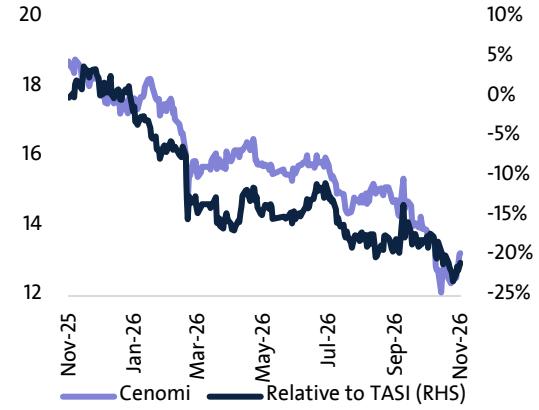
Risks priced in; GLA growth finally on the way – Buy (TP: SAR16.5)

Recommendation	BUY
Market Price	12.3
Target Price	16.5
Upside/Downside	34%

Stock Data

Market Cap Total/FF (USDmn)	6,383/4,278
Shares Total/FF (mn)	517/347
52 Week Hi-Low(SAR)	18.8/12.1
3/6/12 M Volume Traded (mnsh)	0.7/0.8/0.77
3/6/12 M Value Traded (USDmn)	3.4/3.5/3.2
Relative to TASI (3/6/12 M)	-9/-13/-25

Cenomi Stock Price Performance vs TASI



Source: AC, Bloomberg

Cenomi – De-risked growth profile and valuation provide comfort – Buy

We have revised our estimates for Cenomi Centers (Cenomi) to reflect the latest operational and investment updates. We expect a gradual improvement in Cenomi's cash flow as the peak investment period of 2026 gives way to a significant step-down in the company's capex and a resumption of cash payouts in 1H27. In our view, the 33% correction in the share price over the past 12 months adequately prices in the impact of cost and time overruns on major projects. The de-risking of the company's growth profile with the delivery of much-promised GLA growth, coupled with the current valuation, gives us comfort on our existing Buy rating.

New strategy in the offing; balancing leverage with payout and growth

Management plans to unveil the company's new strategy in 1Q27 along with an update on the dividend policy. We see the possibility of payouts resuming in 1H27 at 50% of the level under the previous policy. Our estimates take into account the time required to optimize occupancy at the two new malls, the company's debt position, and FCF estimates. We expect Cenomi's Debt to EBITDA to drop from 50% in 2026E to 47% by 2031E. A land disposal in Qassim or the sale of fund units for the two flagship malls may accelerate deleveraging and bring forward the resumption of dividend payouts.

Project updates – GLA growth set to materialize

Westfield Riyadh (WR): Cenomi aims to (i) make WR operationally ready by 4Q26, with 80% occupancy by the end of 2027, and (ii) proceed with a soft opening, possibly ahead of Ramadan. Office space and GLA dedicated to luxury brands are targeted for 2Q27 and 1Q28, respectively. The risk of further capex overruns remains (current: SAR4.7bn).

Westfield Jeddah (WJ): Cenomi targets the formal launch of WJ by year-end, following completion of the fit-out period. It targets trading occupancy of 95% by Dec-27.

9M2026 results – Footfall growth defies operating conditions

Leasing revenues rose 2% in 9M26, while gross profit dipped 2% due to one-offs and higher operating costs. Encouragingly, footfall grew 11% in 9M26, and the pace has been sustained into 4Q26. Lease rate remained steady (+2% YoY). ECL charges dipped 75% (due to lower related-party receivables), while finance costs rose 30% (new debt at a higher cost). Adjusted earnings (insurance claims and fair value gains) are up 9% YoY.

