
Source: Bloomberg, CI Capital Research

Dubai provides one of the highest rental yields



Source: Global Property Guide, CI Capital Research

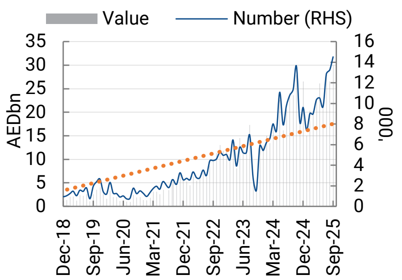
UAE imposes no tax on rental income, set at as high as 30% in other countries



Source: Global Property Guide, CI Capital Research
Note: For mid-rent ranges in case of progressive tax rates

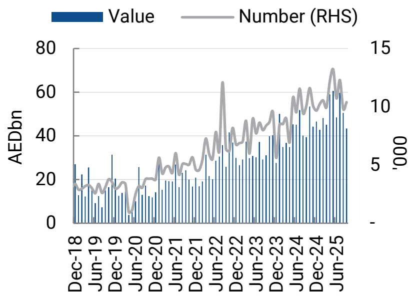
Dubai's aggregate off-plan sales registered a new record high of cAED238bn in 2024, growing c72% y-o-y. The same trend was also seen across sales volume, which grew 88% y-o-y to 110k transactions. The market strength has sustained in 2025, with off-sales figures landing on a new monthly record high in Sep-25, bringing the 10M25 figure to cAED238bn (+22.1% y-o-y), with the number of transactions increasing 18.4% y-o-y to c110k. While property price appreciation in Dubai has continued, the pace has moderated since the beginning of 2025 compared to previous years. Selling prices rose by 12.5% y-o-y in Dubai in Oct-25 (+0.85% m-o-m). This is compared to +13%, +12.5%, +13.3%, +13.7%, +15.6%, +15.6%, +16.5%, and +17.5% respective y-o-y increases in Sep-25 through Mar-25.

Dubai's off-plan property sales reach record high in Sep-25…



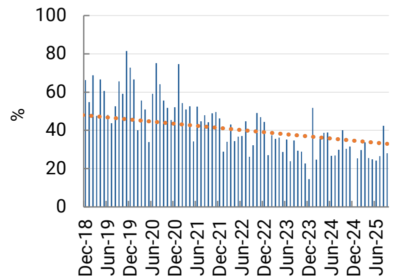
Source: DLD, CI Capital Research

…with secondary market significantly above pre-COVID levels



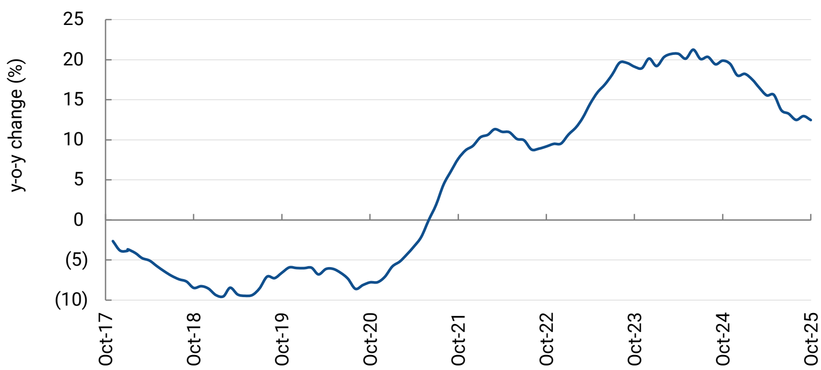
Source: DLD, CI Capital Research

Mortgages trending downwards, likely a reflection of high interest rates



Source: DLD, CI Capital Research
Note: Data for Dec-24 not available

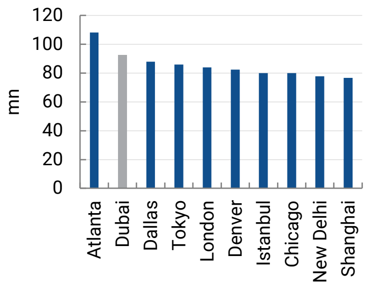
Upward trend in selling prices sustains in Dubai, albeit at a slowing rate



Source: Reidin, CI Capital Research

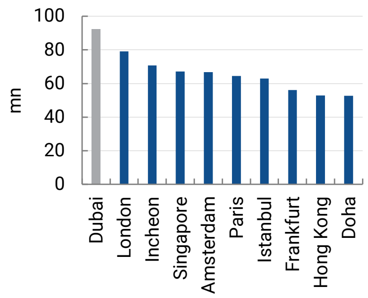
The retail and hospitality segments sustained momentum in 2024–25, with international visitors reaching c14mn (+5% y-o-y) and occupancy rates at c79% in 9M25 (vs. 76% in 9M24). This had a positive spillover effect on retail activity with Dubai Mall recording record-high footfall. Going forward, we expect further growth in both segments, driven by tourism-focused initiatives and infrastructure spending.

DXB emerges as second-busiest airport in 2024 on total passengers…



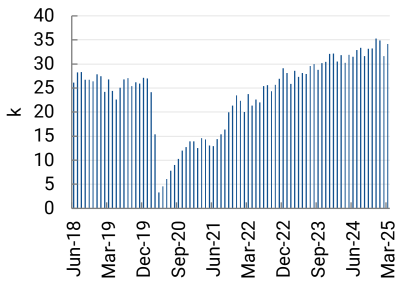
Source: Airports Council International

…ranking first in terms of international passengers



Source: Airports Council International

Airport arrivals to the UAE surpassing pre-COVID levels



Source: Bayanat

We continue to favour Emaar Properties over Emaar Development (ED), owing to its broader exposure to the retail and hospitality segments, which are expected to remain more resilient compared to the stabilising development segment. Emaar Properties also offers more favourable stock dynamics (ADTV: cUSD53mn vs. cUSD12mn for ED), as well as a higher dividend yield (c8% vs. c5%, respectively). This follows the company's announced dividend guidance of AED1/share for 2024 and subsequent years, which reflects its reduced reliance on ED's dividends (c24% in 2024 vs. c37% in 2023 and c114% historically) and the strength of its non-development segment's operations. We expect revenue growth for Emaar Properties to average c14% in 2026-27e as several projects reach their revenue recognition threshold. Margins for the segment are expected to sustain at healthy levels, with construction cost escalations comfortably passed to consumers, reflecting positively on overall GPM, which is set to average 57% in 2026–27e, on our numbers.

MENA consumer

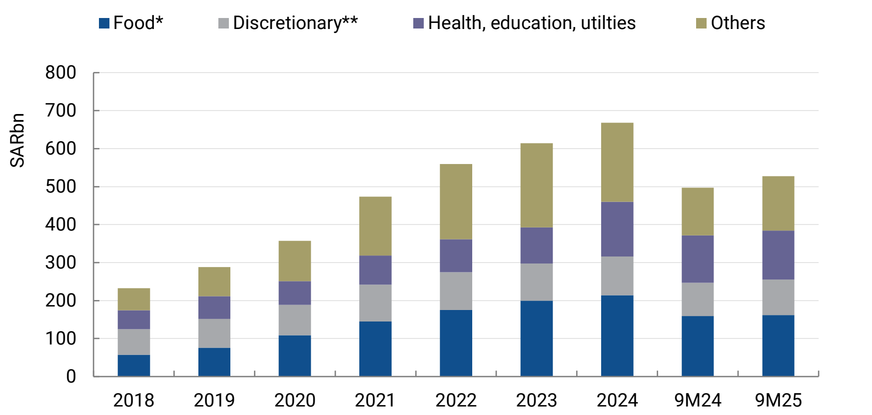
Saudi Arabia: Consumption normalises in 2026e

Saudi consumption has started to decelerate from the high base recorded in 2024, when growth reached 8% y-o-y. PoS transactions value grew by only 6% y-o-y in 9M25, with most of the expansion driven by non-food categories, reflecting ongoing urbanisation trends. This represents a slowdown compared to the 2018–24 CAGR of 19%, weighed down, in our view, by pressures on disposable income stemming from elevated debt burdens amid high interest rates.

Food and beverages, representing 30% of PoS transaction value, saw minimal growth of 2% in 9M25, primarily due to a c4% decline in average basket size, reflecting a shift in consumption patterns towards promotional offers and discounts. Spending on education, healthcare, and utilities remained largely flat y-o-y, while spending on clothing, jewellery, telecom, gasoline and electronics (18% combined) grew by 5% y-o-y, supported by a growing labour force — particularly among females. These economic pressures also dragged the average basket size by 5% y-o-y lower in 9M25 to SAR62/transaction, compared to SAR225/transaction in 2018.

We anticipate Saudi consumption spending to normalise in 2026e, with throughput value expected to grow close to mid-single digit. The expected pick-up in GDP in 2026, an expanding population, and the continuation of the monetary easing should all support consumption in KSA. The labour force is expected to increase by 4% over 2024–30e, backed by SAR1.2tn worth of projects in the pipeline over 2024–30e, including major upcoming events such as the Asia Cup in 2027, Riyadh Expo in 2030, and World Cup in 2034, which should positively impact consumption. Not to mention that the growing inbound tourism, which reached 17mn in 2024 with the government targeting 30mn tourists by 2030, should also support consumption.

PoS transactions maintain upward growth trajectory



Source: SAMA
*Food: F&B, restaurants, hotels
**Discretionary: Clothing, jewellery, electronics, recreation, furniture
*** Health, education, utilities, telecom, transportation, gasoline

Food consumption drives one-third of PoS transactions

Home to 36.5mn inhabitants, the F&B market in Saudi Arabia stands as the largest in the GCC region with a size of USD27.2bn. Food consumption (retail and food service channels) has remained relatively flat in 2025 despite higher throughput volume, mainly offset by lower basket size.

According to a market study, KSA's F&B market is expected to grow at 3.5% over 2024–30e, driven by solid demographics, rising quick-service-restaurant (QSR) demand, and growing inbound tourism.

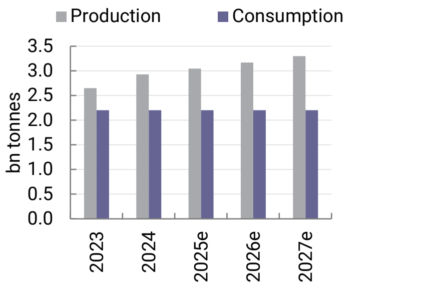
Moderate growth in the dairy segment

Saudi Arabia's dairy sector is considered the largest in the GCC region with a total size of SAR12bn (equivalent to 2bn litres) in 2024. We expect the Saudi dairy consumption to grow by 5% in 2026e and 5% on average till 2030e. Selling prices have been static since 1Q23 amid softening input costs. However, potential diesel and commodity inflation may trigger modest price hikes in the near term, which we factor into our numbers.

Sizeable investments in Saudi dairy capacity over the last 40 years has led to milk surplus, driving the market to run at 115% self-sufficiency in 2024. Annual milk consumption per capita in Saudi Arabia was on par with the global average of 58 litres in 2024. Excess local capacity caters to neighbouring GCC markets, ensuring relatively stable dairy prices.

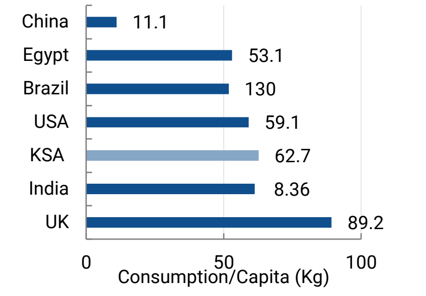
The Saudi dairy market is concentrated with five major dairy producers supplying 90% of the market's demand with Almarai [OW| TP SAR67.5] alone holding 50% market share of the dairy market (excluding cheese), while NADEC [OW | TP SAR25.7] and SADAFCO [OW | TP SAR317] hold a market share of 13.4% and 13.2%, respectively.

KSA runs at 115% dairy sufficiency…



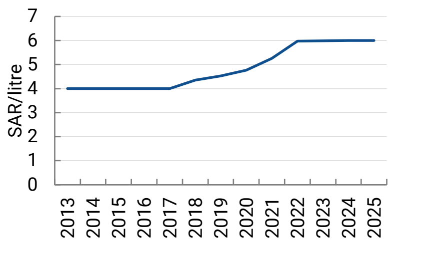
Source: Ministry of Environment, Water and Agriculture

…while Saudi dairy consumption per capita is at par with global average



Source: World population review, CLAL.it, Statista

Saudi fresh milk prices remain static over last few years



Source: Source: GASTAT

Government's restrictions on baqalas should enhance traffic on hypermarkets, supermarkets

In Jun-25, the Saudi government issued new regulations banning traditional stores (baqalas) from selling certain items including tobacco, dates, meat, fruit, and vegetables, while providing a six-month grace period for existing stores to take corrective actions.

This new regulation should bode well for KSA-based operators of hypermarkets and supermarkets including Al Othaim, BinDawood, Panda, and Spinneys as this will increase their footfall, which in turn boost their sales and profits. However, this could hurt margins of some food producers that sell products to baqalas, which has higher margin compared to hypermarkets and supermarkets.

Saudi poultry market: Imbalance prevails on capacity injection amid flowing imports

In line with the Kingdom's 2030 Vision to reach 90% poultry self-sufficiency, domestic producers embarked on expansion plans to double their capacities. This should drive local production to 1.7mn tonnes by 2030e, covering c95% of domestic consumption.

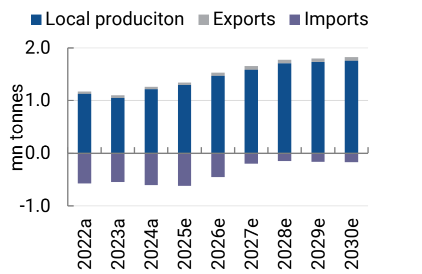
These capacities began to come online during 2025, which were reflected in poultry price volatility amid stable flow of imports that meet 22% of domestic demand. Average prices of frozen and chilled poultry dropped by 8.5% and 3.2% y-o-y, respectively, according to GASTAT. This caused fresh poultry to trade at a 6% discount vs. frozen poultry (compared to 7–10% premium historically). This took its toll on performance of listed poultry companies. Compared to historical double-digit revenue growth, Tanmiah [OW| TP SAR155]'s revenue remained relatively flat y-o-y in 9M25, while Balady [OW | TP SAR285]'s revenue retreated by c5% y-o-y in 9M25. This was coupled with GPM compression, falling 10ppt y-o-y and 2ppt y-o-y for Balady and Tanmiah, respectively. The margin was further pressured by higher corn (60% of feed intake) prices, rising 8.2% y-o-y in 9M25.

Majority of planned capacity expansions to come online by 2026e

In 2026, industry experts anticipate volatility to continue for some time as a 13.6% increase in capacities is expected. Listed companies' management expects the government to step in and control import flows by introducing stringent import measures. A timeline is in place for all farms — exporting to KSA — to be certified and audited on feed, waste management, and other aspects. This, in our view, should ensure balanced market forces, reflecting on stable prices. Moreover, new regulations by Saudi Food and Drug Authority (SFDA)— mandating food preservation and distribution at certain temperature — could add to the cost pressure on small-scale poultry producers, which could ultimately threaten their market existence, giving room for market consolidation.

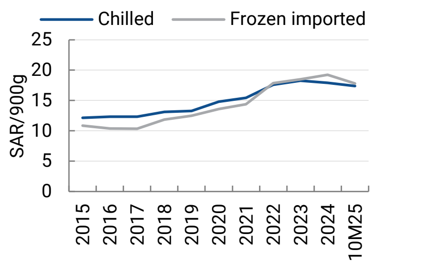
Going forward, we expect Saudi consumption to exhibit healthy yet steady 2025–30e CAGR of 3.9% with volume reaching c1.9mn tonnes by 2030e. This is mainly driven by strong young demographics (77% below age of 40), strong tourism inflows and growing QSRs, which should fuel demand for overall poultry products.

Government intervention is key to reduce import reliance amid oversupply…



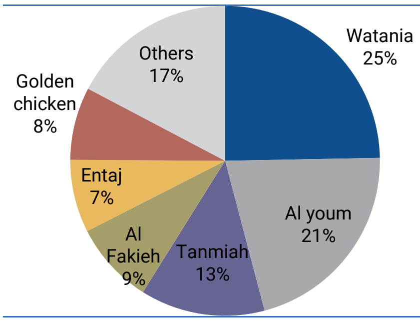
Source: World Bank, USDA, CI Capital estimates

…ensure price stability



Source: GASTAT

3 players control 50% of fresh poultry market



Source: Euromonitor International

Poultry expansion road map

(000' tonnes)	2024a	2025e	2026e	2027e	2028e	2029e	2030e
Domestic production							
Almarai	316	342	374	449	543	543	543
Tanmiah	179	213	253	253	253	253	253
Balady	63.9	67.2	91.2	115	139	163	187
Al Wataniya	351	351	351	351	351	351	351
Al Faqih	132	132	172	172	172	172	172
Radwa	64.8	64.8	64.8	64.8	64.8	64.8	64.8
Entaj	79.1	79.1	79.1	99.3	99.3	99.3	99.3
BRF	0.0	17.0	57.0	57.0	57.0	57.0	57.0
Others	28.0	28.0	28.0	28.0	28.0	28.0	28.0
Domestic production	**1,214**	**1,294**	**1,470**	**1,589**	**1,707**	**1,731**	**1,755**
Self-sufficiency rate (%)	78.2	80.5	88.3	92.2	95.7	95.1	94.5
Imports	607	615	450	198	146	159	172
Consumption	**1,553**	**1,608**	**1,665**	**1,724**	**1,784**	**1,820**	**1,857**
Exports	49	52	59	64	69	70	71
% of production	4.04	4.04	4.04	4.04	4.04	4.04	4.04
Excess supply	**224**	**256**	**210**	**18.1**	**22.2**	**23.2**	**24.1**
% of consumption	14.4	15.9	12.6	1.05	1.24	1.27	1.30

Source: USDA, CI Capital estimates
* Flow of imported chicken is expected to continue, albeit at lower volumes, mainly for the use of processed poultry products (chicken nuggets or ready-to-eat items)

Food aggregators growth normalises in KSA, regionally on competitive pressures

Food aggregators' market in KSA have stepped into normalisation phase in 2H25, witnessing faltered growth of 6% y-o-y in 3Q25 vs. 12–15% y-o-y growth exhibited in 3Q24 and 21% y-o-y growth in 1H25. The market also sequentially dropped by 6% due to lower seasonal summer demand and promotional discounts.

Prevalent cut-throat competition in KSA following the entrance of the deep-pocketed Chinese player, KeeTa, in Oct-24 negatively impacted the performance of Jahez [N | TP SAR27.2]. This pressured Jahez's GMV (-6%), number of orders (-11%), revenue (-13%), and earnings (-13.5%) in KSA during 3Q25. This has triggered changes in Jahez's strategies by expanding into grocery and retail verticals beside collaborating with Noon Foods, leveraging on the latter's large number of dark stores.

We expect talabat [OW | TP AED1.88] to maintain its regional market dominance supported by the new UAE regulatory guidelines issued early Sep-25, which aim to ensure fair practices and prevent excessive cash burn. Going forward, we factor in slower pace of GMV growth of 14% over 2024–30e (vs. 2022–24 average of 20%) and 3.2ppt margin pressure, reflecting rolling out of subscription models, free delivery initiatives, revenue mix, and higher compensation cost for drivers to fend off competition from KeeTa.

