

Mekdam Holding Group (MKDM)

Recommendation	Accumulate	Risk Rating	R-3
Share Price	QR2.431	Target Price	QR2.988
Implied Upside	22.9%	Old Target Price	QR3.400

Mekdam Captures Incremental Demand Across Region in 2025; Maintain Accumulate

Mekdam's (MKDM) 4Q2025 bottom-line of QR14.0mn (+5.9% YoY/+55.1% QoQ) was above our estimate of QR11.2mn (variation of +24.7%) stemming from higher-than-expected revenues. FY2025 earnings grew 7.5% to QR41.8mn in FY2025 from QR38.9mn in FY2024 with EPS at QR0.26 compared to QR0.24 in FY2024. Consequently, the Board of Directors approved the distribution of bonus shares with a ratio of 1 new share for every 16 shares held by shareholders (at a rate of 6.25%), as well as cash dividends of QR0.1475 per share. Revenue jumped 58.0% YoY (+45.6% QoQ) in 4Q2025 as Technology Services climbed 79.7% and other services more than doubled. Gross profit margin in 4Q2025 was 13.7% vs. 19.5% in 4Q2024. G&A expenses grew to QR11.4mn in 4Q2025 from QR8.6mn in 4Q2024 (+33.3% YoY/ -27.8% QoQ) primarily from higher office & occupancy expenses. The group signed new contracts valued at QR900.0mn in 2025, with the value of ongoing contracts amounting to QR3.1bn and value of work remaining under these contracts estimated at QR1.7bn. MKDM's strong customer base and retention rates (90%), coupled with around QR1.9bn in submitted bids, reassure us of resilient future earnings. We adjust our estimates to account for the recurrent impressive expansion in total revenue. Regional geopolitical tensions continue to pose near-term uncertainty. However, given the recently announced two-week ceasefire coupled with the fact that a large chunk of Mekdam's client base consists of government and semi-government companies major disruptions could be cushioned. We lower our PT from QR3.400 to QR 2.988 as our WACC has increased due to heightened geopolitical tensions. However, we still maintain our Accumulate rating. Having said this, we will review our estimates and recommendations in the coming quarters.

Highlights

- Revenue growth can be linked back to two factors. First, the wider range of services provided by MKDM for their customers and, second, the regional expansion of services across Saudi Arabia in 2025. MKDM locked in several projects for the Expo 2030 and the World Cup 2034, both of which will take place in Saudi Arabia. Top-line growth was seen in all segments with the most growth exhibited by technology services (+79.7% YoY/ +48.9% QoQ), followed by other services (+152.9% YoY/ +345.0% QoQ). The branch in Saudi Arabia fed into Other Services' revenue, supporting current and future expected growth to the sector. Furthermore, in Qatar, Mekdam Steel Factory W.L.L. was established in 2025 further contributing to the booming Steel & Other Services sector.
- An operating cash outflow of QR12.3mn was generated as contract assets jumped to QR88.0mn and more advanced payments to suppliers and contractors of QR38.1mn were carried out. An investing cash outflow of QR19.1mn was also recorded as the company acquired more property and equipment aiding its growing outreach in Qatar and the region.
- Mekdam increased its short-term loans and borrowings in 2025 while reducing its long-term loans and borrowings, leading to a large inflow of QR35.8mn in financing activity and net change in cash generated of QR4.3mn.
- Mekdam has a very strong client base consisting of government, semi-government and premier/top-tier companies. The company has been broadening its reach regionally across Oman, Saudi Arabia and Iraq, bagging various projects, all while expanding its presence in Qatar. Furthermore, MKDM has a strong client base with signed contracts spanning across companies, global brands as well as the government. Technology services accounts for the majority of its revenues (~48% of total revenue in 2025) with Manpower Supply Services catching up and accounting for a ~37% of total revenues in 2025.

Catalysts

- Catalysts:** (1) Private and public sectors' rapid movement towards digital transformation (2) LNG expansion and other Q-companies' maintenance requirements (3) Announcement of new contracts (from submitted bids) (4) Margin expansion (5) Global companies selecting MKDM as a local partner (6) Regulations providing for Mandatory CAMS adoption from all private sectors and institutions (7) Entry into new business lines (8) AI opportunities gathering pace (9) Government spending.