Cenomi: Financial Highlights (SARmn)

Year to Dec	CY25	CY26E	CY27E	CY28E	CY29E	CY30E
Revenues	2288	2468	3161	3692	3966	4054
Growth	-2.4%	7.9%	28.1%	16.8%	7.4%	2.2%
PAT	1276	1095	473	843	779	849
EPS (SAR)	2.5	2.1	0.9	1.6	1.5	1.6
Growth	4%	-14%	-57%	78%	-8%	9%
DPS (SAR)	0.7	0.0	0.5	0.6	0.6	0.7
P/E (X)	5.0	5.8	13.5	7.6	8.2	7.5
D/Y (%)	5.6%	0.0%	3.7%	4.5%	5.0%	5.6%
EV/EBITDA(X)	14.3	13.9	10.9	9.2	9.0	8.6
P/BV (X)	0.4	0.4	0.4	0.4	0.4	0.4

Source: Cenomi, AC Estimates

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Classification: Private

Cenomi-Investment Case

We have rolled out new estimates for Cenomi Centers (Cenomi) following the 9M26 results and earnings call. The new estimates take into account 9M2026 updates on the company's current operations, ongoing capital expenditure on the two flagship malls, and progress on the company's asset-light strategy. Our new estimates are summarized below:

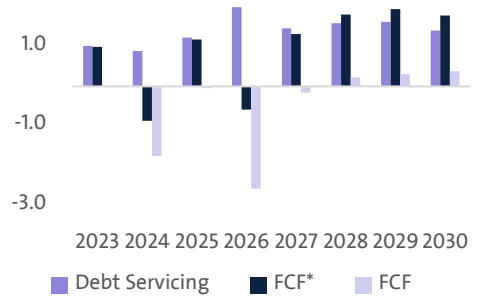
Cenomi: Summary of estimate changes (SAR/sh)

	2025A	2026E	2027E	2028E	2029	2030	TP
New	2.5	2.1	0.9	1.6	1.5	1.6	16.48
Old		1.6	1.9	2.0			23.5
%age		**33%**	**-52%**	**-20%**			**-30%**

Source: AC Estimates

- We have adjusted our 2026 earnings estimates for fair value gains on existing properties, delays in the start of operations at WJ and WR, better-than-expected control of ECL charges, and the impact of higher borrowing costs in 9M26. Adjusted for fair value gains, our earnings estimate is down 21%.
- Two major changes have affected our previous 2027 earnings estimates: (i) a rise in financial charges due to higher borrowing levels, and (ii) lower assumed occupancy levels for the two flagship malls, WJ and WR, based on the latest progress towards the commencement of operations.
- We have also incorporated the impact of development fees and the future share of leasing revenues from the two malls under the company's asset-light develop-and-operate model. We have assumed an extended development period of five years for the two malls and expect the company to start booking fees for operating the malls from 2031.
- We have removed the impact of Murcia Mall from our estimates based on the latest update in the 3Q26 earnings call, where management hinted at the possibility of ending the agreement. We await further details on Cenomi's equity participation in Barakah Mall before incorporating the project into our estimates.
- Our FCF-based DCF valuation is affected by the overall increase in borrowing without a corresponding upside in revenue or earnings capacity, and by changes in the expected timing of stable occupancy at the two flagship malls.

Cenomi: FCF projections (SARbn)



FCF*=Excluding interest charges, Source: Cenomi, AC

Management intends to unveil a new strategy and guidance

Management plans to unveil the company's new strategy and guidance on key operational and financial KPIs in 1Q27. In our view, the following areas are noteworthy:

- Achieving stability at the newly developed malls while dealing with the near-term fallout of the current geopolitical situation will remain a key consideration for Cenomi.

Management plans to unveil the company's new strategy and guidance on key operational and financial KPIs in 1Q27.

Classification: Private

- Beyond WJ and WR, Cenomi currently has at least five more projects in the pipeline. Progress towards the company's target of ~50% GLA addition and delivery of the targeted returns hinge on timely, on-budget execution of the construction projects.

Cenomi: Details of future GLA additions

Mall	GLA	Stores	Timeline	AC Comments
Westfield Jeddah	104	300	Jul-26	Grand opening in 4Q26
Westfield Jeddah	220	330	4Q26	Possible soft opening before Ramadan
SDC Al Khobar	110	370	2029	Construction contract awarded
SDC Madinah	70	200	2029	Construction contract awarded
U-Walk Qassim	54	180	2027	Target for completion in 1Q27
Murcia Mall	65	190	2029	Cenomi likely to end partnership
Baraka Mall	73	200	2029	Cenomi to increase equity share