Solid demand for electronics, home appliances, driven by deferred payment options

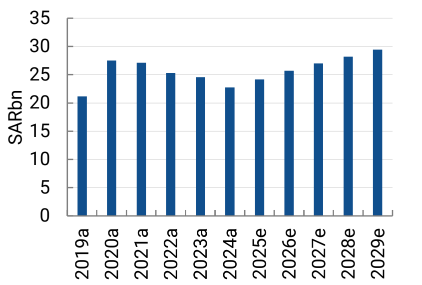
The Saudi consumer electronics market remains one of the fastest-growing industries, supported by Vision 2030, young tech-savvy population (63% of population <30 years), and a 99% digital penetration rate. This should fuel demand for AI-enabled electronic products, with 70% of Saudi consumers looking for AI capabilities.

The market growth is poised to grow at a 2024–29e CAGR of 5.3%, reaching SAR29.4bn, driven by growing mobile handsets and home appliances. Such growth is expected to be tilted towards e-commerce channels due to its wide selections range as well as convenience, including easy comparison and multiple payment options.

In 9M25, eXtra [OW | TP SAR140] exhibited 9.4% growth in retail revenue aided by healthy demand for mobile handsets and an increasing contribution from home appliances contribution, driven by replacement needs and first-time purchases linked to new home deliveries. Also, Jarir [OW | TP SAR14.90] witnessed 4.9% y-o-y growth in 9M25 revenue, supported by smartphones, after-sales services, computer, and tablet sales. The two largest electronics retailers by market share generated 23% and 29%, respectively, of their 9M25 sales through e-commerce. Buy-Now-Pay-Later (BNPL) played fundamental role in driving online sales, which currently represents 20% of online consumer electronics sales.

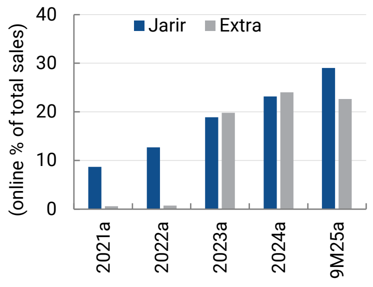
Online sales via Mada cards — the most widely used card in KSA (90% of issued cards) — maintained strong momentum, rising 65% y-o-y in 9M25. Historically, e-commerce transactions via Mada cards grew at an 81% CAGR over 2019–24, reflecting strong contributions from electronics whose +25% of their sales come from online channels. This is consistent with the robust e-commerce growth of eXtra and Jarir, which posted 2019–24 CAGRs of 47% and 252%, respectively.

Consumer electronics poised for 2024–29e growth of c5%, led by online sales…



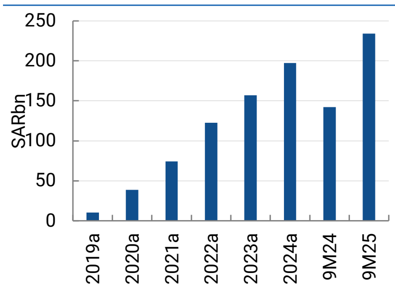
Source: CI Capital estimates

…supported by strong online sales momentum exhibited by retailers



Source: eXtra, Jarir financial statements

e-commerce via Mada cards signal robust demand as 25% of electronics sales placed online



Source: SAMA

Personal credit remains on an uptrend

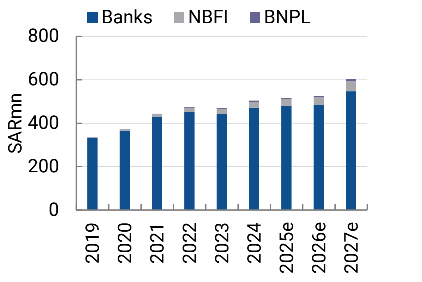
During 2025, consumer credit continues its rapid growth with personal finance granted from NBFI grew by 12% y-o-y in 1H25, whilst credit cards grew by 33% y-o-y. This trend should persist, supported by a growing demand for consumer finance, along with limited access to finance for expatriates and self-employed entrepreneurs, coupled with DBR restrictions imposed by commercial banks.

Global inflationary pressures fuel demand for delayed and deferred payment solutions, including credit cards, BNPL, and easy payment plans. Around 60% of BNPL transactions in KSA are online vs. 40% are executed in physical stores.

KSA has witnessed a significant shift towards financial inclusion with 44% of PoS transactions being executed online.

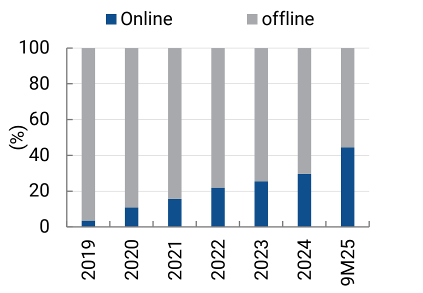
Currently, BNPL platforms accounted for over 20% of total online retail transaction value in Saudi Arabia and this share continues to grow. A projected interest rate cut and normalised inflation levels will likely motivate consumer finance activity.

Consumer finance is estimated to grow by 2024–27 CAGR of 6%...



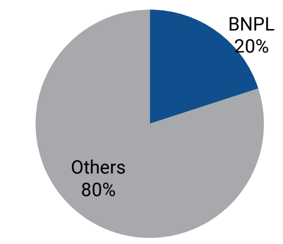
Source: Euromonitor

...supported in large by growing e-commerce contribution



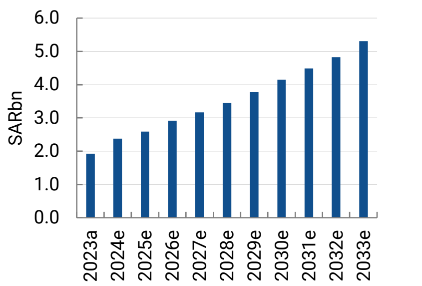
Source: SAMA

BNPL represents 20% of Saudi online payment in 2024



Source: SAMA

KSA OOH market to reach SAR5.3bn by 2033e



Source: Company data, CI Capital estimates

Saudi OOH market set for strong growth amid digital shift, tourism boom...

The Saudi out-of-home (OOH) advertising market is poised for robust growth of a 9.3% CAGR over 2024–33e, reaching SAR5.3bn. The growth is driven by a shift towards digital advertising billboards and digital integration of the existing traditional advertising assets fuelled by a focus on data-driven advertising campaigns.

As a proxy for Riyadh's OOH performance (50–55% of KSA OOH market) due to its exclusivity, Al Arabia [N | TP SAR114] faced delays in 9M25 across several projects, including: Riyadh's contract with Remat, King Khalid Internation Airport, King Abdulaziz Public Transport Project in Riyadh (trains and buses), and the intercity roads' contract.

However, starting 4Q25e onwards, we expect faster digitisation pace and more installations of new billboards, as Al Arabia will claim full exclusivity in Riyadh benefiting from the exit of Saudi Signs by Sep-25. This comes in addition to expected faster progress by municipalities (including Remat) in allocating locations to operators ahead of major international events such as the 2027 AFC Asian Cup, World Cup 2034, and Riyadh's Expo 2030. Those events, along with the development of new cities such AlUla, should help sector growth by attracting international media buyers' interest, with tourist inflows expected to reach 150mn domestic and international visitors by 2030e, in line with Saudi 2030 Vision.

Given the sector momentum, we expect Al Arabia to stand as a key beneficiary from the sector boom given its market leadership position, dominating 80% of KSA outdoor market. Leveraging its long-term exclusive OOH advertising contract in Riyadh (expire by 2035e), Al Arabia is well placed to benefit from Riyadh's strong momentum given that the city is the largest in terms of market size in KSA.

Saudi manpower growth remains solid on sizeable giga projects, despite lower government spending

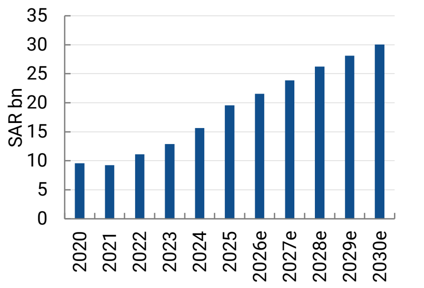
The Saudi HR sector posted generally healthy performance in 9M25, supported by growth in both the corporate and individual segments. Sector expansion was driven by higher deployed resources, stronger utilisation trends, and ongoing operational efficiency initiatives, while corporate demand was boosted by construction activity and further diversification into other growing sectors. All players delivered robust top-line growth, with the corporate segment benefiting most from increased workforce deployment and broader client mandates across key industries.

Profitability across segments diverged. However, corporate-segment GPM generally declined due to intensified competition and softer sentiment linked to reduced government spending. In contrast, the individual segment showed a broad-based margin recovery after the contraction of recent years due to adjustment of individual quota regulations. This in addition to stronger utilisation of domestic labour and improved pricing on nationality mix (Filipino and Indonesian labour).

The Saudi HR sector is expected to deliver strong performance in 2026e, backed by SAR1.2tn worth of projects in the execution phase in KSA till 2030. Spending on construction, energy, and industrials projects is expected to grow at a 2024–28e CAGR of 23% (vs. 30% from 2021–24), as per MEED Projects. Yet, we expect the market size of HR-manpower names to grow only at an 11% CAGR over 2024–30 (vs. 2021–24 average of 19%), assuming some delays in construction projects due to possible cost overruns.

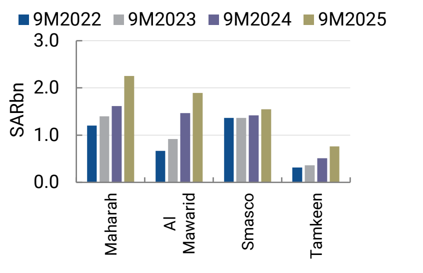
Growth should be supported by ongoing construction activity, including new projects in Riyadh and planned stadium developments. Individual hiring is expected to continue improving, helping to offset any potential slowdowns or margin pressure in the corporate segment. Retail and F&B hiring should also benefit from improved consumer liquidity.

HR market size to grow at a 2025–2030 CAGR of 8.9%



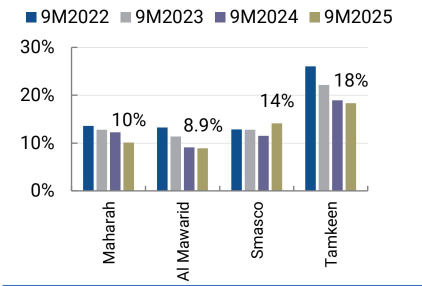
Source: Company data, CI Capital estimates
Note: Market size calculated as total revenue of market players

Tamkeen, Maharah lead sector growth with 50%, 40% y-o-y revenue surge in 9M25, respectively



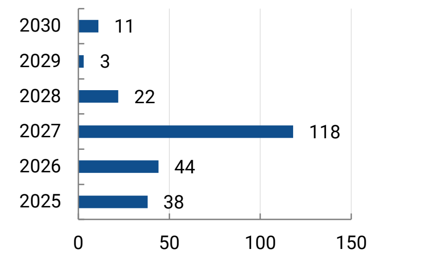
Source: Company data, CI Capital Research

Tamkeen stands out with 18% GPM; SMASCO's GPM regains ground



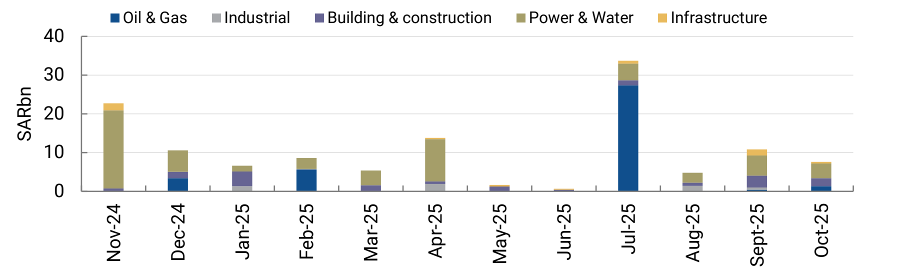
Source: Company data, CI Capital Research

Strong project pipeline with bulk of project execution in 2027



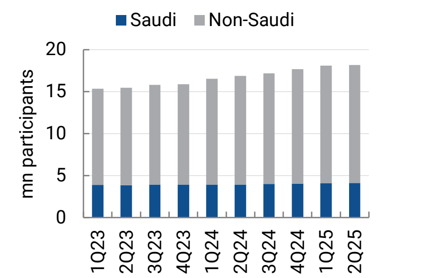
Source: Saudi Contracting Authority

Sector breakdown of projects, with oil & gas posting SAR27bn record in Jul-25 awards



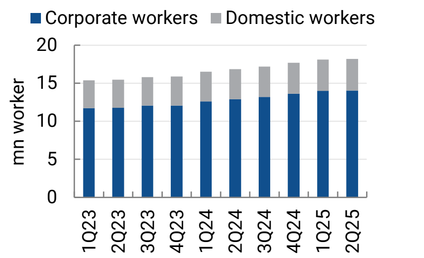
Source: Saudi Contracting Authority

Non-Saudi employment fuels KSA labour-market expansion, up 8.8% y-o-y in 2Q25



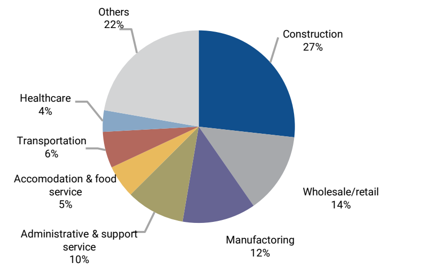
Source: GASTAT, GOSI

Corporate workers show stronger 2Q25 growth of 8.9% y-o-y vs. 4.2% of domestic workers…



Source: GASTAT, GOSI

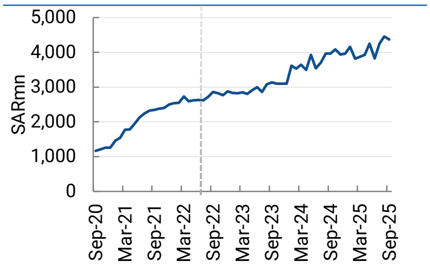
…with more than quarter of corporate workforce allocated to construction sector



Source: GASTAT

Gasoline retailers: Throughput continues to grow; Margin revision remains key trigger

Throughput value of gasoline retailers grows by 10.6% y-o-y in 9M25



Source: SAMA weekly PoS transactions

In 9M25, the PoS transaction value of gasoline retailers grew by 10.6% y-o-y, enticed, in our view, by growing traffic across the Kingdom with the new number of registered vehicles growing by 6.8% in 9M25. Growing inbound tourism and high expat influx, besides 44.3% y-o-y higher diesel prices in 3Q25 to SAR1.66/litre (c.34% of volumes of retailers) fuelled throughput value at gasoline retailers.

Going into 2026, we believe the growth momentum will continue, with throughput value driven by growing population, rising expats, as well as growing urbanisation and development of new cities and new road networks. Potential increase in diesel prices should reflect on higher throughput value of gasoline retailers.

Riyadh metro likely to divert some traffic from gasoline retailers in the city, serving 100mn passengers in 9 months of operations

However, we believe the latest launch of Riyadh metro in Dec-24, with a capacity of up to 3.6mn passengers daily (50–60% of the Riyadh's population), has relatively alleviated the reliance on personal vehicles especially during non-summer times (runs from November to March).

In Aug-25, the Riyadh Metro has reached a major milestone by carrying more than 100mn passengers since its launch in Dec-24. There are plans to expand the railway network by more than 50% to connect major cities and help boost trade.

The market anticipates revision of gasoline retailers' margins, which have been fixed since 2018 at SAR 0.15/litre for Octane 91 and 95 and SAR 0.05/litre for diesel. This change will likely align with the heavy capex spending associated with the new qualification measures introduced in Dec-23. The cost of compliance ranges SAR0.6–1mn for recently renovated stations and SAR1.3–1.5mn for older stations. Given the time needed to import the required materials, the deadline for compliance is likely to be extended to 24 months, up from the initially planned 12 months.

Aldrees, SASCO trade at 2026e P/E 30.3x, 45.4x, respectively, premium to market average amid expectation of margin revision, though timing remains uncertain

With 44% of the market run by privately-owned companies, we anticipate a shift towards market dominance by larger players through a growing consolidation wave.

According to our scenario analysis, every SAR0.05/litre margin addition adds 116% and 69% to our 12M TPs for SASCO [N | TP SAR48.4] and Aldrees [OW | TP SAR167], respectively. We view Aldrees more favourable, given its strong earnings track record and superior station network (1,231 stations and 16.2% market share in 9M25), compared to SASCO's 656 stations (c8.6% market share), whose financial performance has been weighed down by rising costs despite recent expansions.

Egypt consumer

Key beneficiary of stabilising macro backdrop

Heading into 2026e, we see an imminent private consumption recovery, with easing inflation (c12% in 2026e vs. 15% in 2025e and c29% in 2024), stabilising FX (average EGP depreciation of 10% in 2025e and 5% in 2026e), and lower interest rates (-800bps in 2025 and -600bps in 2026e). A gradual improvement in purchasing power has started to reflect in higher sales volumes across local food players from 2Q25 (1Q25 for staple producers during Ramadan). We expect more pronounced volume recovery in 2H25e and 2026e, as consumers adapt to new price levels and inflation-wage gap narrows.

Selectively positive on food names on revived demand, price normalisation

Input price normalisation on stabilising official FX rates and a favourable global commodity outlook — thanks to stabilising oil prices — should pave the way for a more stable pricing environment for food players, limiting the need for aggressive price hikes similar to those passed in 2023–1H25. This should allow producers to continue recuperating lost volumes and reach sustainable margin targets, barring any aggressive FX movements. Moreover, a clear direction towards regional expansion and export-oriented strategies across all names offer room for surprise. Additionally, easing policy rates should offer a breather to earnings across all names. All players have built up sizeable debt positions throughout 2024–25, mainly to replenish depleted raw material inventories upon FCY availability (EC and Obour Land being the most import-dependent, >70% of CoGS directly linked to FX) and/or fund expansions (Edita and Juhayna).

We flag intensifying local white cheese price competition upon Almarai's entry as a key near-term profitability impediment for Obour Land, pressuring 2025–26e dividend yield to 7.24% and 9.01%. vs. double digits historically — a key stock attraction. The sharp correction in orange concentrate prices (-68% y-t-d) from 2024's exceptional highs has also dampened Juhayna's 2025 profitability. However, we see core category growth and exports to propel performance in 2026e. Moreover, we anticipate a finished generous offer on Domty's cheese division as a key trigger for sector rerating (EGX-listed food names under coverage +6–10% on average upon the non-binding offer announced on 15 Oct-24).

9M25 % y-o-y growth by company

	Volume	Revenue	EBITDA	Net income
EFID	10.0	23.9	40.0	42.7
JUFO(1)	15.0	20.7	(21.5)	(33.8)
OLFI(2)	8.38	23.5	(14.6)	(8.42)
Average	11.1	22.7	1.30	0.16
EAST(3)	28.8	82.8	34.4	5.8

Source: Company data
Note: (1) Volume based on CI Capital estimates as volume data is not disclosed; 2024 financial performance was an anomaly, inflated by historic high global orange concentrate prices along with EGP deprecation, which boosted sales and margins from concentrate exports (2) Volume based on CI Capital estimates as volume data is not disclosed as of 1Q25 due to competitive purposes (3) Figures for FY25 (ended Jun-25)

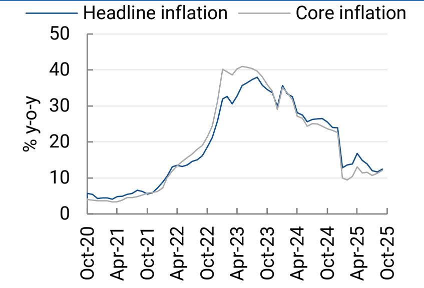
Flag Edita on accelerating volume recovery, well-deserved rerating

Among our food players' coverage, we favour Edita [OW | TP EGP43.5] as its cyclical/impulse-purchase product nature makes it a key beneficiary of rising disposable income levels. Following a full year of y-o-y volume decline driven by portfolio-wide direct price hikes, volumes witnessed a 46.5% robust rebound y-o-y to hit a record high of 42.3k tonnes in 3Q25. This recovery was supported by a more stable pricing environment and greater consumer acceptance of higher value proposition price points. Strong volume pickup in 2H25e, along with c62% higher average product price point since Mar-24 devaluation (EGP5.65/pack in 3Q25), should continue to enhance profitability heading into 2026e.