Recommendation, Valuation and Risks

- Recommendation and Valuation:** We lower our 12-month TP from QR3.400 to QR2.988, which implies a 22.9% upside. Our TP is based on the DCF valuation model. Our primary thesis is that MKDM has more than sufficient contracts of around QR3.1bn, which have been growing steadily, coupled with a high contract win/retention ratio, which provides a strong platform for revenue/earnings growth. Mekdam has a strong client base of mainly government, semi-government and top-tier companies, among others, with a high customer retention rate of around 90%. Government contracts, as a percentage of total revenue, currently stands at around 60%.
- Risks:** (1) Execution risk (2) Interest rate risk (3) High capex (4) Customer concentration risk (5) Cyber-attacks (6) Seasonality (7) Geopolitics.

Key Financial Data and Estimates

	FY2024	FY2025	FY2026E	FY2027E	FY2028E	FY2029E
EPS (QR)	0.23	0.24	0.25	0.26	0.27	0.28
P/E (x)	10.62	9.96	9.63	9.33	8.92	8.74
EV/EBITDA (x)	13.33	11.80	10.80	10.12	9.87	9.78
DPS (QR)	-	0.15	0.15	0.15	0.15	0.15
DY (%)	-	-	6.1%	6.1%	6.1%	6.1%

Source: Company data, QNBFS Research; Note: All data based on current number of shares

Key Data

Current Market Price	QR2.431
Dividend Yield (%)	N/A
Bloomberg Ticker	MKDM QD
ADR/GDR Ticker	N/A
Reuters Ticker	MKDM.QA
ISIN	QA000BDOVCK4
Sector*	Consumer Goods
52wk High/Low (QR)	2.908/2.190
3-m Average Vol.	801,419
Mkt. Cap. (\$ bn/QR bn)	0.1/0.4
EV (\$ bn/QR bn)	0.1/0.5
Shares O/S (mn)	170.0
FO Limit* (%)	100.0
FO (Institutional)* (%)	0.2
12-Month Total Return (%)	-3.15
Fiscal Year-End	December 31

Source: Bloomberg (as of April 08, 2026), *Qatar Exchange (as of April 08, 2026); Note: FO is foreign ownership

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Changes in Estimates

QRmn	2026			2027		
	Old	New	Change (%)	Old	New	Change (%)
Revenue	623.1	708.8	13.8	654.8	721.9	10.2
Cost of Operations	517.7	597.1	15.3	536.9	603.1	12.3
General & Admin Expenses	61.9	58.3	(5.8)	64.2	59.4	(7.5)
Net Profit Attributable	43.2	42.9	(0.7)	43.3	44.3	2.3
EPS (QR)	0.27	0.25	(3.7)	0.27	0.26	(3.7)

Financial Statements

Income Statement (in QRmn)	FY2024	FY2025	FY2026E	FY2027E	FY2028E	FY2029E
Revenue	558.9	681.1	708.8	721.9	732.4	747.4
Cost of Operations	(462.0)	(573.7)	(597.1)	(608.1)	(616.9)	(629.6)
Gross Profit	96.9	107.4	111.7	113.8	115.5	117.8
General & Administrative Expenses	(48.4)	(53.6)	(58.3)	(59.4)	(60.3)	(61.5)
EBITDA	48.9	53.3	54.8	55.1	56.4	57.6
Depreciation	(2.2)	(2.6)	(3.5)	(3.5)	(3.6)	(4.5)
Right-of-use Assets	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)
Amortization	(2.6)	(3.0)	(1.0)	(0.8)	(1.0)	(0.6)
EBIT	41.6	45.2	47.9	48.2	49.3	50.0
Finance Cost	(3.7)	(3.3)	(4.8)	(3.8)	(2.8)	(3.0)
<i>Interest Expenses</i>	<i>(3.1)</i>	<i>(3.0)</i>	<i>(4.7)</i>	<i>(3.7)</i>	<i>(2.7)</i>	<i>(2.9)</i>
<i>Finance Cost on Finance Lease Arrangement</i>	<i>(0.5)</i>	<i>(0.4)</i>	<i>(0.2)</i>	<i>(0.1)</i>	<i>(0.1)</i>	<i>(0.0)</i>
Net Profit for the Period	37.9	41.9	43.0	44.4	46.5	47.1
Shareholders of the Group	38.9	41.8	42.9	44.3	46.3	47.3
Non-controlling Interest	(1.0)	0.1	0.1	0.1	0.2	(0.2)
EPS	0.23	0.25	0.25	0.26	0.27	0.28