Source: Cenomi, AC

- Diversification into other real estate offerings, such as hospitality — a segment that complements Cenomi's existing business, particularly its flagship malls, and brings its offerings in line with the current industry trend of mixed-use real estate developments.
- Exploring development and operating opportunities against the backdrop of an expected increase in land supply, as the higher white-land tax pushes landowners in key cities to develop their holdings.
- Balancing the need for deleveraging with shareholder expectations of cash payouts from Saudi Arabia's largest mall operator remains crucial. We see the possibility of a dividend resumption in 1H27 at 50% of the payout under the previous policy. Our estimates take into account the time required to optimize occupancy at the two new malls, the company's debt position, and FCF estimates (including interest payments).
- We expect Cenomi's Net Debt/EBITDA to drop from 50% in 2026E to 47% by 2031E. Higher-than-expected proceeds from future disposal of land in Qassim (SAR700mn projected) or possible sale of fund units for the two flagship malls may accelerate deleveraging and bring forward the resumption of dividend payouts.

9M26 earnings – Adjusted earnings up 14%

Cenomi Centers posted 9M26 earnings of SAR1002mn, down 16% YoY. However, earnings adjusted for the fair value gains and insurance claims recorded in 9M25 grew 15% YoY. Key highlights of the results are:

- 9M26 revenue grew 2% YoY to SAR1.75bn. In 3Q26, Cenomi started recognizing revenues from WJ and the development fee. Lease revenue, adjusted for Mall of Dhahran, is up 3.5% YoY.
- The average lease rate is up 3% while GLA remained stable. Like-for-like occupancy slipped a marginal 30bps to 91.8% at the end of 3Q26.

Classification: Private

- Encouragingly, Cenomi recorded double-digit growth in footfall during 9M26 despite the ongoing geopolitical situation. The healthy trend in footfall has been sustained into 4Q26, according to management.
- G&A expenses increased a significant 11% in 9M26. Adjusted for one-offs, G&A costs rose 7%.
- The ECL charge dropped a significant 75% YoY in 9M26. The drop follows the ownership changes at AFG Retail (previously Cenomi Retail), an erstwhile related party, in 2025, and improved collections. Cenomi's total receivables have increased by 14% YTD.
- The adjusted net debt-to-asset ratio (including lease liabilities but excluding the impact of debt reprofiling) edged up from 46% in Dec-25 to 47% in Sep-26. Net debt/EBITDA increased to 11.1x in 3Q26 from 10.2x in Dec-25.
- There are currently three legal cases involving the landowner of Mall of Dhahran, totaling SAR788mn. The largest case, involving ~SAR523mn, has been decided in favor of the company. Management remains optimistic about a favorable outcome in the remaining two cases, the next hearing for which is due in 1Q27.

Cenomi trades at a 2028E P/E of 8x and EV/EBITDA of 9x

Cenomi 9M2025 Earnings Review (SARmn)

	1Q26	2Q26	3Q26	QoQ	9M25	9M26	YoY
Revenues	**583**	**569**	**606**	**6%**	**1,725**	**1,758**	**2%**
Cost of Revenue	-94	-95	-146	53%	-272	-335	23%
Gross Profit	**489**	**474**	**460**	**-3%**	**1,453**	**1,423**	**-2%**
Sales/Marketing Exp	-6	-16	-4	-76%	-21	-26	23%
G&A Expenses	-88	-91	-95	5%	-246	-274	11%
Provision for doubtful	-34	-8	-18	132%	-235	-59	-75%
Net fair value gains	72	251	215	-14%	505	538	7%
Others	**3**	**5**	**5**	**0%**	**272**	**13**	-95%
Operating Income	**436**	**615**	**564**	**-8%**	**1,729**	**1,615**	**-7%**
EBITDA	**395**	**367**	**361**	**-2%**	**1,164**	**1,123**	**-4%**
Non-operating Income	2	1	0	**-129%**	18	3	**-84%**
EBIT	**438**	**617**	**563**	**-9%**	**1,747**	**1,618**	**-7%**
Financial Cost	-222	-224	-141	-37%	-515	-587	14%
Income before taxes	**215**	**393**	**422**	**8%**	**1,232**	**1,030**	**-16%**
Net Income	**203**	**389**	**410**	**5%**	**1,197**	**1,002**	**-16%**
Adjusted Net Income	132	138	195	**41%**	403	464	**15%**
Gross Margin	84%	83%	76%	-7%	84%	81%	-3%
EBITDA Margin	68%	64%	60%	-5%	68%	64%	-4%
Net Margin	**35%**	**68%**	**68%**	**-1%**	**69%**	**57%**	**-12%**
GLA (mn sqm)	1.3	1.3	1.3	0	1.37	1.3	-4.9%
Lease Rate (SAR/sqm)	2040	2040	2055	1%	1994	2045.0	2.6%
Occupancy	93%	92%	92%	**0%**	**93%**	92%	**-0.1%**