Capacity additions in bakery and cake (+2 lines in each, announced in Oct-25) is set to accommodate increased local demand. The company's Nov-24 entry into the plain biscuit category — the bulk of the market — should further support growth. Ongoing import-substitution and a clear export strategy (10% of top line, eyeing African markets, and using Morocco as an export hub) should also sustain sales momentum. Cross-border expansion into Iraq (Edita's second largest market after Egypt) in 2026e via 49%-owned JV with a capacity of 9.2k tonnes p.a. across four lines, is set to add c5% to top line, on our numbers.

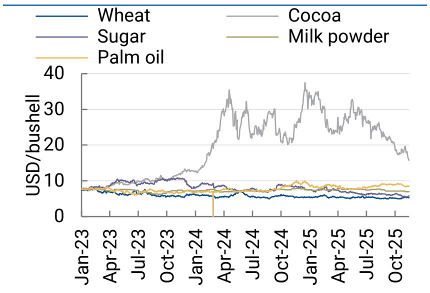
Further upside opportunities include broadening its regional footprint (adding one more market by 2026e), pursuing local M&As, or signing more toll-manufacturing deals (similar to that with Misr Food Additives [MIFAD]). Despite a 63.3% y-t-d price rally, the stock trades at an attractive 2026e PE of 9.67x, implying a 35% discount to its three-year average.

Disinflationary path to support normalising pricing environment…



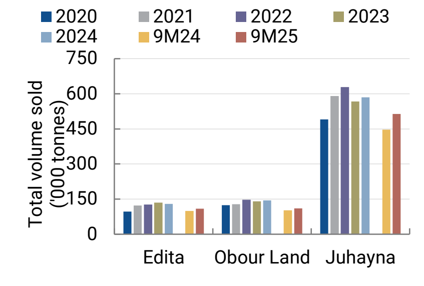
Source: CBE

…with current levels of oil prices key to commodity price stabilisation…



Source: Source: Bloomberg

…underpinning strong volume recovery among food producers



Source: Company data, CI Capital Research

Smartphone market recovers to pre-2022 restriction levels

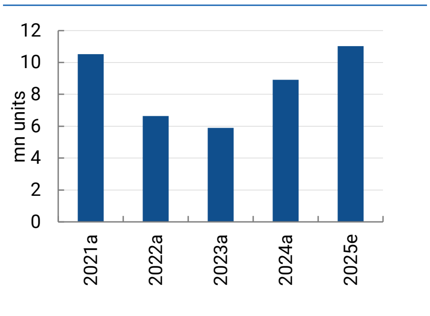
Rising volumes of locally assembled smartphones, better USD availability for distributors, and the new NTRA customs duty on imported phones (implemented in Jan-25, ranging 24–38.5% on the second handset bought abroad), should sharply lift demand for local mobile devices in 2026. These factors already drove 9M25 mobile volumes by 24% y-o-y to 8.3mn units, bringing total mobiles market value to EGP80bn in 9M25 (+32 y-o-y).

Samsung remains the top mobile brand in Egypt with c41% value market share (down c2.5ppt y-o-y due to the availability of other mobile brands). This decline was mainly absorbed by OPPO, whose market share improved from 14.8% in 9M24 to 18.4% in 9M25.

Nevertheless, Samsung remains one of the strongest brands in the Egyptian market, supported by its full SKU range across different price points and its growing local assembly in Egypt. As a reminder, Samsung began manufacturing in Beni Suef at the end of 2022, with an annual production capacity of 6mn units across TVs, mobile phones, and tablets. Currently, Samsung assembles 2mn handsets annually across eight SKUs — set to double to 5mn units over the medium term, following the potential launch of its second-phase factory by 2026e.

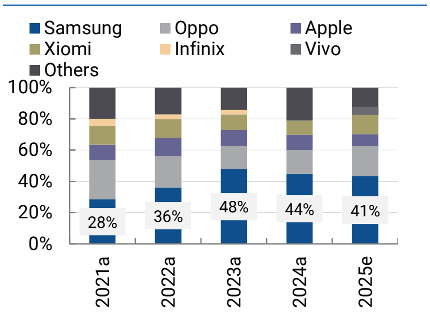
For companies under our coverage, we expect the mobile market volumes to continue its upward trajectory in 2026e — predominantly replacement-driven. Restrictions imposed by the NTRA and growing assembly of smartphones in Egypt by Samsung, Xiomi, and Oppo support market growth. For Raya Trade, a core subsidiary of Raya Holding [OW | TP EGP6.45], we expect mobile distribution to grow by 19% CAGR over 2025–27e. Meanwhile, for MTI [OW | TP EGP10.5], we foresee mobile revenues growing at a 2025–27e CAGR of c35%, driven by the recovery in volumes (CAGR of c20% to 1.3–1.5mn units by 2026e).

Smartphone market volumes bottom out to pre-2022 restriction levels…



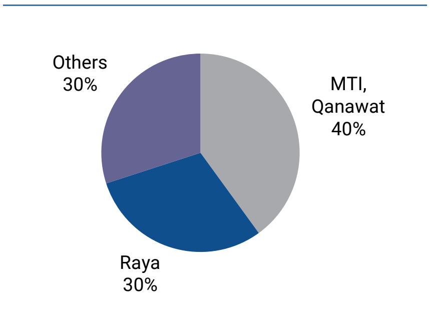
Source: GFK report

…thanks to growing local assembly, lifting import restrictions



Source: GFK report

Raya, MTI capture 70% of Samsung smartphone distribution



Source: CI Capital estimates

Home appliances market sees moderate growth

According to GFK, market size of home appliances in Egypt reached EGP90.7bn in 9M25 (+8% y-o-y), supported in large by growing air conditioners (+17% y-o-y). Meanwhile, refrigerators and washing machines combined witnessed a minor drop in sales value, despite higher units sold, likely on trading down activities and high base due to prebuying ahead of the devaluation, which took place in Mar-24.

Lately, consumers have adopted a wait-and-see approach following the recent EGP appreciation, anticipating lower prices (similar to trends seen in the auto market) and discounts. This is in addition to the government's ongoing initiatives encouraging price promotions — as seen in 3Q25 for home appliances. Hence, we expect the home appliances market to remain volume-driven in 2026e, backed by rising annual marriages and growing supply of new housing units.

Egypt has turned into a hub for home appliances manufacturing, which ensures availability of a wide product range. To illustrate this, Bosch inaugurated its first Africa factory in Egypt in Jun 25 in the 10th of Ramadan City with a EUR55mn investment. The first phase of the facility will be focused on producing over 350k gas-powered range cookers annually. The company plans to export 50% of the output to Africa and the Middle East, strengthening Egypt's role as a regional manufacturing hub.

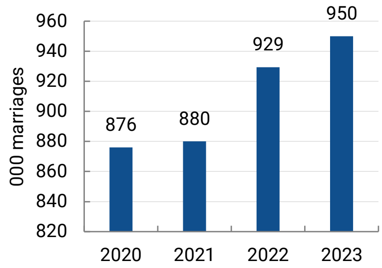
Earlier, Haier Smart Home launched its Egypt Ecological Park in the 10th of Ramadan City in May-24. The park has a capacity exceeding 1.5mn units, with the first phase producing ACs, TVs, and washing machines, totalling over 900k units. The ongoing second phase will focus on refrigerators and freezers.

Global home appliances investments roadmap in Egypt from 2013–28

Project name	Estimated budget (USDmn)	Status	Completion year
Projects under implementation			
Bosch	50.0	Execution	2025
Haier Industrial Park: Phase 1	40.0	Execution	2026
Samsung Electronics - mobile phones factory	50.0	Execution	2026
Haier Industrial Park: Phase 2	50.0	Under study	2028
Haier Industrial Park: Phase 3	45.0	Under study	2028
Vestel/Zorlu - home appliances factory	70.0	Under study	2028
Haier Industrial Park (master park)	160	Execution	2028
Projects launched			
Samsung Electronics - Beni Suef factory: Phase 1	279	Complete	2013
Samsung C&T Corp - Beni Suef factory: Phase 1 Expansion	70.0	Complete	2014
LG Electronics - washing machine production line	80.0	Complete	2017
Samsung C&T Corp - Beni Suef factory: Phase 2	250	Complete	2018
Mintra - Integrated factory	60.0	Complete	2020
Beko - home appliances factory	100	Complete	2024

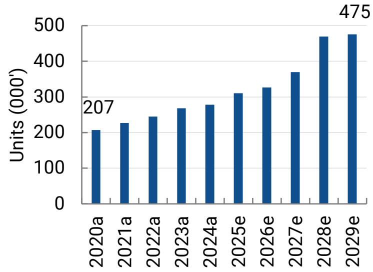
Source: MEED Projects

Rise in demand on higher number of marriages annually in Egypt…



Source: Statista

…growing supply of new housing units

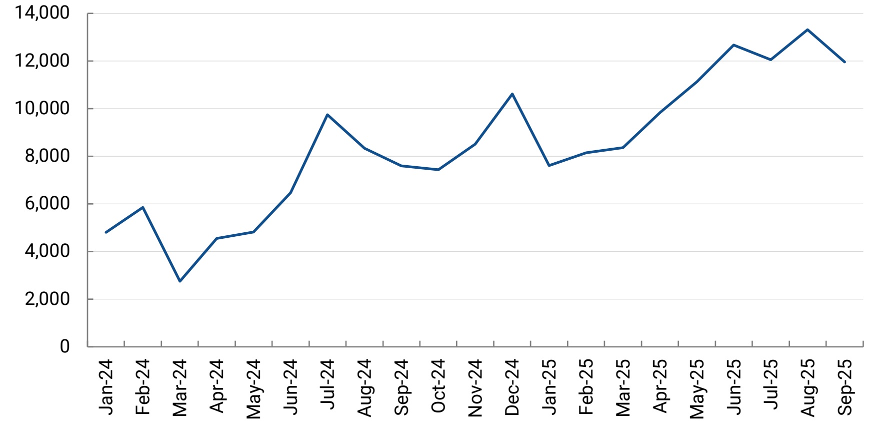


Source: JLL, Knight Frank
*No. of units inside Cairo only

Egypt automotive sector to recover on favourable dynamics

We expect the recovery in Egypt's automotive sales to remain on track, supported by improving consumer purchasing power and anticipated interest rate cuts, which should spur growth in auto loan demand. That said, we foresee sector margins continuing their normalisation trend amid the easing of import restrictions, better currency dynamics, and the rising share of Completely Knocked Down (CKD) models, as automakers increasingly capitalise on local manufacturing incentives. For companies under our coverage, we look for 2025–29e top-line and earnings CAGR of 11.9% and 27.2%, respectively, for GB Corp [OW | TP EGP31.5]. Meanwhile for MTI [OW | TP EGP10.5], we forecast a 2025–29e cars revenues of 33%, primarily driven by a 20% average annual increase in volumes, potentially reaching 1.1k cars in 2029e, on our estimates.

Egypt PC volumes sales



Source: AMIC

Private higher-ed sector growth drivers

K-12: The number of private high school students has grown at a 2019–23 CAGR of c13%, significantly outpacing c3% for public ones – suffer from classroom overcrowding and teacher shortages

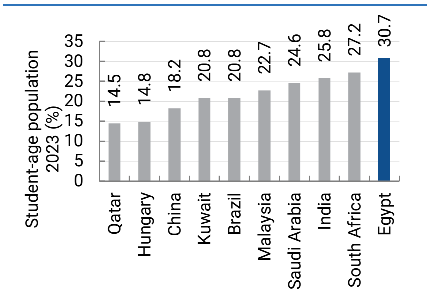
Higher education: Private sector universities' MS on the rise, with 2019–23 CAGR of c11.1% vs. 2.0% for public institutions, which saw y-o-y declines in new intakes – indicating undersupply

Egypt education: Sustainably growing sector backed by resilient fundamentals

Egypt's growing demand for quality, accessible education continues to be the key driver for private education, with private players hitting record enrolment numbers for AY25/26. Boasting the largest student-age population across comparable emerging markets (c31% vs. 21%), Egypt's relatively low university penetration and low public spending on the sector (2.5% of GDP), signals major pent-up demand – mostly fulfilled by private players. Thanks to its highly resilient nature and limited FCY exposure the sector continues to witness expanding margins on the back of growing enrolments, annual fee hikes, and more importantly the replacement effect.

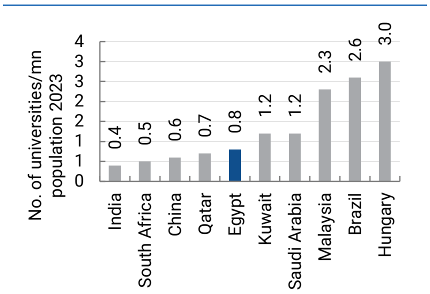
Following the MTO on CIRA in Jan-25, we see Taaleem Management Services currently offering unique exposure to Egypt's booming private education sector. The company recorded new intakes of 5.4k students for FY26e, boosting student body 28% y-o-y to 15.7k across its three operating universities and 18 faculties. Capacity ramp-up at its flagship university Nahda University in Beni Suef (NUB), with expanded medical and computer science faculties' quotas and 10 operational faculties, should continue to steer growth. This is complemented by its second, higher-price-point asset, Badya University, which launched in Sep-24 with six operational faculties (as of Sep-25). The recent launch of its third institution, Memphis University, in Sep-25 (brought forward from Sep-26) with two operational faculties further strengthens the portfolio. Together, these developments position the company as a frontrunner among Egypt's private higher-education players. The company's focus on its medical cluster offerings (nine out of 18 faculties, making up 63% of enrolments) allows for its superior margins vs. peers, with ample room for scale benefits, leveraging a centralised cost structure.

A growing student-age population…



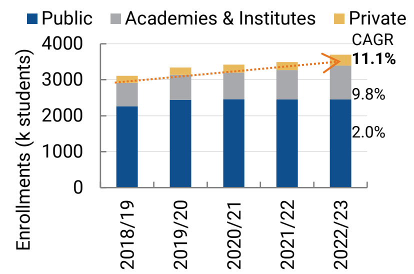
Source: World Bank, CAPMAS

…in a scarcely supplied market…



Source: World Higher Education Database, World Bank

…bodes well for higher education



Source: CAPMAS

MENA healthcare

We maintain our high-conviction view on the MENA healthcare sector through 2026e. We expect most players in KSA and Egypt to benefit from the easing monetary environment, the softer USD, and the supportive demographical trends.

In KSA, we favour SMC [OW | 12MTP SAR30] on the hospital side, Nahdi [OW | 12MTP SAR142] among pharma retailers, and AME [OW | 12MTP SAR184] in medical supplies. In Egypt, we prefer Ibnsina [OW | 12MTP EGP16.1], as we expect its improved WC position, stable leverage, and lower cost of debt to meaningfully drive earnings growth.

KSA hospitals — Favourable top-down outlook

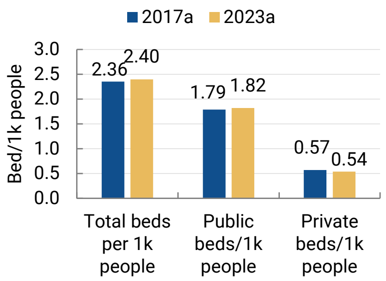
Government healthcare spending in KSA continues to rise, with the Ministry of Finance allocating SAR260bn (USD69bn) for the health and social development sector in its 2025 budget, up from SAR189bn in 2023. This represents c10% of total government expenditure (vs. 6% in 2010).

Land costs account for 15–20% of hospitals' capex, based on our research

Looking ahead to 2026e, we believe KSA hospitals will benefit from the easing interest rate environment, as many players remain highly leveraged to finance their ongoing expansion plans. The sector's average ND/EBITDA stands at 2.5–3x in 2024. Thus, we expect the lower borrowing costs to support profitability and liquidity positions in 2026e. Moreover, the recent white land regulation has increased land availability, potentially bringing land prices down in 2026e and reducing future capex for players that have yet to secure land, like SMC.

KSA hospitals to benefit from higher occupancy amid limited 2026e bed additions…

Private bed/1k people average 0.54 in KSA vs. 1.8 per public bed



Source: MoH, CI Capital Research

Although competition in the KSA hospital sector may initially appear intense, a closer look at the public-private breakdown shows that it remains moderate. Private hospitals account for only 30% of total bed capacity, with the nine listed healthcare operators collectively operating c10k beds, representing 12% of KSA's total current capacity. In terms of beds per 1k people, KSA averages 2.4 beds, 1.8 of which are public and only 0.54 are private, with the latter being relatively low leaves ample room for private-sector expansion.

In 2026e, we see the Saudi hospitals performing well, with only five new private hospitals scheduled for launch (assuming no delays). This limited capacity addition should, in our view, support higher patient traffic and utilisation rates across existing private operators. It should also strengthen hospitals' pricing power with insurance companies — accounting for c70% of total private hospital sector revenues — as contract renewals (typically occur every two years) are likely to occur in a tight supply environment. Consequently, we expect hospitals to negotiate favourable bed rates in 2026e with insurance companies.

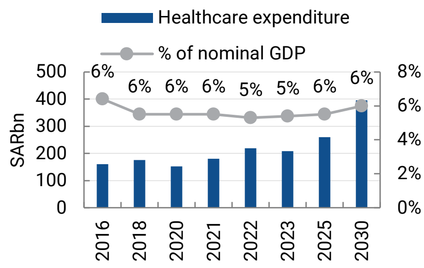
…and favourable government policies

Several ongoing initiatives are expected to further drive patients' traffic to private hospitals, including:

- **Growing private sector participation:** The government aims to raise private participation in hospitals to 65-70% (from c30% currently), primarily through public–private partnership (PPP) projects and new private greenfield expansions. This shift should, in our view, drive higher private-sector bed capacity and support stronger asset valuations for existing hospital operators.

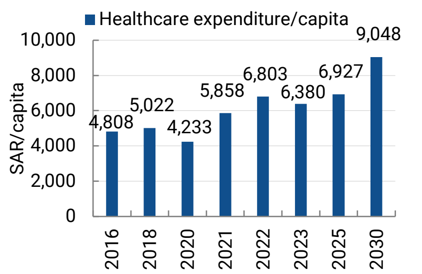
- **Expanding insurance coverage:** Following the introduction of mandatory private health insurance for all Saudi and non-Saudi employees and their families in 2021, the Saudi insurance market grew at an 18% CAGR over 2021–24, reaching SAR42bn in gross written premiums and covering around 13mn individuals (c35% of the population). The government's 2030 target to expand private insurance coverage to c25mn individuals — nearly double current levels — implies a 5x growth rate in premiums over the same five-year period. We believe this target is achievable, supported by continued expatriate inflows (projected to grow by an average 13% annually, based on our in-house estimates), along with rising Saudi employment and the ongoing shift from public to private insurance among quasi-government entities (e.g., Aramco, Saudi Airlines). All of these factors should meaningfully expand the insured base.