Condensed Cash Flow Statement (QRmn)	FY2024	FY2025	FY2026E	FY2027E	FY2028E	FY2029E
Cash Flow from Operating Activities	52,639	(12,345)	(4,579)	146,161	(29,640)	140,036
Cash Flow from Investing Activities	(11,456)	(19,087)	(7,254)	(4,539)	(5,192)	(5,632)
Cash Flow from Financing Activities	(34,143)	35,771	(13,305)	(64,703)	(29,179)	(22,923)
Change in Cash	2,291	4,339	(25,138)	76,920	(63,208)	111,480
Cash Beginning of Period	24,807	27,098	31,437	6,299	83,218	20,010
Cash End of Period	27,098	31,437	6,299	83,218	20,010	131,490

Balance Sheet (in QRmn)	FY2024	FY2025	FY2026E	FY2027E	FY2028E	FY2029E
Non-current asset						
Property and Equipment	44,029	50,203	53,981	54,980	55,777	56,925
Intangible Asset	2,170	8,107	6,250	5,469	4,786	4,187
Right of Use Assets	6,507	4,012	4,012	4,012	4,012	4,012
Retention Receivables	36,938	43,474	42,882	43,675	44,308	45,220
Total non-current assets	89,645	105,795	107,216	108,135	108,883	110,344
Current assets						
Inventories	18,630	15,834	18,854	19,203	19,428	19,883
Accounts Receivable and Other Debit Balances	123,920	154,079	160,347	161,335	161,226	162,947
Advance Payments to Suppliers and Subcontractors	17,982	56,107	56,260	47,273	47,958	48,945
Contract Assets	113,439	201,434	209,629	126,878	212,670	129,490
Due from Related Parties	50	70	70	70	70	70
Cash and Bank Balances	30,101	32,178	7,040	83,960	20,751	132,231
Total Current assets	304,122	459,702	452,201	438,718	462,104	493,566
Total assets	393,767	565,497	559,326	546,853	570,986	603,910
EQUITY AND LIABILITIES						
Share Capital	135,000	160,000	170,000	170,000	170,000	170,000
Legal Reserve	58,799	62,981	67,270	71,701	76,335	81,061
Retained Earnings	35,837	47,424	51,357	65,054	80,529	96,806
Equity Attributable to Shareholders of the Group	229,636	270,404	288,627	306,755	326,865	347,867
Non-Controlling Interest	35	35	43	54	71	43

Total Equity	229,671	270,439	288,670	306,809	326,936	347,919
Non-current liability						
Due to Related Parties	2,596	2,596	2,596	2,596	2,596	2,596
Loans and Borrowings	18,056	13,483	13,483	7,843	7,843	8,783
Provision for Employees' End of Service Benefits	8,932	13,398	15,444	17,498	19,581	21,706
Lease Liability	4,464	1,771	1,771	1,771	1,771	1,771
Total non-current liability	34,048	31,249	33,295	29,708	31,791	34,857
Current liability						
Due to Related Parties	1,484	2,058	2,058	2,058	2,058	2,058
Loans and Borrowings	16,251	58,230	71,713	41,713	41,713	41,713
Accounts Payable and Other Credit Balances	109,901	200,828	160,897	163,872	165,795	169,670
Lease Liability	2,413	2,693	2,693	2,693	2,693	2,693
Total current liability	130,048	263,809	237,362	210,337	212,259	221,135
Total liabilities	164,096	295,058	270,657	240,045	244,050	255,991
Total equity and liabilities	393,767	565,497	559,326	546,853	570,986	603,910

Recommendations		Risk Ratings	
<i>Based on the range for the upside / downside offered by the 12-month target price of a stock versus the current market price</i>		<i>Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals</i>	
OUTPERFORM	Greater than +20%	R-1	Significantly lower than average
ACCUMULATE	Between +10% to +20%	R-2	Lower than average
MARKET PERFORM	Between -10% to +10%	R-3	Medium / In-line with the average
REDUCE	Between -10% to -20%	R-4	Above average
UNDERPERFORM	Lower than -20%	R-5	Significantly above average

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