Source: Company Announcement, AC

Classification: Private

Investment Case & Key Risks

Investment Thesis

Our Buy rating on Cenomi is premised on:

- A sizeable addition of new GLA (50% including two malls under asset-light model) at lease rates materially above the current average is set to drive solid revenue and EBITDA growth of 12% and 11%, respectively, over 2026-2030.
- Encouraging industry backdrop with significant potential for growth in tourism, retail sales and footfall
- Opportunities to diversify into complementary real estate offerings
- Attractive valuation (8x 2028E P/E, 9x 2028 EV/EBITDA)

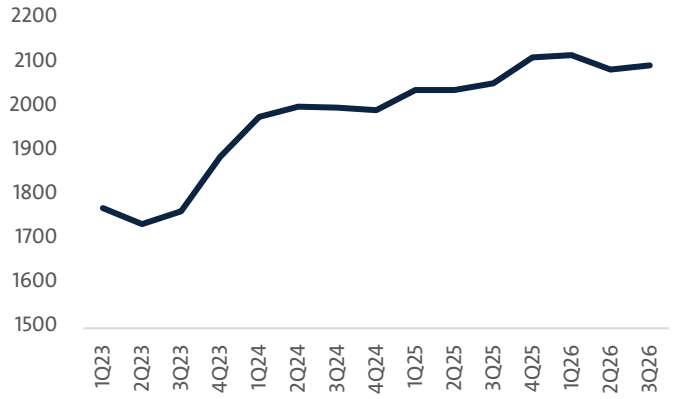
Key risks

- Time and cost overruns on major projects, including the project under the capex-light model
- Extension of rent-freeze regulations to other cities
- The fallout from the ongoing geopolitical situation on the company's ability to attract the target brands, achieve occupancy, maintain footfall or complete construction of new projects
- Potential for a significant increase in future supply of real estate offerings relevant to Cenomi's business, driven by the increase in white-land tax in key cities

Classification: Private

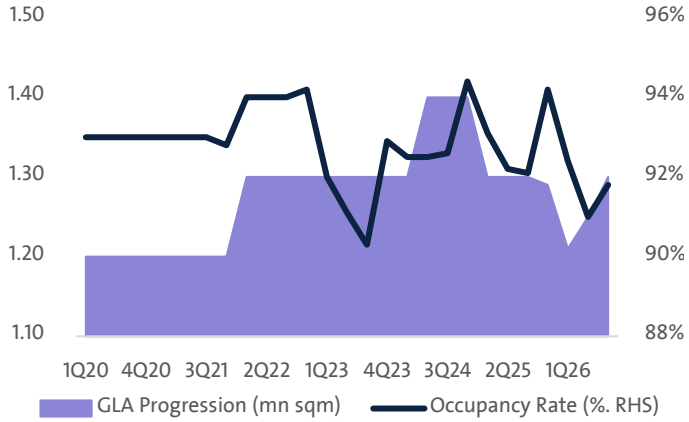
Cenomi in Charts

Cenomi: Weighted average lease rate (SAR/Sqm)