KSA total healthcare spending to rise at 2025–30e CAGR of 8.7%



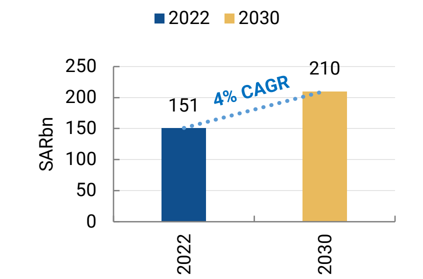
Source: World Bank, JLL Healthcare, Grand Market Research

Per capita expenditure to reach SAR9k — double 2016 levels



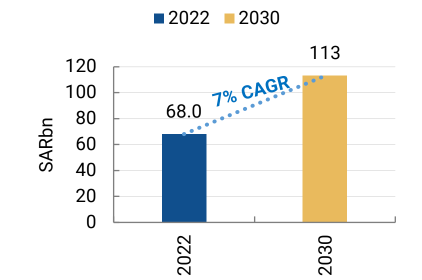
Source: World Bank, JLL Healthcare, Grand Market Research
Note: KSA per capita healthcare spend is 2x lower than UAE and Qatar and 6x below UK averages — signaling strong growth potential for the sector

Public healthcare spending to grow at 2022–30e CAGR of 4%…



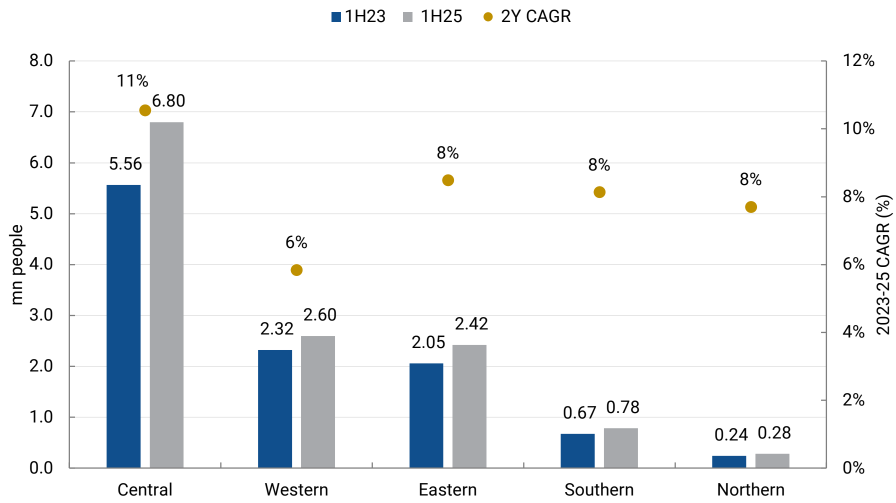
Source: World Bank, JLL Healthcare, Grand Market Research

Private spend to expand at double public rate amid ongoing privatisation



Source: World Bank, JLL Healthcare, Grand Market Research

Social insurance workforce grows at 2023–25 CAGR of 9% to 12.9mn people; Central region records strongest growth with 11% CAGR



Source: GASTAT
Note: The 2023–25 CAGR is calculated based on 1H figures (the latest available data). Workforce enrolled in social insurance serves as a strong proxy for individuals covered by private health insurance

Central, Western, Eastern regions (75% of population) have c45% insurance penetration; Remain below 2.7 beds/1k target

KSA regional breakdown	Central	Western	Eastern	Southern	Northern	Total	Target 2030e
Main cities	Riyadh, Al Qassim, Hail, Hafr Al Batin	Jeddah, Madinah, Makkah, Taif, Al Qunfudhah	Dammam, Al Ahsa, Eastern Province	Asir, Jazan, Najran, Al Baha, Bisha	Northern Borders, Tabuk, Al Jouf, Qurayyat		
Population (mn)	10.2	9.70	4.90	4.20	1.20	30.2	
Contribution (%)	33.7	32.3	16.2	13.9	4.01		
Privately insured (mn)	4.15	4.92	2.34	1.00	0.31	12.7	25.0[1]
% insured	40.7	50.5	48.0	23.9	25.3	42.1	60.0
Number of beds per region (units)	28,128	21,267	11,263	10,838	6,019	77,515	94,578
Market share (%)	36.3	27.4	14.5	14.0	7.80		
Bed/1k people	2.63	2.03	2.20	2.69	3.17		2.70

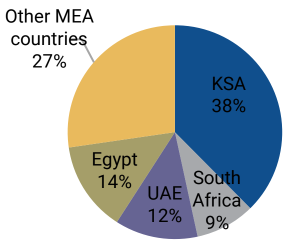
Source: MoH, GASTAT, CI Capital Research
Note: Population and number of insured people based on latest available data in 2023 (1) The Council of Health Insurance (CHI) targets to cover 25mn people by 2030e

Prefer SMC in KSA hospitals' sector

We see SMC — IPOed in Jun-25 and one of the few Riyadh providers focused on the high-to-mid-tier insurance segment — as well-positioned to benefit over 2025–27e from its shift towards higher-margin services. SMC discontinued +150 beds over 2023–25 (where government are the main payers and historically drove higher receivables and ECL provisions). SMC utilised freed-up space to open 86 clinics during 2023–25 and convert some LTC beds into acute beds. Hence, we expect over 2025–27e: (i) receivable days to fall by 35 days to 100 days by 2027e with lower associated provisions and (ii) EBITDA margin to rise c2ppts annually to 27% as clinics ramp up. This should drive EPS at a 2025–27e CAGR of 22% — 9% above peers, as per consensus. SMC plans to add three Riyadh hospitals by 2030e, doubling beds to 1.3k and tripling clinics to 800, with these sites potentially contributing 40% of 2032e revenues once utilisation surpasses 60%.

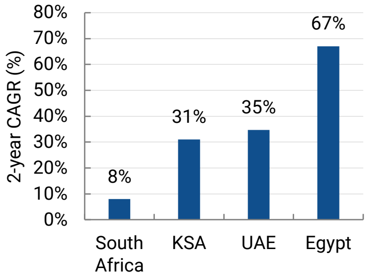
KSA pharma — Mixed view

KSA holds largest market share in MEA pharma market in 1H25



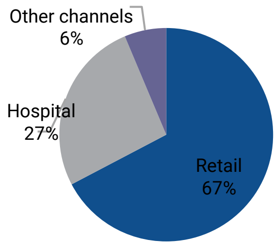
Source: IQVIA, CI Capital Research
Note: Based on 1H25 data

Egypt emerges as fastest-growing pharma market over 2023–25, fuelled by repricing



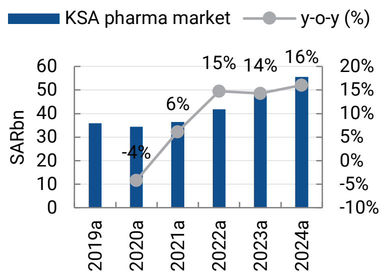
Source: IQVIA, CI Capital Research
Note: Based on 1H25 data

Retail channel dominates region sales with c67% market share



Source: IQVIA, CI Capital Research
Note: Based on 1H25 data

KSA pharma market grows by average 15.2% annually over 2022–24



Source: IQVIA
Note: Growth is primarily volume-driven.

KSA government aims to localise production of over 200 medicines in medium term

Positive on KSA pharma manufactures

The Saudi healthcare sector has undergone a major transformation in recent years, which has significantly supported volume growth across the pharma market. The KSA pharma market grew at a 2022–24a CAGR of 15% to SAR56bn, driven primarily by strong volumes amid favourable demographics, growing expatriates, a high prevalence of chronic diseases, and continued expansion of healthcare infrastructure — including the rising number of hospitals and clinics. These factors, combined with high disposable incomes, have provided solid structural support for drug demand.

Weaker USD, insurance, localisation are key triggers for KSA pharma

Besides the significant positive impact from high insurance penetration — which also benefits hospital operators — a weakening USD should ease cost pressures for KSA pharma players in 2026e, given that roughly 70% of medicines are imported. In addition, the raw material (API) imports remain substantial (USD1.81bn to be spent in 2025), accounting for c50% of sector COGS. Thus, we believe that the weaker USD should ease FX-related cost pressures and translate into stronger GPMs across the sector once existing inventory held by pharma players is depleted.

Moreover, the government is actively promoting the localisation of drug manufacturing, targeting a reduction in import dependency from the current 70% to 30% by 2030. Since late 2024, the Saudi Food and Drug Authority (SFDA) has introduced localisation incentives, including preferential pricing and licencing support for locally manufactured products.

New regulations to further enhance local participation:

- In Jan-24, a new regulation required pharma companies to establish regional headquarters in KSA to participate in government tenders through the National Unified Procurement Company for Medical Supplies (NUPCO). The government began partnering with community pharmacies — such as Nahdi — to allocate dedicated shelves for Saudi-made generic drugs, further supporting local manufacturing.
- In 2025, another law was introduced requiring public hospitals to purchase locally manufactured medical devices if available in KSA, unless a hospital is granted an explicit exemption to procure an imported alternative. This policy should, in our view, accelerate sales growth for Al Dawaa [OW | 12MTP SAR103]'s recently launched Premi medical devices, which currently include 44 SKUs across two categories: home-care devices and hospital-focused devices.

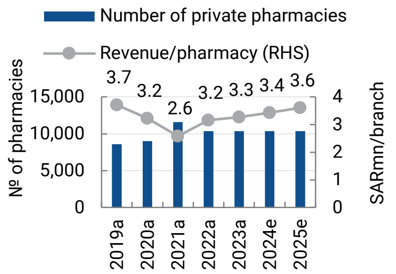
Neutral on KSA pharma retailers; Still flag Nahdi

The private retail pharma sector grew at a 2022–24 CAGR of 4.2%, reaching cSAR30bn, with Nahdi and Al Dawaa cumulatively capturing over 50% of the market. We expect the sector to maintain a similar growth pace in 2026e, reaching SAR31.5bn.

For Nahdi and Al Dawaa, we expect average revenue growth of 7.5% in 2026e, supported by medicine sales and local house brands. While this growth appears relatively modest compared to the broader KSA healthcare growth, it reflects the 50/50 contribution of pharma vs. non-pharma within their revenue mix:

- **Pharma segment** is expected to benefit from higher insurance coverage, drug localisation, weaker USD and digital adoption, including online platforms, virtual consultations, and e-prescriptions, which should enhanced volumes, cross-sales, and prescription accessibility. For reference, online sales accounted for c27% and c20% of Nahdi's and Al Dawaa's 3Q25 revenues, respectively.
- **Non-pharma segment** contributes 50–60% of their gross profit on average. It continues to face strong competition from online retailers. This has led to increased price promotions and marketing spending over 2022–25, pressuring operating margins — a trend likely to persist through 2026e, in our view.

Expect revenue/private pharmacy to grow by 2024–26e CAGR of 4%



Source: MoH, CI Capital estimates
Note: Private pharmacies are community pharmacies with extensive branch networks

Nahdi to gain from Wasfaty rollout…

We maintain our high-conviction view on Nahdi, which has been in a turnaround phase since end-2024. After a c4% earnings drop in 2022–24, the company has improved its sales and margins in 1Q25. Hence, we remain positive on Nahdi in 2026e, especially on:

- **Wasafaty rollout (not in our numbers):** Core retail sales are expected to grow at the typical 3–4% pace, similar to Al Dawaa. The recent rollout of the Wasfaty programme across all c1.2k Nahdi branches in Oct-25 is a major catalyst for the stock, in our view. We estimate that Wasfaty sales could add 7–10% to Nahdi's 2026–29e top line. While the programme carries a lower GPM of 12–15%, this should be offset by the strong private-label contribution, delivering a GPM of c60% (1.5x higher than the broader retail business) and accounting for 16% of 9M25 sales (4% higher than our 2026–29e estimate). Post-implementation, Nahdi should also benefit from two cross-selling channels: i) Wasfaty prescriptions, which typically generate 1.2–1.5x additional sales (as seen at Al Dawaa), and ii) polyclinic visits, which currently generate 1.3x cross-sales, adding c5% to pharma revenues.

- **Polyclinics ramp-up:** The polyclinics segment continues to deliver exceptional performance, with five out of 13 clinics generating an NPM of 15%, according to management. We expect 20 operating clinics by end-2026e (vs. 13 in 9M25), generating SAR588mn in revenues (up 53% y-o-y, accounting for 5.5% of 2026e top line). 9M25 revenues reached SAR316mn, nearly matching our full-year 2025 segment forecast, serving c1.5mn patients, with revenue/clinic up 24% y-o-y to SAR24.3mn in 9M25 on higher occupancy. We attribute 17% of our valuation to the polyclinics segment, whose exceptional performance, in our view, remains largely overlooked.

Mature clinics typically require 3–4 years to ramp up operations, generating GPM> 45%, EBITDA margin >25%, NPM> 15%, according to our research

…potentially weighing on Al Dawaa

In contrast, Al Dawaa faces potential downside risk from Nahdi's participation in the Wasfaty programme. Wasfaty has been a key growth driver for Al Dawaa since 2019, with prescription volumes growing 39% over 2021–24. Al Dawaa was handling c65% of all prescriptions (15–20% of top line and adding c15% in cross-sales, on our calculations).

Hence, we believe that any decline in Wasfaty sales could materially affect Al Dawaa. The company may need to increase marketing expenditure and further invest in its loyalty programme throughout 2026e to retain its existing customers — currently totaling 10.9mn members in the Arbahi programme (representing 88% of 9M25 sales).

Non-pharma aesthetics to sustain high growth in 2026e

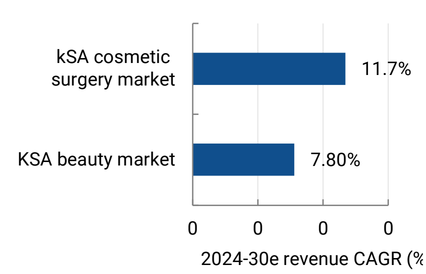
Shifting from luxury to necessity

Cosmetic procedures have become a lifestyle in the Middle East (primarily UAE, KSA, and Egypt). GCC countries hold the lion's share of the Middle East beauty market, accounting for 42% of the total market size. The region is rapidly emerging as a key growth engine for premium beauty products, supported by its cultural richness, economic diversity, rising middle class, and youthful and digitally connected population.

KSA is 2nd fastest-growing market, following UAE, in beauty treatments

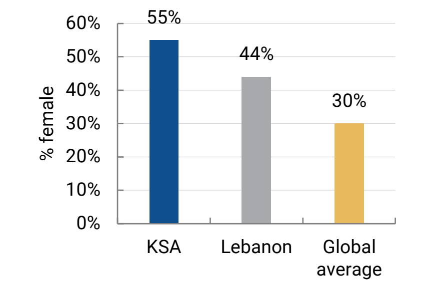
KSA tops the lists of Arab demand for cosmetic surgeries, ranking 22nd globally in cosmetic procedure volumes and accounting for 1% of the global market value, according to the International Society of Aesthetic Plastic Surgeons. In 2024, the Saudi aesthetics market stood at USD757mn (representing 40% of the Middle East market) and is projected to grow at a 2024–30e CAGR of 12% — outpacing both the KSA beauty (+4ppt) and pharma (+2ppt) markets. We expect growth to be volume-driven, supported by recurring treatments (every 3–9 months), high penetration rates (42% of Saudis have undergone at least one cosmetic procedure), and strong beauty spending (Saudi women spend USD3.5–4k annually on beauty — 30% above Emirati women).

KSA cosmetic surgery market growing at 4% CAGR higher than beauty market



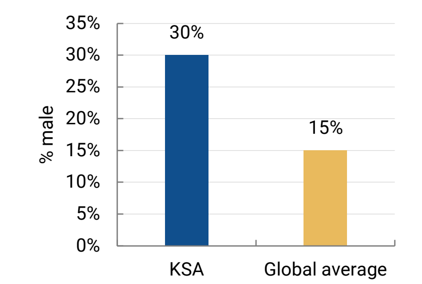
Source: Morder Intelligence

Saudi women lead global ranking in female cosmetic procedures



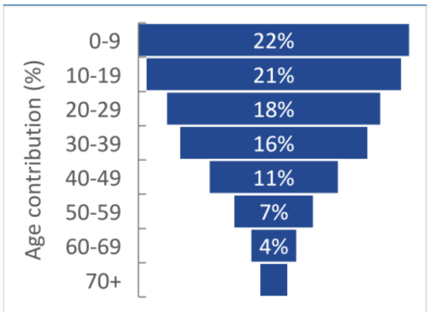
Source: Statista, International Journal of Medicine in Developing Countries

1 in 3 Saudi men undergo cosmetic procedure — twice global rate



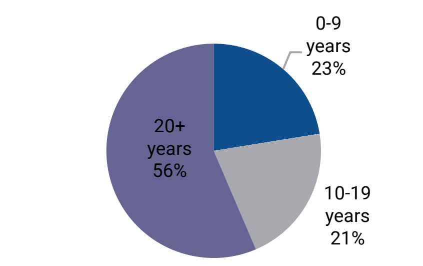
Source: Statista, Arab News

53% of KSA population are aged 20–69, representing core client base…



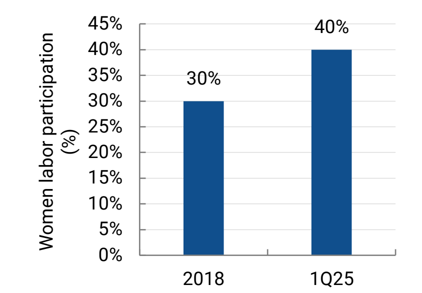
Source: GASTAT
Note: These age groups are nearly evenly split between men and women — core demographic for recurring non-invasive cosmetic procedures

…while 21% are aged 10–19, demonstrating potential future clients



Source: GASTAT
Note: These groups are more likely to pursue cosmetic procedures at a younger age — representing high-potential client base

Women participation in labour market surge by 10% since 2019 to 40%



Source: GASTAT

Key drivers for non-invasive cosmetic procedures in KSA

Social modernisation	Aesthetic procedures are becoming increasingly accepted and normalised in Saudi society, driven by higher disposable income, women inclusion in the society, greater media exposure, and celebrity influence. Consumers, both females and males, are currently more willing to invest in their appearance — considering cosmetic procedures as part of their lifestyle.
Rising female purchasing power	Women's workforce participation in KSA reached 40% in 1H25, creating a powerful consumer segment with higher purchasing power and clear beauty preferences. This rise in disposable income is translating into greater spending on premium aesthetic treatments, contributing to the notably high rate of cosmetic procedure adoption among Saudi women — 55% vs. 30% globally. This trend is also reflected in the number of PoS transactions for miscellaneous goods and services —including personal care — growing at a 2018–24 volume CAGR of 70% to SAR81bn in value terms in 2024 (12% of total PoS transactions, up from 8% in 2020).
Growing demand from men	Male grooming is on the rise, as appearance awareness increases across both genders. This trend is contributing to broader market growth, with more men opting for non-invasive treatments (30% of Saudi vs. 15% global rate).
More clinics and more expertise	Major cities like Riyadh, Jeddah, and Dammam have become leading hubs for cosmetic services. A wide network of clinics, hospitals, and specialised medical centres have recently opened, offering both surgical and non-surgical treatments. This, besides a greater influx of experienced aesthetic practitioners into KSA, enhance service quality and support further volume growth.
Competitive pricing and accessibility	In KSA, prices for non-invasive treatments are 60–70% lower than in the US/EU and about 25% below Turkish market rates. These cost advantages, combined with the recurring nature of non-surgical treatments, make it more convenient for Saudi clients to seek treatments locally, supporting strong domestic demand. According to our research, while surgical procedures are often performed abroad, over 75% of non-surgical treatments are done within the Kingdom.

Source: CI Capital Research

Flag AME as top non-pharma aesthetic sector pick

AME is well-positioned to capture the high-growth momentum of the KSA aesthetics market, supported by its exclusive partnerships with leading brands (covering 45% of KSA's fillers and 25% of laser machines).

We also view the recent addition of Nabota in Feb-25 — a botulinum toxin South Korean product (commonly known as Botox) — as a highly strategic move for AME. The product is FDA-approved, marketed at a notably lower price alternative compared to Botox (reducing cost/session by 50–60%). Our base-case assumptions project an average 40% annual increase in Nabota volumes over 2025–27e, potentially contributing 9% to AME's revenues over the same period, on our estimates.

AME delivers strong operating margins (GPM > 40% and NPM > 17%), maintains an unlevered balance sheet and high RoE (>25%), and consistently pays a SAR2/share annual dividend. Despite those strong fundamentals, AME remains largely uncovered, offering a compelling rerating opportunity as investor visibility increases. Furthermore, its planned shift to the Main Market (scheduled for 2026) serves as a key catalyst, with potential to unlock further upside and broaden investor access.

Egypt hospitals — Positive

We continue to hold a constructive view on Egypt's hospital sector, which was already well-positioned amid currency devaluation challenges. We view this sector as a defensive sector, where most private healthcare providers are price-makers requiring minimum FX in their operations. This enabled them over the past three years to implement strong price increases to offset inflationary pressures, while enhancing their margins (e.g., Cleopatra Hospital (CHG) [OW | TP EGP16]'s revenue/bed surged by a cumulative 130% over 2023–25a, with a 4.5% improvement in the company's GPM to 39.4% in 2Q25). Furthermore, the ongoing interest rate cuts are expected to further boost their NPM in 2026e, as most Egyptian hospital, like in KSA, are relatively highly leveraged to finance their capex.

CHG patient numbers up 9.5% p.a. over 2022–24a ahead of 2 new facility launches; Cases served increase 16% in in 1H25

Improved demographics, along with Egypt's reputation for skilled healthcare and competitive costs, continue to support the sector outlook. We expect this trend of rising patient volumes and price hikes to continue in 2026e, with hospitals likely raising prices by 15–20%, on our estimates.

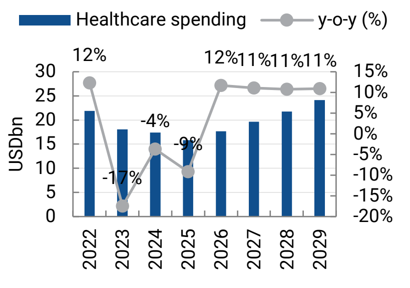
According to MEED Projects, 22 new hospitals are planned in Egypt over 2024–28e, with 45% located in Greater Cairo and 55% across other governorates. These projects are expected to add c12k new beds nationwide by 2028. In 2026, only c2k new beds are anticipated to come online in Egypt, which should drive, in our view a notable revenue surge from new capacity additions — exceeding the anticipated 15–20% uplift typically attributed to price hikes.

Concerning Greater Cairo, Cleopatra East Hospital (formerly Sky Hospital) is the only major facility scheduled for launch in 2026e, which should enable a swift utilisation ramp-up, in our view. Moreover, the hospital's location serves around 5mn residents, based on management guidance, ensuring strong patient inflows. In addition, secured referrals from the Ministry of Petroleum and Mineral Resources, the hospital's owner, should further support faster occupancy and profitability growth.

Egypt currently operates total of 128k beds

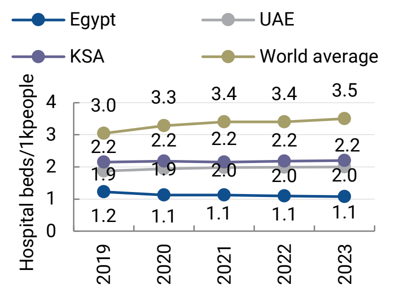
- ✓ 29% public
- ✓ 43% parastatal
- ✓ 28% private beds

Egypt's healthcare spending to grow by 2023–29e CAGR of 5% in USD terms…



Source: Statista, World Bank
Note: Data shown uses current exchange rates

…yet, still faces shortage in beds, lagging GCC



Source: World Bank
Note: Based on the latest available data in 2023

c2k new hospital beds to be launched by 2026 in Egypt (12% in Cairo related to Cleopatra East Hospital), addressing current bed supply shortage

Upcoming hospitals	City/location	Project status	Beds' capacity	Completion year	Budget (USDmn)	Capex/bed (USDmn)
Cairo/Giza						
NCI - New National Cancer Institute	6th October City	Complete	1,000	2024	500	0.50
Cairo University - Qasr Al Ayni Children Hospital	Cairo	Complete	300	2024	30.0	0.10
MoHP, Egypt - Boulaq Al-Dakrour General Hospital	Cairo	Under construction	225	2025	50.0	0.22
Magdi Yacoub - Global Heart Center	Cairo	Complete	405	2025	160	0.40
Cleopatra East Hospital	New Cairo	Complete	240	2026	60.0	0.25
Magdi Yacoub - Global Heart Center	6th October City	Under construction	300	2025	100	0.33
MMC - Badr City Capital Med: West Campus (Phase 1A)	Cairo	Under construction	375	2027	100	0.27
Ministry of Defense - Nasser Institute Hospital	Cairo	Design	850	2027	100	0.12
GOTHI - Medical City	New Administrative Capital	Under construction	4,223	2027	1,000	0.24
Other governorates						
MoHP, Egypt - Luxor International Hospital	Luxor	Complete	365	2024	25.0	0.14
Nahda University - Teaching Hospital	Beni Suef	Complete	160	2024	47.0	0.29
Al Salem Holding Group - Nile View Hospital	Benha	Complete	150	2024	50.0	0.17
Benha Univ - Benha Specialized Hospital	Benha	Complete	450	2025	47.0	0.18
CAR - Abu Qurqas Central Hospital	Minia	Under construction	200	2025	20.0	0.11
NUCA - Nasser City: Medical City	Asyut	Under construction	405	2025	100	0.25
MoHP, Egypt - Shohadaa Central Hospital	Menouf	Complete	200	2025	80.0	0.18
MoHP, Egypt - Metoubes Hospital	Kafr El Shaikh	Under construction	182	2026	21.0	0.12
MoHP, Egypt - Assiut University Oncology Hospital	Asyut	Under construction	488	2026	36.0	0.16
MoHP, Egypt - Monufia New Oncology Hospital	Menouf	Under construction	200	2026	21.0	0.21
MEAHCO Holding - Medical City Batterjee	Alexandria	Under construction	900	2026	165	0.18
MoHP, Egypt - New Hospital in Qus	Qena	Study	200	2028	41.0	0.23

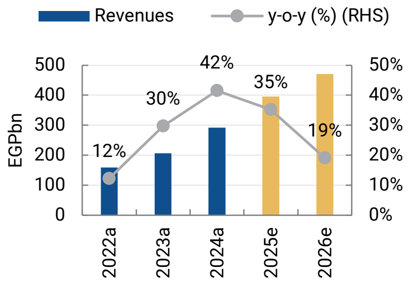
Source: MEED Projects, CI Capital Research

Egypt Pharma — Recovery, growth still ahead

Snapshot about market in 2023–25

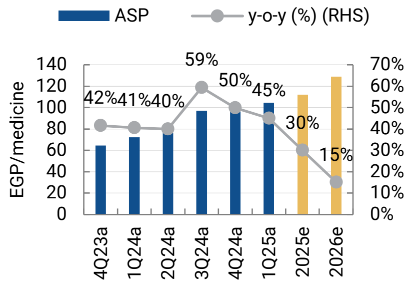
- Egypt pharma market remains the second-largest market, following KSA, with a market share of 13.6% in Jun-25. Most players witnessed a strong year over 2023–25e, with a cumulative increase in ASP/medicine of c111% over 1H23–1H25a to EGP106/medicine, according to IQVIA data.
- For 1H25 (last available data), total pharma sales amounted EGP186bn, up 56% y-o-y, with growth supported by a 42.5% increase in pricing and a 9.5% recovery in volumes. We note that the Egyptian Drug Authority (EDA) had repriced c50% of the market SKUs as of the end of 2Q25, which represent the top-selling products (accounting for 80% of total pharma sales). In our view, 2Q25 is the final quarter to reflect a substantial y-o-y increase in pricing, as the first repricing wave began on May-24.
- We should also highlight that most pharma players increased their leverage in 2Q25 to finance inventory build-up amid the ongoing volume recovery needed in the market. Typically, the market holds around six months of inventory — last accumulated in 4Q24 at lower price levels — which was likely completely depleted in Jun-25. Hence, inventory re-build started to be required in Jun-25, in our view, but at higher price levels, which explains the increase in CCC, leverage, and interest expenses across many pharma players.

Egypt's pharma market set to grow by 2024–26e CAGR of 27% to EGP470bn



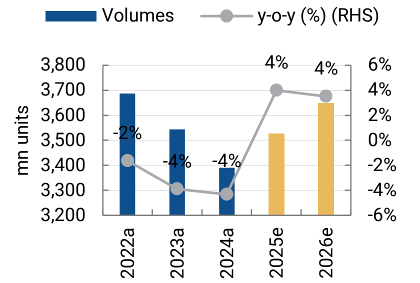
Source: IQVIA, CI Capital estimates

ASP/medicine continues to reach new highs; Expected to grow at 22% on average over 2024–26e



Source: IQVIA, CI Capital estimates

Volumes to recover, reaching pre-2022 levels by 2026e



Source: IQVIA, CI Capital estimates

Shift in drivers from price hikes to macro tailwinds in 2026

We maintain our positive view on Egypt pharma sector in 2026e. We project total pharma sales to grow 20% y-o-y in 2026e to EGP470bn, driven by 15% repricing (to EGP 129/medicine) and 5% volume recovery, according to our estimates.

Our high conviction in the sector is no longer primarily driven by top-line growth, but rather by significant improvements in GPM, lower interest expenses, and better working capital — a key driver for pharma valuation.

New EDA regulations to support long-term sector quality, with temporary adjustments expected in 2H25/1H26

	GMP standard	GDP standard
Definition	Good Manufacturing Practice (GMP) is a regulatory framework ensuring that pharmaceutical and cosmeceutical products are consistently produced and controlled according to high quality standards.	Good Distribution Practice (GDP) is a regulatory requirement ensuring that distributors, wholesalers, and warehouses store, transport, and handle pharmaceutical products safely. The standard places particular emphasis on temperature-sensitive medicines, especially for injectable antibiotics and vaccines.
Targeted players requiring this licence	Pharmaceutical and cosmeceutical manufacturers.	Distributors, wholesalers, and warehouses.
Impact on manufacturers	GMP standard implementation has led to a moderate increase in capex and operating costs due to upgrades in machinery, equipment, and filtration systems. Notably, Macro Group invested EGP50–60mn in factory renovations, while Rameda's regulatory operating costs surged to EGP65mn in 9M25 (up 2x y-o-y), though this still represents only 4% of total COGS and 2% of sales — not concerning, in our view.	The rollout of GDP standards led to a temporary halt in injectable antibiotic sales during 3Q25, negatively impacting manufacturers' sales for those segments. Approvals began to be issued in Sep-25; hence, we think the overall impact of these regulations will gradually recover in 4Q25 and is likely to be completely muted in 2026e, as most distributors will likely have obtained the required licences.
Impact on distributors and warehouses	No impact, in our view.	Distributors and warehouses have incurred additional costs and operational delays to meet GDP compliance. Many are still awaiting final regulatory approvals. However, according to our communication with Ibnsina, they have already secured all required GDP licences due to their high-standard warehousing infrastructure.

Source: Company data, CI Capital Research
Note: Earlier in 2025, the Egyptian Drug Authority (EDA) introduced those new, higher-standard regulations to elevate quality and compliance across the pharma supply chain

Key drivers for Egypt pharma in 2026e

	Direct impact	Overview	Impact on coverage
EGP appreciation	To improve manufacturers' GPM	• The EDA price approval waves granted for medicines since May-24 were based on a USD:EGP rate of 50–51. • With the recent EGP appreciation, if sustained through 2026e, manufacturers should import API at EGP47–48 and sell medicines at the repriced 50–51, which should significantly improve GPM. • However, impact will only materialise once existing API inventory is fully depleted — expected in 1H26e, on our estimates.	• Rameda [OW | 12M TP EGP 7.70] held an API inventory of c85 days in 9M25. According to management, each EGP1 appreciation should add EGP20mn to profit before tax, ceteris paribus. • No expected impact on ISP from EGP appreciation, in our view.
EDA fixed fee/box	To support margin expansion for distributors and pharmacies	• We expect 2026e to be the first full year reflecting the complete impact of this fixed fee/box, as repricing waves have been taking place gradually until the end of Jun-25. • Additional support is expected from non-pharma segment sales, benefiting both distributors and pharmacies.	• For Ibnsina, we estimate this fee to generate EGP670mn annually over 2025–26e, accounting for c1.5% of sales and 10% of gross profit, lifting its GPM to 8.4%, on our estimates.
Lower interest rate	To enhance NPM through reduced financing costs	• The ongoing monetary easing environment and continued interest rate cuts is expected to support profitability for most pharma players, as they are typically highly leveraged.	• Rameda has a ND/EBITDA of 1.8x in 9M25 and estimate that each 1% additional cut potentially adding EGP10–15mn to our bottom line, ceteris paribus. • For Ibnsina, we incorporate a cumulative 5% rate cut over 2025–26e and estimate each 1% additional cut potentially adding cEGP60mn to our bottom line and +9% to our TP, ceteris paribus.
Normalisation in inventory days	To improve WC dynamics and ease leverage pressures	• Inventory days are expected to normalise, as supply shortages in the pharma market have largely been addressed in 2025. • Also, the repricing cycle was completed mostly 1H25, allowing inventory to be both purchased and sold at the new higher price levels throughout 2026e. • This should reduce the need for additional leverage for pharma players in 2026e, in our view.	• We expect normalisation in inventory days for both Rameda and Ibnsina by at least 30–40 days on average in 2026e.
New higher UPA budget	To accelerate collections and reduce receivables	• The FY24/25 budget had only included a 25% repricing allowance (vs. the 45–50% required), creating some funding constraints. • Concerning the FY25/26, the government and Ministry of Finance have reportedly revised the healthcare tender budget last Jun-25, increasing the Unified Procurement Authority (UPA)'s budget to EGP90bn, up 75–90% y-o-y, according to market intelligence. • We think the newly revised budget is expected to improve sector cash-flow dynamics, as it should accommodate price increases and help settle most overdue payments for pharma players. It should also ensure regular monthly cash payments, preventing any further accumulation of dues. • Sources indicate that EGP7.4–11bn of the total EGP43bn in outstanding dues have been already partially settled in 3Q25. This is expected to materially enhance CCC, with tender receivable days falling to 90–120 days, down from the 200–220 days seen over 2023–24.	• Rameda and ISP are set to benefit from the new UPA budget as they should experience higher tenders' sales, elevating top-line growth, besides lower receivables days from dues payments. Recurrent cash from government should also be injected monthly, positively affecting their liquidity positions. • For context, Rameda has seen its tender sales surging 5x y-o-y and 4.5x q-o-q to EGP242mn in 3Q25, accounting to 21% of sales (up from 6% in 2Q25), while receivable days remained flat — a positive signal of improved government collections. • ISP has reportedly received cEGP800mn receivables dues from UPA in 3Q25, accounting for c4% of total receivables and 7% of tender's sales in 9M25.

Source: Company data, CI Capital estimates

Ibnsina to continue its strong performance in 2026e

Ibnsina has been making meaningful progress in recent years, strengthening its market positioning and overall dynamics. We believe the company closely reflects broader trends in the Egyptian pharma market, maintaining a leading +30% share in pharma distribution and a +32% share in the non-pharma distribution.

With most balance sheet pressures now resolved, further supported by the two recent asset sales expected to generate cEGP900mn (with full impact to materialise in 2H26e), Ibnsina is entering a stronger cash-generation phase, in our view. We expect its FCF yield to exceed 13% by 2026e, with ND/EBITDA at 1.3x and gross debt-to-sales at 9.7% (vs. a two-year average of 2.7x and 16%, respectively).

Several factors are set to support Ibnsina's performance, including: i) the achieved high price levels over 2023–25, ii) the expected continuation of volume recovery, iii) regulatory support for pharma distributors through the EGP1/strip, iv) ongoing interest-rate cuts, and v) growth potential in its three non-pharma segments. We expect Ibnsina's top line and earnings to grow at a 2025–27e CAGR of 16% and 41%, respectively.

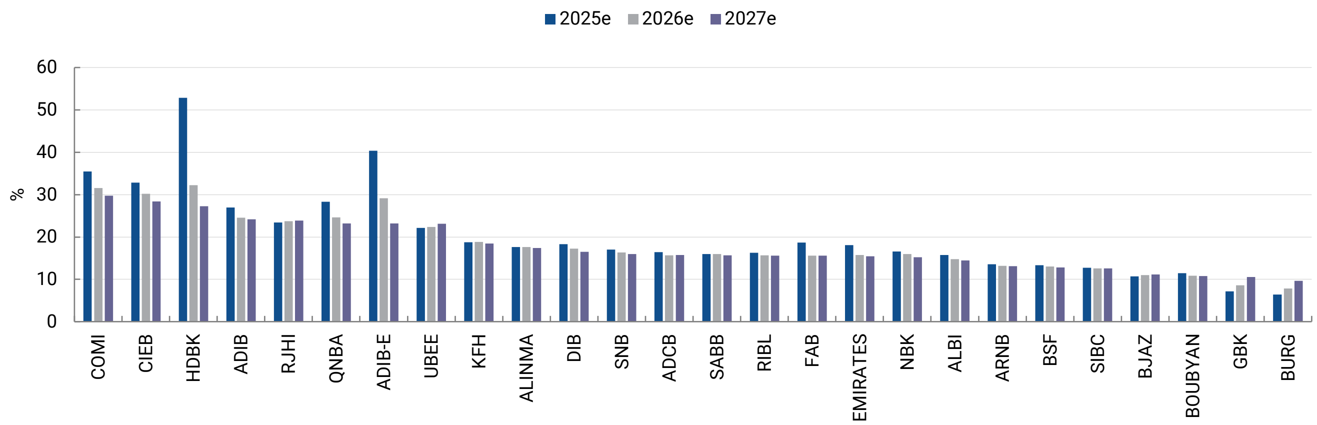
MENA financials

Saudi, Kuwaiti banks retain edge as rates decline

We expect Saudi banks to be comparatively better positioned during the lower interest rate cycle vs. GCC peers. This is backed by the anticipated easing of funding pressures, as rate cuts materialise, paired with the sustained resilient volume growth momentum, expected to provide some cushion to NIMs and RoEs. Accordingly, we factor in the lowest RoE compression of 48bps for the names with contracting NIMs and RoEs in 2026–27e. This compares to -76bps and -231bps, respectively, for Kuwaiti and UAE peers over the same period. While UAE banks are set to experience the highest NIM and RoE contractions, Kuwaiti banks' NIMs carry the lowest sensitivity to rate cuts vs. peers due to the CBK's tendency to partially follow the Fed. Thus, we estimate an average NIM contraction of 15bps in Kuwait vs. averages of 22bps in Saudi and 25bps in UAE.

In Egypt, we hold a positive view on credit activity in line with the lower lending rates and potential improvement in macroeconomic conditions. We expect an additional ease in policy rates of 600bps through 2026e, with NIMs continuing to normalise after exceptionally high levels seen in 2023/24 (factor in an average NIM contraction of 185bps in 2026–27e), to be compensated by strong credit demand.

Margin compression inevitable across most names through 2027e; Egypt, Saudi banks lead on RoEs



Source: CI Capital estimates

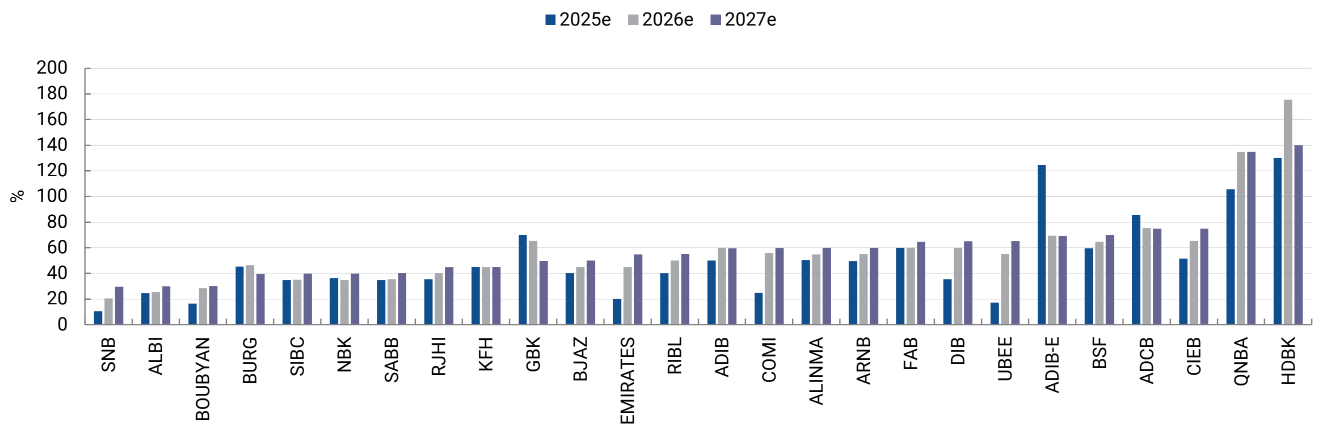
Corporate-led growth to sustain; Retail to rebound in 2026e

We expect corporate lending to continue as the main driver of loan growth in Saudi Arabia in 2026e, given the resilient pipeline in the country. However, due to some project rationalisation and anticipated delays unrelated to major events, we tone down our optimism on corporate lending, which we expect to slow down while remaining at solid levels. Supported by the anticipated interest rate cuts, we turn more positive on retail lending and mortgage activity in Saudi Arabia, as higher supply paired with lower rates should act as a trigger for demand. We look for sustained loan growth momentum in the UAE, supported by the country's strong population growth and the rising demand in the GRE, real estate, and hospitality segments. While Kuwait's lending story remains predominantly corporate-driven, the potential passing of the mortgage law poses an upside, acting as a catalyst for retail demand and overall loan growth. In Egypt, we look for broad-based lending activity in 2026–27e, with corporate loan growth to be brought in by capex lending.

CoR upward normalisation underway

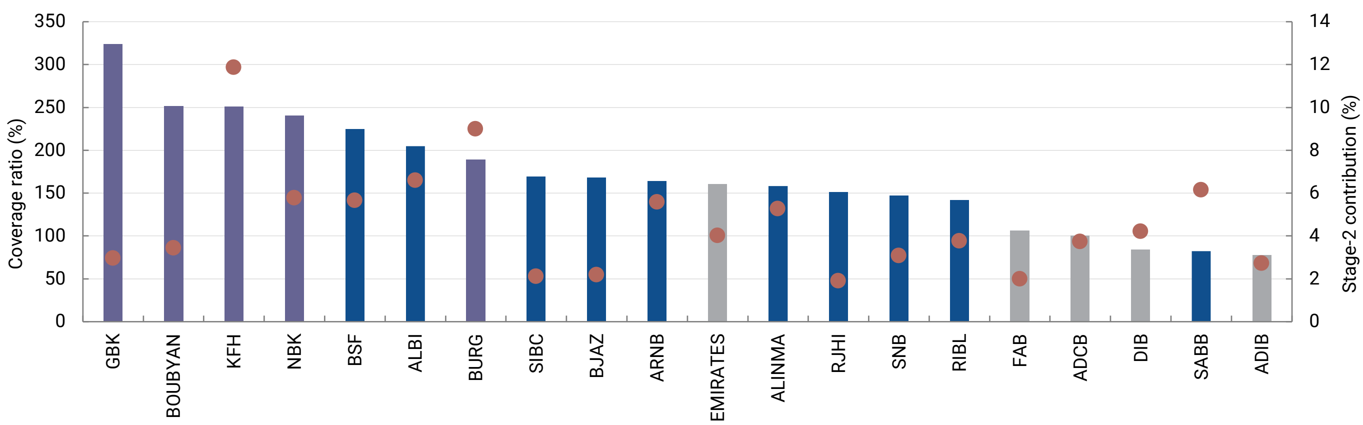
We foresee stable asset quality metrics in the medium term across our coverage, underpinned by a benign credit environment and proactive provisioning. Nevertheless, we expect CoR to continue to gradually normalise from the low levels witnessed in 2024, as the inflow of loan loss recoveries slows down. Therefore, we estimate a slight pickup in 2026–27e CoR averaging 10bps and 14bps for Saudi and UAE banks, respectively, while Kuwaiti banks' CoR is estimated to drop by 2bps over the same period, reaching averages of 48bps, 64bps, and 41bps, respectively, in 2027e across each of the countries. Among GCC peers, Kuwaiti banks carry the lowest stage-2 coverage to total loans, averaging 8.5% as of Sep-25, reflecting some confidence in asset quality, with Saudi and UAE peers following at 10.7% and 15.3%, respectively, as of the same period.

CoR to trend upwards for most, continuing normalisation trend, albeit to sustain at healthy levels



Source: CI Capital estimates

Kuwaiti banks stand out on highest coverage; with GBK leading our GCC coverage; UAE banks tail the list



Source: CI Capital Research
Data as of Sep-25

BJAZ, ALINMA run on tight capital ratios, potentially impacting growth, dividends

(%)	CET-1	Tier-1	CAR
BJAZ	11.7	17.0	19.1
ALINMA	13.0	18.3	19.2
SIBC	13.2	17.5	18.1
RIBL	13.3	15.8	17.8
SABB	14.4	17.7	19.2
ALBI	14.8	16.8	20.3
BSF	15.7	19.6	21.9
RJHI	15.9	19.7	21.1
ARNB	16.2	18.9	20.6
SNB	17.6	19.5	20.8

Source: Banks' data as of Sep-25, CI Capital Research

Cautious on capitalisation in Saudi, UAE

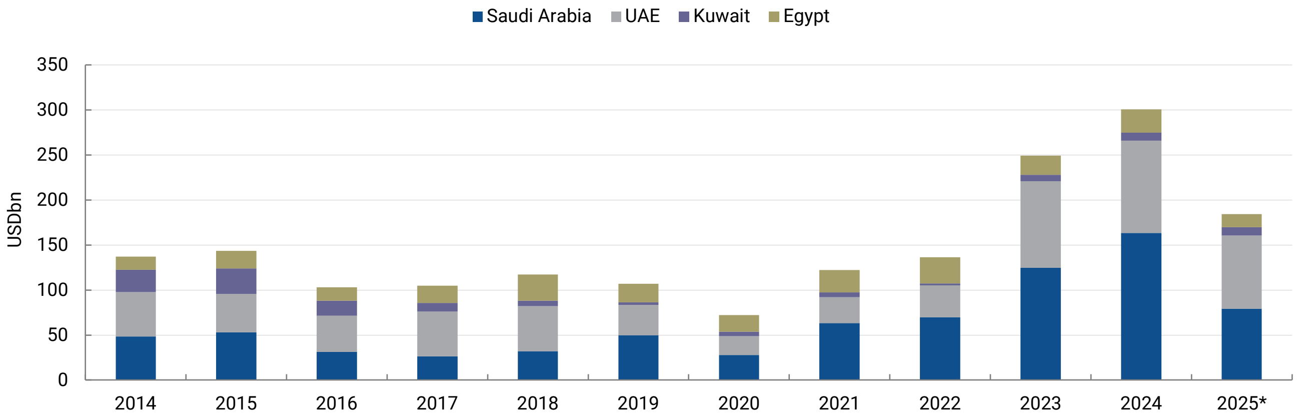
In light of the upcoming application of an additional 1pp CCyB SAMA requirement by May-26, we keep an eye on capitalisation among Saudi banks. We note that excluding SIBC and ALBI, all banks have completed issuances post quarter-close, boosting their capital ratios. BJAZ, ALINMA, SIBC, and RIBL currently hold the lowest CET-1 ratios, falling below peers, carrying the highest risk of potentially having to resort to either lowering their growth ambitions, expanding into lower risk weights, or cutting dividends. We also monitor UAE bank's capitalisation to ensure they maintain sufficient buffers to execute expansion plans and sustain growth financing. While ADCB currently falls short on both CET-1 and CAR levels vs. peers, the bank's BoD has approved a rights issue in Sep-25, which should boost the bank's capitalisation by c120bps, bringing them in line with peers. We highlight ADIB as a potential watchpoint due to the bank's tight capitalisation, although its above-average profitability provides support.

Country-specific themes for 2026e

Country	Themes
Saudi Arabia	• Expect Saudi Arabia's long-term growth story to remain intact, despite the prevailing geopolitical volatility, oil price swings, and fiscal rationalisation. • Positives including healthy loan (+11.1% 2026–28e CAGR) and earnings (+7.16% 2026–28e CAGR) growth and generous DYs (5.1% for 2025e) are ignored by the market. • Tone down optimism on busy credit pipelines, with some project rationalisation and anticipated delays of projects unrelated to major events, but remain positive as we estimate that if only one third of the project pipeline in Saudi Arabia materialises, loan growth should sustain in the double-digit territory through 2027e. • Expect interest rate cuts to alleviate pressure on funding costs, which if paired with healthy loan volumes should provide some cushion to NIMs. • A pent-up demand for retail borrowing in Saudi Arabia has been building up, bolstered by improved employment rates and higher female labour force participation, further supported by controlled inflation and a healthy influx of expats. • Healthy trend in mortgage story expected to sustain, as higher supply paired with lower rates should act as a trigger for demand. The implementation of reforms within the real estate sector in Riyadh should also bode well for the outlook for the mortgage market. • Fee income should help banks absorb the interest rate pressures, along with higher volumes and higher realised and unrealised revaluation gains on debt securities.
UAE	• We remain positive on the UAE story, despite recent valuation rallies warranting a selective approach. • We expect the favourable macroeconomic trajectory to remain intact, supported by sustained population growth and continued resilience in the real estate and hospitality sectors. • We expect the GRE lending in Abu Dhabi as well as credit card and mortgage lending in Dubai to remain strong and look for recovery in the corporate space in Dubai, encouraged by the passed and the anticipated interest rate cuts. • Remains the highest on RoEs vs. GCC peers at an average of 19.7%, albeit not enough to justify premium valuations relative to Saudi peers. • Expect earnings growth to be driven by higher non-interest income and lower CoR, while acknowledging that the higher tax charge should impede bottom-line growth for all banks, save for ADCB and ADIB, which applied for a tax reduction to 9%. • Inorganic expansion is on most of UAE coverage banks' agenda for 2025, with 3 out of 5 announced plans to expand cross-border and the remaining two looking to expand organically outside of the UAE. The plan is backed by relatively higher liquidity in UAE banks, maturing local market, and higher growth prospects in regional markets.
Egypt	• Monetary easing with additional c600bps gradual interest rate cuts through end-2026, coupled with decade-long pent-up capex lending demand picking-up, pave the way for strong lending prospects. • We expect loans to grow by 22.4% in 2026e on average for banks under coverage, driven mainly by the typical growth in working capital credit and supported by a promising pick-up in capex lending. Retail lending should gain momentum towards late 2026e as lower rates further materialise. • Resilient asset quality metrics, sector NPL ratio lands at a low of 2.1% as of Jun-25 (1.06bps lower than the previous five years' average). • High capitalisation, cheap valuations, high growth prospects, and highest RoE levels within the MENA region. • Improved outlook on dividend distribution.
Kuwait	• Turned more positive on the market, backed by the country's ongoing macro restructuring story, solid on-ground activity, and supportive legal framework. • The passage of the debt law, ongoing restructuring story, and increase in on-ground activity. • The passing of the mortgage law would prompt further upward revision to our stock ratings, acting as a trigger to both credit and earnings growth. • CBK monetary policy adoption, not fully mirroring the Fed's movement, grants Kuwaiti banks a less volatile margin movement, with expectations of a less negative impact from rate cuts vs. GCC peers. • The implementation of 15% ETR would impede earnings growth, together with reversing monetary policy — both factored-in in our models.

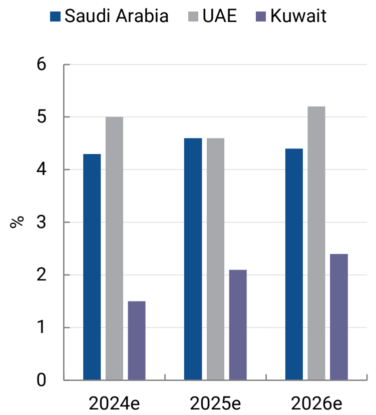
Source: CI Capital Research

Slower project awards in Saudi Arabia, the UAE in 2025 after 2 strong years in 2023–24



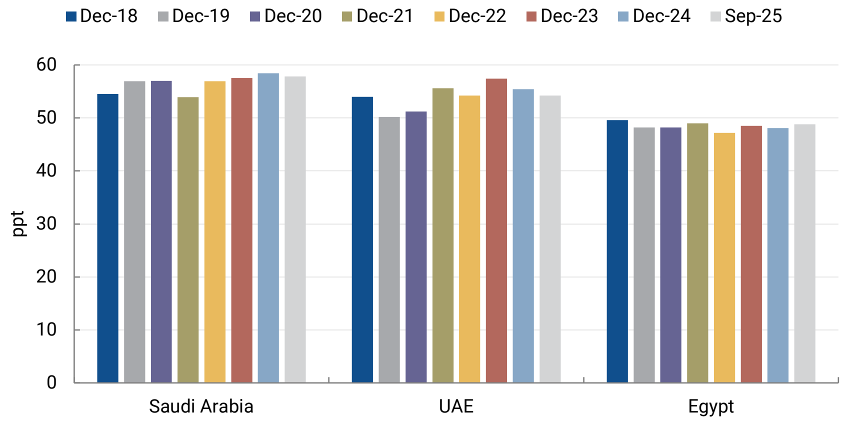
Source: MEED Projects, CI Capital Research
*Data through 27 November 2025

Non-oil GDP growth to exceed 4% in Saudi Arabia, UAE in 2025–26e



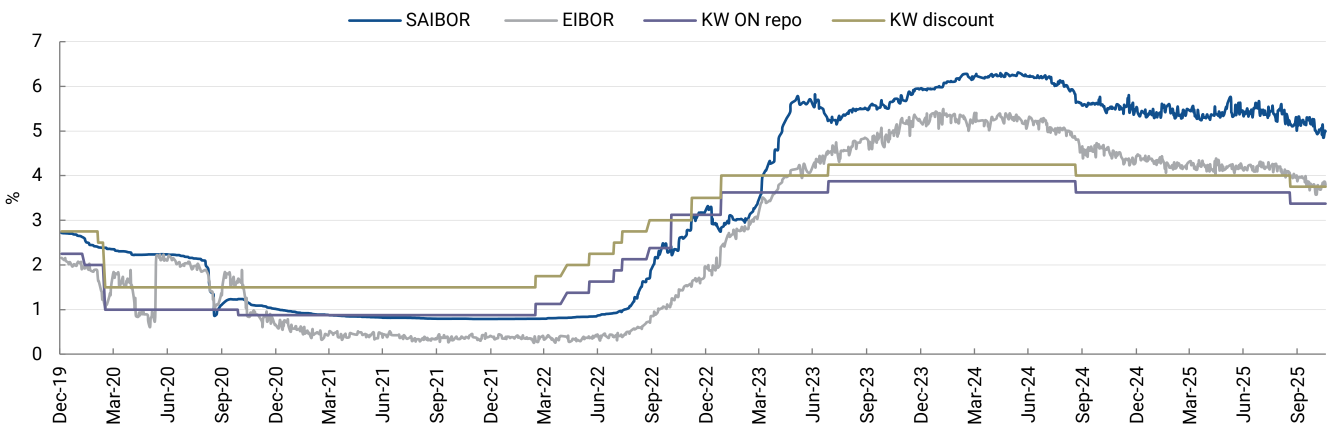
Source: GASTAT, CSB, FCSE, CI Capital estimates

PMI readings for GCC markets indicate robust business activity, consistently shy of the 50pp mark for Egypt



Source: Bloomberg

SAIBOR, EIBOR, Kuwait's discount rate downward trajectory sustains through 3Q25, in line with monetary easing policy



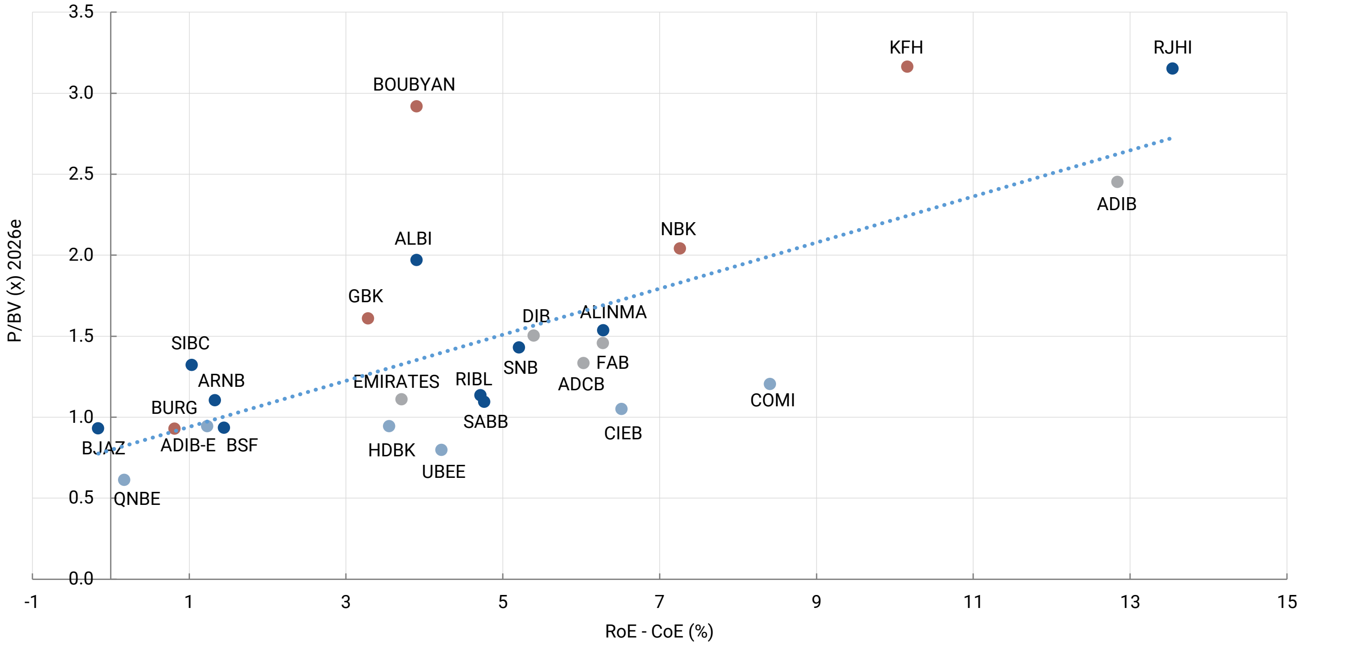
Source: Bloomberg, Central Banks, CI Capital Research

Picks table for MENA banks' coverage

Name	Rationale
CIB	Combines lowest LTD, highest capitalisation vs. Tier-1 banks, best corporate footprint, the highest on provision coverage ratio, and superior quality of book. Most attractive name within our Egypt banks' coverage from a fundamental and trading perspectives.
SNB	Value stock, offering balanced, high-quality exposure to both the corporate and retail segment. New strategy underway, expected to be underpinned by tapping into high-growth and high-profitability areas, reflecting positively on the bank's operations and stock performance.
ADCB	Cheapest valuation among Abu Dhabi peers, offering solid growth profile, high dividend yield, and superior asset quality. Among top beneficiaries of the UAE's credit play on the GRE segment. Recent moves to expand its UAE market share by adding an Islamic platform are materialising.
NBK	Solid asset, brand equity, and management team, with the bank boasting healthy fundamentals with strong government and corporate ties. Favourable exposure to high profitability/growth markets and segments. Top beneficiary of any positive macro developments.

Source: CI Capital Research

Our MENA picks fare well vis-à-vis peers from P/BV-RoE perspective



Source: Bloomberg, CI Capital estimates
Closing prices as of 26 November 2025

MENA fintech

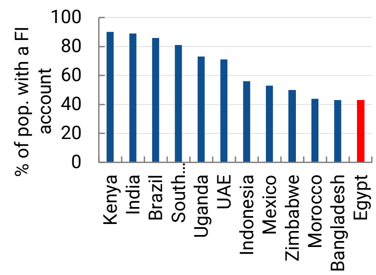
Egypt's fintech sector: Unlocking growth potential

Egypt's fintech sector is poised for meaningful growth in 2026e, driven by powerful structural tailwinds and a market still in its early stages compared with many emerging-market peers. Over the past five years, the number of fintech firms in the country has grown more than five-fold, reflecting both investor interest and broadening market activity.

The digital payments ecosystem is gaining strong momentum. In 2Q25, mobile-wallet transactions in Egypt reached EGP943bn, marking an increase 72% y-o-y. Despite this surge, cash remains dominant and financial-service penetration (cards, PoS, and bank accounts) continues to trail many regional benchmarks, underscoring the large remaining upside for digitisation.

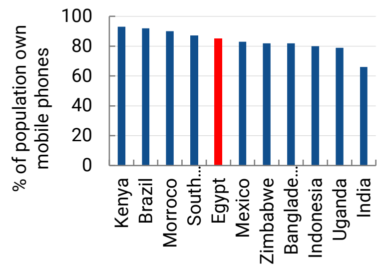
Policy and infrastructure reforms are reinforcing this momentum. The rollout of real-time payments via InstaPay in 2022, combined with broader financial-inclusion initiatives, signal that the regulatory foundation for accelerated growth is in place. Given that many peer markets have already passed their rapid-growth inflection, Egypt offers unique incremental potential — transaction volumes can still scale, merchant digital-acceptance can expand, value-added digital-finance services can deepen, and margins can improve as operating leverage builds. We expect Egypt's retail e-payment market to reach 11.5% of GDP by 2026e, implying a 2026–30e CAGR of roughly 30.9%, converging towards the growth trajectory of leading EM peers (around 35%).

Lower-than-average banking penetration in Egypt



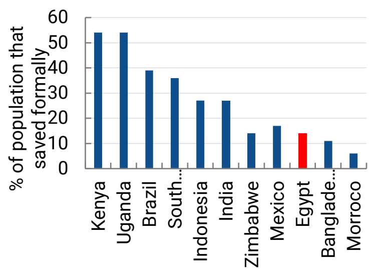
Source: Findex, Company data

Higher-than-average ownership of mobile phones



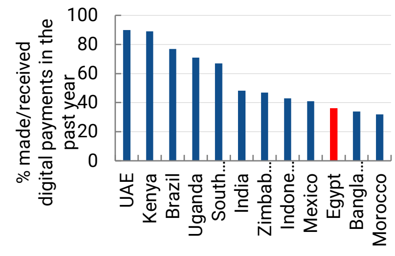
Source: Findex, Company data

Low uptake of formal savings among Egypt population



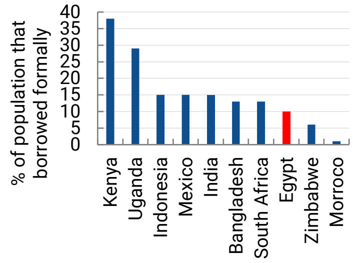
Source: Findex, Company data

36% of population make digital payments



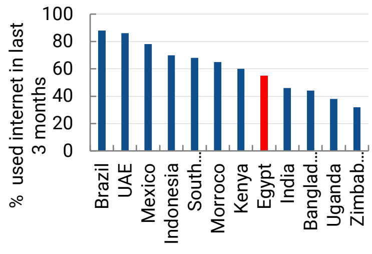
Source: Findex, Company data

Room for growth in lending space



Source: Findex, Company data

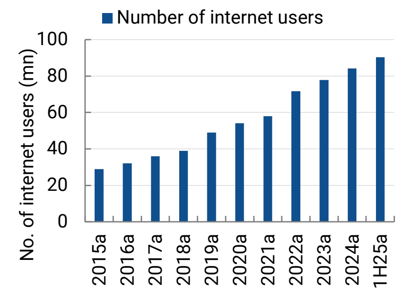
55% of population have used internet in last 3 months



Source: Findex, Company data

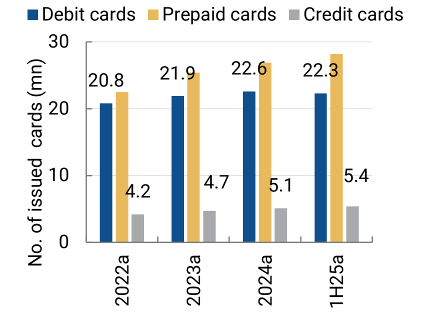
In our view, the convergence of demographic advantages, technological adoption, and regulatory support lays the groundwork for Egypt's fintech players to deliver both operational acceleration and valuation re-rating. We expect leading firms to capitalise on this environment through rising earnings trajectories as the sector transitions from early adoption to broader commercialisation.

Number of internet users reaches 90mn in 1H25



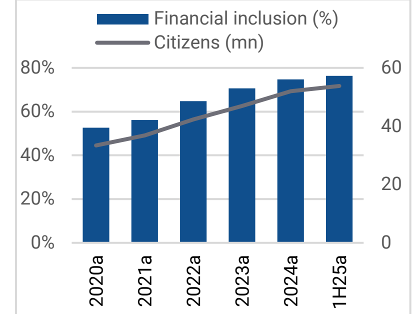
Source: CBE, Company data

Sustained growth in the number of pre-paid and credit cards



Source: CBE, Company data

Ownership, usage of transaction accounts

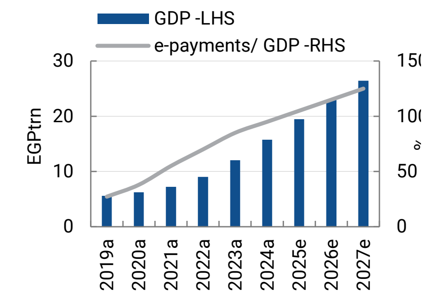


Source: CBE, Company data

We flag Fawry [OW | TP EGP22.1] as key beneficiary within the sector, serving as a direct proxy for the anticipated upturn in Egypt's e-payment retail market. The company's large customer base (54mn active users), extensive reach, and well-diversified portfolio position it uniquely to capture sector growth. Fawry is expected to continue capitalising on its market leadership by creating synergies across its business lines, while its sustained focus on higher-margin products and expansion into new segments should enhance profitability.

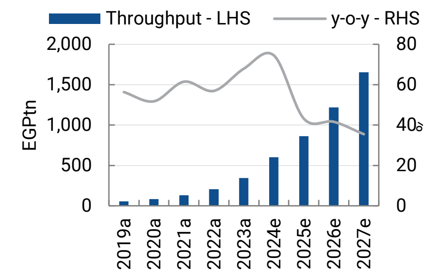
We forecast throughput growth of 41.6% y-o-y in 2026e, translating into 27.8% y-o-y EPS growth, albeit slightly tempered by expected margin compression following anticipated interest rate cuts. Nevertheless, margins should remain at record-high levels and above peer averages. On valuation grounds, Fawry trades at an undemanding 2026e P/E (adjusted for ESOP) of 15.4x, implying a PEG of 0.56, which represents a c53% discount to peers. Backed by a solid balance sheet and its extensive customer network, we see Fawry well-positioned to pursue its targeted growth avenues and sustain its leadership in Egypt's fintech space. Competition remains to be the main watch factor for Fawry (mainly on the ADP business); nonetheless, venturing into new areas and possible cross-border expansion dilute this in the short term.

e-payment retail market grows at 5-year CAGR of c23%



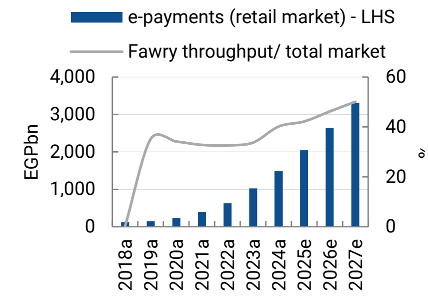
Source: Company data, CBE, CI Capital estimates

Fawry is well-poised to capture market growth



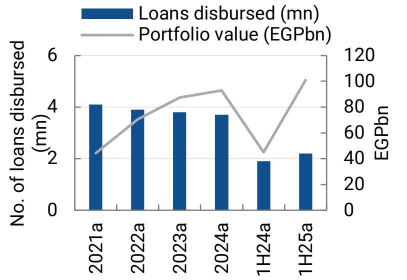
Source: Company data, CI Capital estimates

Fawry's throughput growth outpaces that of market



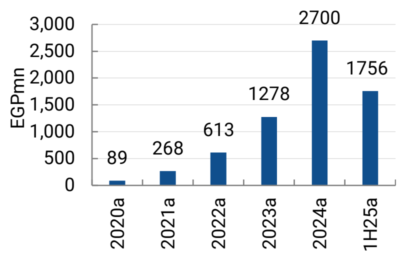
Source: Company data, CI Capital estimates

Microfinance portfolio value more than doubles y-o-y in 1H25



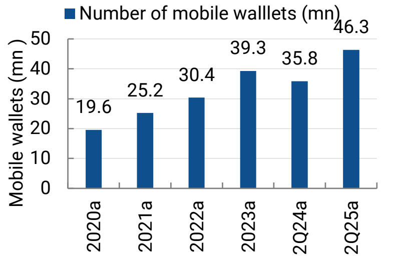
Source: CBE

Mobile wallets' transaction value estimated to grow c30% in 2025e



Source: CBE
Based on annualised 1H25 figure

Decent growth in number of mobile wallets



Source: CBE

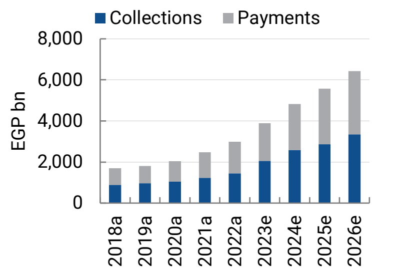
Government-led digital transformation, payment growth

The government has made substantial progress in implementing initiatives aimed at advancing digital transformation, promoting financial inclusion, and formalising the informal economy. These efforts have led to an almost 100% processing rate for government payments and collections. Total government transactions (excluding interest payments and investments) grew at a FY19–25 CAGR of 17.4% to EGP4.12trn in FY25 and are budgeted to increase by 17.6% to EGP4.85trn in FY26e, supported by inflation repricing and a tourism-driven boost to the central budget. Beyond FY26e, we expect these figures to normalise as fiscal consolidation measures gradually phase out and inflation and expenditure return to typical levels. A faster integration of the informal economy would provide additional upside to government budget growth.

Tourism revenues are also expected to support payment growth, projected to rise c21% y-o-y in FY25e and c10% in FY26e, surpassing pre-COVID-19 levels and reaching all-time highs. The Grand Egyptian Museum (GEM) opening has further boosted tourism, attracting approximately 20k visitors on its first day and targeting 5mn visitors annually. We expect e-finance [OW | TP EGP21.9] to achieve a variable-based transaction throughput CAGR of c40% over 2026–28e, reflecting both the continued growth in government-related payments and rising activity from other sectors such as tourism.

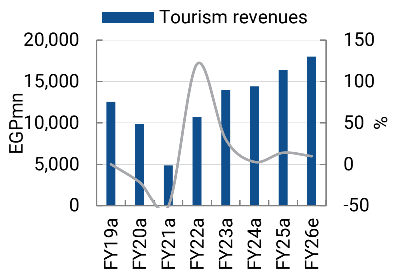
Nonetheless, the government is currently working to add the payment processing of 52 special economic entities (e.g. Suez Canal Authority, Social Insurance Organisation, Egypt Post, etc.) as part of its digital transformation targets. This could eventually boost the electronic payments/processing throughput by 50–100%, on our estimates.

Government's central budget benefits from economic setting…



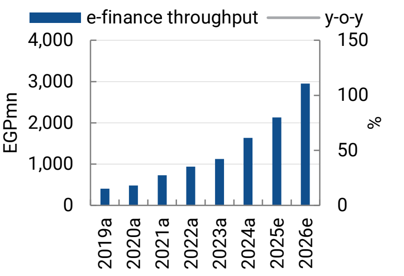
Source: CBE, CI Capital estimates

…along with normalised tourism figures…



Source: CBE, CI Capital estimates

…to up e-finance's throughput, with 2025–30e CAGR of c29%

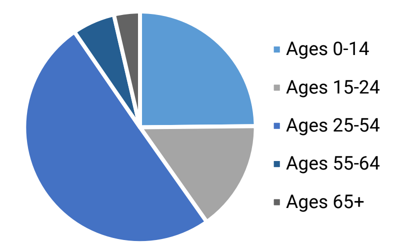


Source: Company data, CI Capital estimates

Saudi fintech sector: Advancing towards digitally enabled economy

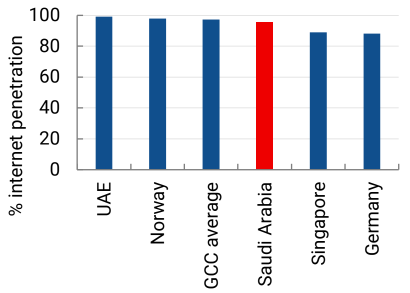
Saudi Arabia's fintech sector is entering a transformative growth phase, supported by the Kingdom's strategic push towards digitalisation, favourable demographics, and a rapidly evolving regulatory environment. Although the market remains at an earlier stage of development compared to some regional peers, its structural foundations position it for sustained expansion and long-term competitiveness.

Relatively young…



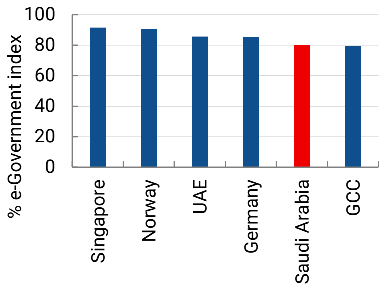
Source: Statista

…tech-savvy population…



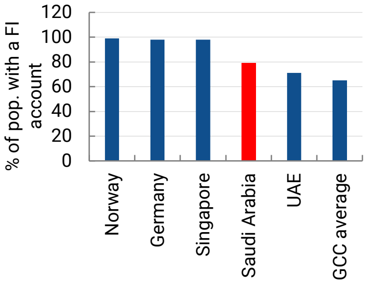
Source: Findex, Company data

…to support e-gov index enhancement



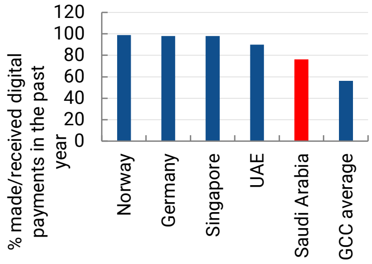
Source: UN E-Government (2020), World Bank (2019), Arthur D. Little Analysis

Banking penetration in Saudi stands at 79%



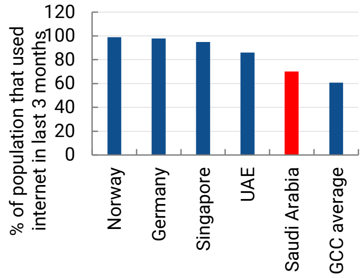
Source: Findex (2024)

High digital payments adoption, 76% of population



Source: Findex (2024)

Higher-than-average GCC internet usage



Source: Findex (2024)

The government's Vision 2030 agenda lies at the core of this evolution, aiming to diversify the economy and accelerate the transition towards technology-driven industries. Public-sector investment remains the primary growth catalyst, with the government acting as the largest spender on IT and digital infrastructure. Ongoing initiatives across digital payments, cloud computing, cybersecurity, and smart city development are enabling the integration of financial technology into everyday economic activity.

Saudi Arabia's young, tech-savvy population — with internet penetration exceeding 98% — continues to drive adoption of digital financial services. The post-pandemic acceleration in e-commerce and remote transactions has further deepened consumer engagement with digital platforms, enhancing the addressable market for fintech solutions.

The regulatory landscape has evolved meaningfully, balancing innovation with prudential oversight. The Saudi Central Bank (SAMA) has expanded its regulatory sandbox and licencing frameworks, facilitating fintech experimentation and scaling. Simultaneously, initiatives led by the Saudi Data & AI Authority (SDAIA) and the National Data Management Office are strengthening governance standards around data privacy and cybersecurity, creating an enabling environment for sustainable fintech growth.

The Kingdom's progress is reflected in global benchmarks: KSA ranks 6th worldwide in the UN e-Government Development Index and 4th in the Global Digital Services Index, underscoring the rapid modernisation of its digital ecosystem. The ICT sector is projected to grow at a 2024–30e CAGR of c9%, reaching approximately SAR273bn, supported by steady investment flows, private-sector participation, and the scaling of digital services.

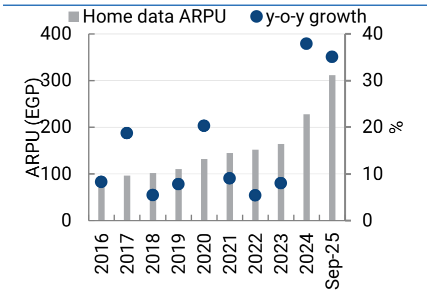
In our view, the Saudi fintech market is strategically positioned to capitalise on these trends. Rising digital adoption, strong regulatory backing, and continued public-sector commitment to innovation are set to propel the sector's next phase of growth, establishing the Kingdom as a leading regional hub for digital finance and technological advancement. We see Elm [OW | TP SAR1,240] displaying a strong proposition to the Saudi digitalisation theme.

Egypt telecoms

2024 retail price ups boost sector operational performance – FBB leads

Two consecutive rounds of direct price increases across fixed and mobile voice and data services passed in Jan-24 and Dec-24 — the first since 2017 — drove significant operational growth across all local players, with no reduction in usage. Following remarkable ARPU expansion in 2023–3Q25 (90% cumulative ARPU expansion for TE FBB, 63% for WE mobile, 88% for Vodafone Egypt [VFE]), we expect sector growth to normalise heading into 2026e. Nevertheless, increased data usage, sustained FBB, and mobile subscriber base growth (8.3% y-o-y and 9.4% y-o-y to in 9M25), underpinned by favourable demographics and telecom infrastructure spending would continue to support growth. While all operators have reportedly submitted requests to the National Telecom Regulatory Authority (NTRA) for additional telecom services price increases, we do not expect any near-term price adjustments (if any) to be as sizeable as those already passed.

Direct price hikes(1) in Jan, Dec-24 filter through to wider ARPU expansion, indicating higher usage

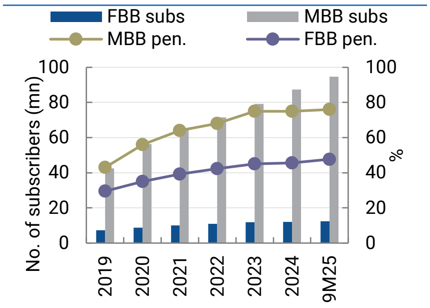


Source: Company data
Note: (1) Prices of fixed and mobile voice and data services were raised by 30% and 16% in Jan-24, respectively, and by another 30% flat in Dec-24

We see Telecom Egypt (TE) continuing to play a pivotal role in Egypt's telecom landscape, pioneering in retail (80% market share in FBB) and wholesale services (international USD-denominated wholesale revenue makes up c30% of top line). The stock rallied 93.3% y-t-d, fuelled by strong operational prospects, despite a sizeable debt burden (EGP76.4bn as of Sep-25, 48% in USD). An imminent execution of a data centre deal should yield after-tax proceeds of USD142–169mn, alleviating 9–11% of its debt-burden. Moreover, we view retention of TE's 45% stake in VFE as key earnings and cashflow lever, thanks to the asset's robust operational performance and steady dividend distribution (60% of FCF as per modified shareholder agreement).

5G deployment, digitisation, data centre boom: All remain key themes

Robust demand for data services remains key sector growth driver

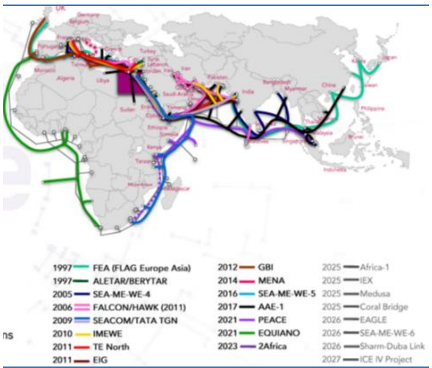


Source: MCIT, company data

With Egypt's four mobile network operators (MNOs) officially launching commercial 5G services nationwide on 04 Jun-25 — following their 5G licence award in Nov-24 (and TE's head start in Jan-24) — the 5G rollout has been selective, initially prioritising major cities, roads, and special economic zones. We see full commercial deployment potentially adding value as 5G use cases evolve and user adoption grows. However, this ramp-up could take time, especially given the limited penetration of 5G-supportive handsets in Egypt (c8% vs. c45% in the GCC). The GCC is well ahead of North African markets in 5G deployment, already testing 5.5G and 6G and providing D2D services. We expect MNOs (apart from TE) to bid for spectrum within high-frequency bands, to be offered by the NTRA in Jan-26.

Fibre network deployment to support the country's digital transformation initiatives continues to gain momentum, with FTTC reaching c98% of households in Egypt. Moreover, FTTH continues to be rolled out across high density areas, educational institutions, and government buildings, alongside greenfield deployment in smart cities (New Administrative Capital), and urban expansion projects. Additionally, we see 5G allowing for extension of services to rural areas previously uncovered by older technologies. On the industrial front, the various use cases ushered in by 5G in the fields of manufacturing, logistics, healthcare, agriculture, and robotics, combined with AI capabilities, all come in line with Egypt's Digital Vision 2030, although evolution and monetisation could be gradual, in our view.

Expanding subsea cable network



Source: Telecom Egypt

Subsea cable projects slightly hindered by geopolitical tensions

Rapid growth in hyperscale demand — driven by cloud computing, rapid adoption of AI, big data, and Internet of Things (IoT) — is also a key sector growth driver, with Egypt's fundamentals and the government's digital transformation goals supportive of its role in the global data ecosystem. Thanks to Egypt's strategic geographical location positioning it as a regional data hub, we see high margin, USD-denominated submarine cable projects remaining a key focus area. Although rising geopolitical tension in the Red Sea has caused some delays for a few projects in the pipeline, we expect implementation in 2026/27e.

Unlocking value through infrastructure monetisation

Strategies to unlock capital through passive asset sales to deleverage continue to be key themes across regional operators, with TE being no exception. Despite the strong prospects for Egypt's data centre (DC) market, in addition to TE's leading position (with six operating DCs) and the segment's high-margin FCY revenue generation potential, the high-associated capex drives management's strategy to pursue developments through partnerships. That said, data centres have been seen as a key monetisation avenue for TE. In Sep-25, the company gave preliminary approval for a binding offer from Helios Investments for a stake in its largest and most modern data centres RDH1 (2.5MW) and RDH2 (4.6MW). Additionally, tower carve outs and/or infrastructure sharing are increasingly becoming a common industry practice. Since late 2022, TE had earmarked 2.5k mobile towers for sale, but plans stalled over unattractive valuations amid macro challenges. That said, several options are still understudy, including sale to a local investor or merging tower assets with other MNOs, with a possible decision by 2Q26e. A potential deal could likely generate USD150–250mn, as per management's most recently communicated target, further easing the company's debt burden.

MENA industrials

Solid award pipeline to bolster MENA contractors

The construction sector is poised to benefit from sizable investments in the MENA region, primarily focused on construction (38.4% of total announced projects), followed by chemical (16.9%). Saudi projects are expected to hover around USD596bn in 2026e. Despite the sizable awards pipeline in KSA, this is not reflected on the backlog of major listed contractors in the region. In UAE, Orascom Construction (OC) and Alec Holdings are set to benefit from the Dubai Economic Agenda (D33), with AED700bn in total investments over the next decade. Additionally, both companies are set to secure awards in the data centre space. We expect OC to post 2025–30e revenue CAGR of 4.3% and an EPS CAGR of 8.5%. While we await further details from management on the potential merger of OCI N.V., we do not rule out significant global data-centre investments, supported by the group's refreshed cash balance of over USD1.5bn after working-capital adjustments and capital calls for existing concessions.

Pipeline of announced MENA projects

(USDmn)	2025e	2026e	2027e
Construction	136,843	519,072	188,662
Water	31,812	62,505	17,848
Transport	35,972	147,207	76,443
Gas	33,970	72,252	19,768
Power	48,882	202,941	95,726
Industrial	15,257	71,418	91,423
Chemical	8,931	228,888	146,078
Oil	18,627	49,090	17,388
Total	330,294	1,353,373	653,336

Source: MEED Projects

Pipeline of announced UAE projects

(USDmn)	2025e	2026e	2027e
Construction	67,614	190,734	57,473
Water	11,375	26,894	1,016
Transport	17,867	29,963	11,240
Gas	8,494	18,594	500
Power	12,948	14,306	32,375
Industrial	4,237	11,723	4,909
Chemical	4,840	19,441	1,650
Oil	6,894	12,800	230
Total	134,269	324,455	109,393

Source: MEED Projects

Pipeline of announced KSA projects

(USDmn)	2025e	2026e	2027e
Construction	43,046	235,958	84,876
Water	14,998	27,082	14,001
Transport	10,070	91,053	27,362
Gas	14,033	15,950	350
Power	25,358	167,723	20,597
Industrial	7,499	19,864	64,431
Chemical	2,698	18,840	36,202
Oil	5,520	20,505	8,362
Total	123,222	596,975	256,181

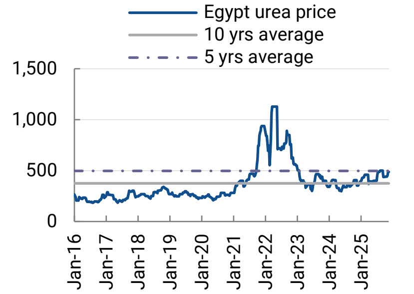
Source: MEED Projects

Pipeline of announced Egypt projects

(USDmn)	2025e	2026e	2027e
Construction	21,732	43,866	36,364
Water	3,730	1,604	2,161
Transport	3,604	1,790	23,434
Gas	888	4,453	718
Power	5,555	7,945	37,805
Industrial	2,988	34,205	14,025
Chemical	1,393	125,032	89,171
Oil	167	1,335	4,596
Total	40,057	220,230	208,274

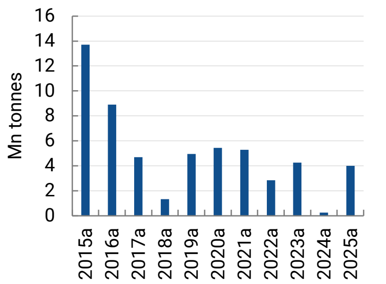
Source: MEED Projects

Egypt urea FoB price



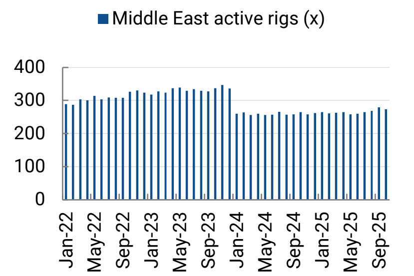
Source: Bloomberg

China exports volumes



Source: Bloomberg

KSA reverses previous rig suspensions



Source: Baker Hughes

MENA nitrogen fertiliser to face global, local headwinds

We expect fertiliser producers to remain pressured by limited farmers purchasing power globally as China reduces its US soybeans' import bill. On the global front, capacity additions ex-China are expected to amount to 1.6mtpa in 2026 vs. the 10-year average demand growth of 2.3mtpa. During 2026–30e, capacity additions are expected to hover around 1.8mtpa. Chinese exports are expected to hover around 4.2mtpa during 2025, but export restrictions are expected to return as China approaches the main application season. That said, we do not expect major swings in urea prices on a y-o-y basis, as limited purchasing power by farmers globally will likely be offset by limited capacities coming on stream.

For the gas cost of Egypt producers, we calculate that each USD1/mmbtu change in natural gas price would impact the TPs of our coverage by +/-12.2–15.2%, assuming all else constant. Egyptian producers namely MOPCO [N | TP EGP33.9], Abu Qir [OW | TP EGP72], and Valmore [OW | USD1.25/EGP60.1] (formerly EK Holding), could be impacted by the introduction of the Carbon Border Adjustment Mechanism (CBAM) in Europe in 2026 given that the bulk of exports is directed to Europe. A weaker EGP would bode well for Egyptian fertilisers producers. We expect the Egyptian market to witness changes related to the local quota in the form of pricing and a change in mix, potentially supporting overall profitability.

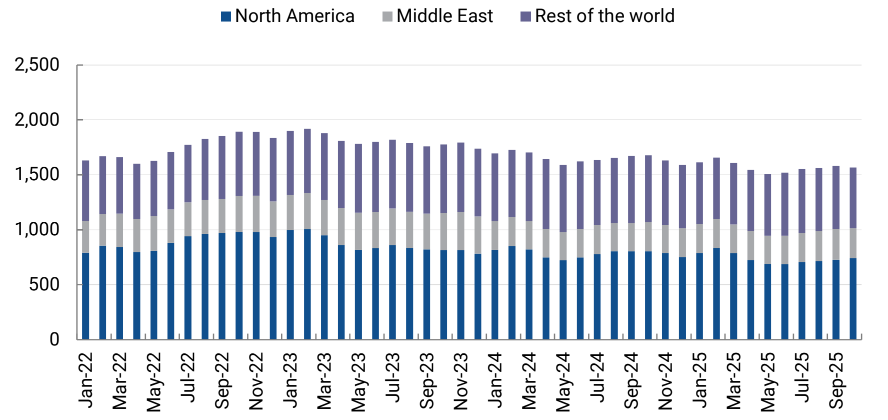
Oil & gas to benefit from OPEC+ y-t-d production hikes, despite no significant changes in oil price

We expect the region to benefit from rising drilling activity, supported by Abu Dhabi's expansion plan, which holds 220bn bbl of oil and 460tcf of unconventional reserves, boding well for ADNOC Drilling. The company highlighted during ADNOC's Majlis in Oct-25 that it could potentially drill +300 unconventional wells per annum by 2030e, aligning with the UAE gas self-sufficiency targets by 2030e. It is worth noting that the first phase of this plan comprised 144 wells between 2H24–26.

Meanwhile, Saudi Arabia already accounted for 39.5% of OPEC+'s 2.6 mmbbl/d production increase between Apr-25 and Nov-25. The strategy of incremental production hikes is expected to continue, supporting sustained medium-to-long-term drilling activity. OPEC+ announced a 137k bpd production adjustment to be implemented in Dec-25 (to reflect in 2026 numbers), with KSA contributing c30% of the new increase.

According to Baker Hughes, 2025 international rigs fell 6.8% y-o-y due to muted activity after Saudi Aramco halted its planned production capacity from 12mmbbl/d to 13 mmbbl/d. The Saudi drilling market is now regaining momentum through overseas expansion, operational efficiency gains, and a stronger emphasis on gas development, while the reversal of 2024 rig suspensions should support top-line growth for ADES.

Medium-to-long term production stability



Source: Baker Hughes

Ongoing sector consolidation, such as ADES's acquisition of Shelf Drilling and ADNOC Drilling's purchase of SLB's onshore land drilling rigs business in Oman and Kuwait, underscores robust industry demand and market growth. In our view, the downside risks of lower oil prices remain limited, as lower prices could force many shale oil producers to suspend operations, balancing supply/demand dynamics. Tight market dynamics, namely sector consolidation, coupled with limited order book for new rigs should support higher daily rates for new contracts.

Additionally, Aramco's capital reallocation towards gas projects should further support the pipes sector. The company is poised to start its first production phase at its USD100bn Jafurah unconventional gas field in 4Q25 — a key step in scaling up gas output by 60% by 2030. Jafurah holds 229 tcf of raw gas and 75 bn bbl of condensate. Aramco expects gas sales from Phase 1 to start at 200mn ft³/d, rising to around 650mn ft³/d by end-2026, with Phase 2 targeting 2bn ft³/d by 2030, along with substantial ethane, condensate, and NGL production.

MENA utilities: Modest growth in line with population, tourism growth

The delay in the global easing cycle weighed on dividend-yield stocks throughout 2025, but this could pave the way for a modest recovery in utility names in 2026e. 2026e dividend yields range 4.0–5.3% among utilities, with Empower [OW | TP AED2.00] offering the highest yield at 5.3%. DEWA [OW | TP AED3.00] has raised its power generation capacity target to 23GW by 2030 for the second time vs. the initial target of 20GW, with clean energy expected to account for 36% of total capacity. We look for 2025–29e top line and earnings CAGRs of 3.5% and 6.3%, respectively.

Meanwhile, Tabreed [OW | TP AED3.50] may imply further dividend cuts, as maintaining its credit rating remains a top priority. The company's relatively high debt, incurred to fund its medium-term growth plans, which is expected to start impacting Tabreed's financials by 2027e. In our view, utility stocks have largely factored in the market's expected rate-cut trajectory. Expected cuts are unlikely to drive meaningful upside unless the Fed signals a more aggressive easing cycle.

MENA Logistics & Transport: Look for lower rates, calmer geopolitics

Lower interest rates supportive to trade outlook…

Interest rate cuts by major central banks are expected to improve consumption levels across the GCC. In Saudi Arabia, strong demand contributed to a 10% rise in imported container volumes during 9M25. Further cuts in interest rates could accelerate consumption growth, lifting container volumes as demand strengthens. A lower interest-rate environment is set to also encourage businesses to increase capex spending going forward, further supporting import container growth.

As geopolitical tensions in the region ease, Saudi transit container volumes improved by 8.55% y-o-y for the nine-month period ending in Sep-25. Assuming tensions continue to wane, we expect regional de-escalation to lift container volumes beyond 2025, as operators opt to transit through the Suez Canal rather than rerouting via the longer Cape of Good Hope — a shift that shortens travel times between Europe and Asia by up to 10 days.

Total containers handled in the KSA remained strong at 6.1mn units during 9M25, up 11.5% y-o-y, supported by a 15.3% increase in export containers, driven by robust non-oil sector activity. We forecast total container volumes in Saudi Arabia to reach 8.3mn in 2026e, growing to 9.5mn in 2029, with a CAGR of 4.6%.

The de-escalation should also help reinstate Jeddah as a container transit hub, pushing container volumes for key operators such as Red Sea Gateway (RSGT), which is fully owned by SISCO Holding. We expect SISCO's container throughput to reach 3.4mn units in 2026e, reaching 3.9mn in 2029e (CAGR 4.6%). For the broader Saudi container segment, we forecast a 2026–29e revenue CAGR of 4.6%, rising to SAR1.43bn in 2029e.

…and positively impact already tight warehousing market

With consumption expected to rise amid a lower interest rate environment, the flow of goods is set to increase, further pressuring Saudi's already tight warehousing market. The sector remains resilient, owing to strong non-oil GDP growth of 4.3% in 2024. Occupancy rates exceeded 95% in Riyadh, Dammam, and Jeddah due to limited space supply and landlords' reluctance to develop new high-quality facilities that meet international standards. This is underpinned by the limited space offered by new market entrants.

The Kingdom's population growth, which stood at 4.7% in 2024 and was mainly driven by an 8.27% y-o-y rise in the expat population, continues to fuel demand. Rising expat arrivals boost consumption, further fuelling demand for various types of warehousing, including 3PL facilities that cater to the growing e-commerce sector.

According to industry experts, Riyadh's total leasable warehousing area stood at 28.9mn sqm in 2024, with about 358k sqm under construction for additional industrial and logistics spaces. As for Jeddah, total leasable area stood at 19.8mn sqm, with no major new completions in sight.

The shortage of supply pushed warehousing rental prices in Riyadh up 16% y-o-y in 2024 as occupancy reached 98%. In contrast, lease prices in the Jeddah area saw a modest growth rate of 1.3%, despite occupancy rates remaining high at 97%.

We expect non-oil economic growth to persist due to the lower interest rate environment, supporting warehousing demand in the medium term, given that supply levels are failing to curb surging prices, particularly in Riyadh. As for Jeddah, the rebound in the Kingdom's transit container volumes following improved conditions in the Red Sea should revive demand for open yard spaces, which was exceptionally low as shipping operators rerouted via the Cape of Good Hope.

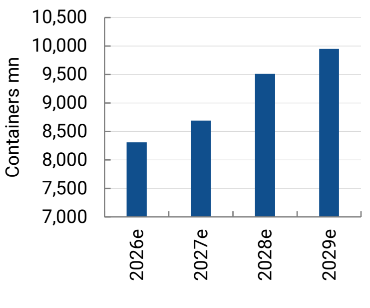
For SISCO, we expect warehousing revenues to continue rising following the recent acquisition of Port Services and Storage Company (PSS), complemented by organic growth from its existing operations. Total warehousing GLA (warehouses and open yard) is expected to reach 888k sqm in 2026e, growing to 1.2mn sqm in 2029e. Meanwhile, total warehousing revenue is anticipated at SAR203mn in 2026e, increasing to SAR294mn in 2029e.

Stable oil prices to bolster tanker rates

Tanker rates surged in mid-Aug-25, with Very Large Crude Carrier (VLCC) rates doubling for some routes as China increased its reserves. Although the order book-to-fleet ratio has risen from last year's record lows, new vessel deliveries will take time, allowing existing operators to capitalise on the expected rate hikes going forward, given that 19% of current VLCC fleet exceeds 20 years of age.

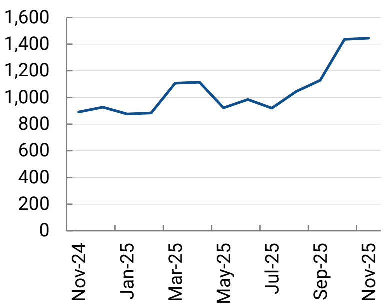
China's continued construction of new reserve sites, combined with global pressure to reduce reliance on Russia's shadow fleet, is expected to support favourable rate environment. ADNOC L&S has nine VLCCs, which is c17% of the total tanker fleet, with management expecting higher rates to begin boosting financials starting Dec-25. We expect total tankers to grow at a 2026–29e revenue CAGR of 26.5% for ADNOC L&S, reaching USD2.84bn in 2029.

Containers' progression is excpcted to steady in Saudi Arabia



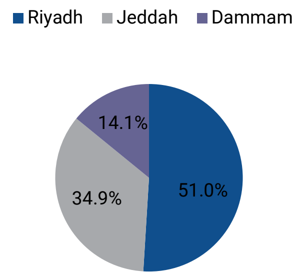
Source: CI Capital estimates

Year-end spike in Baltic exchange dirty index (non-refined oil tankers index)



Source: Reuters

Riyadh continues to dominate warehousing spaces among 3 largest metropolis areas in KSA



Source: Knight Frank

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