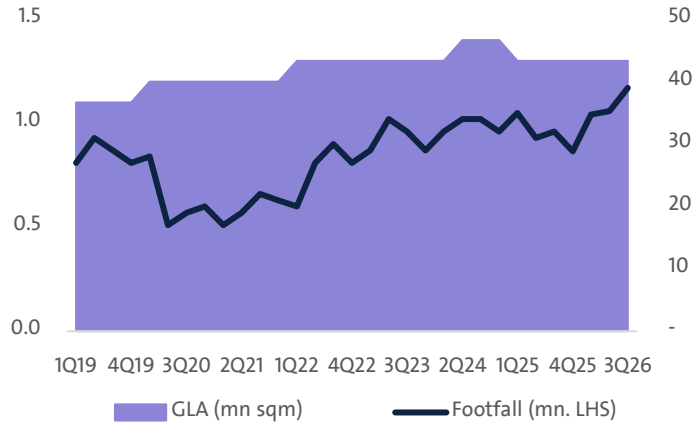
Source: Cenomi, AC Research

Cenomi: Occupancy levels



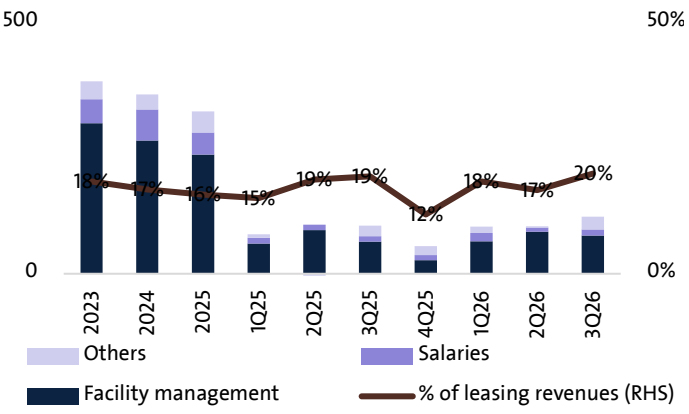
Source: Cenomi, AC Research

Cenomi: Footfall reached a new quarterly high



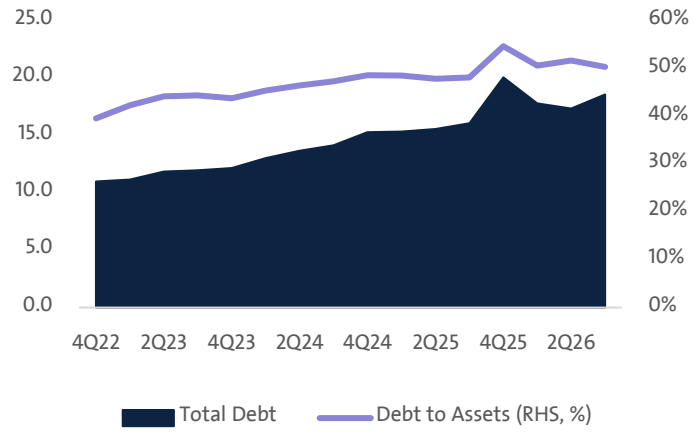
*Adjusted for fair value gains, ECL and others Source: Cenomi, AC Research

Cenomi: Trend in cost of revenues (leasing only, SARmn)



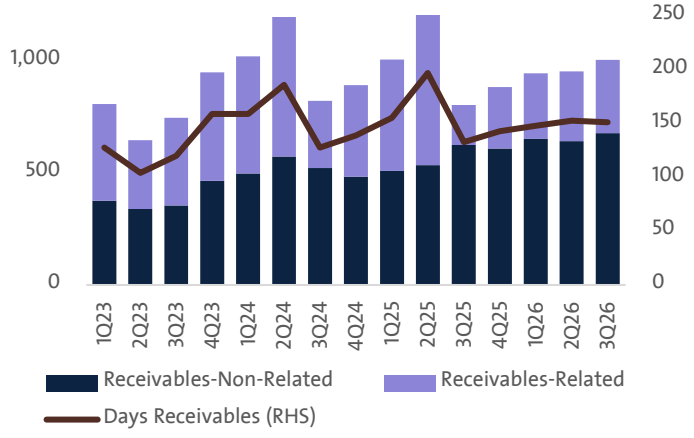
Source: Cenomi, AC Research

Cenomi: Trend in debt and debt to asset ratio (SARbn)



Source: Cenomi, AC Research

Cenomi: Receivable trend (SARmn)



Cenomi Retail (renamed AFG International) categorized as a non-related party, Source: Cenomi, AC

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Analyst Certification:

I, **Muhammad Fawad Khan, CFA,** the author of this report, hereby certify that that: (i) views expressed in this report reflect the Research Analyst's personal views about all of the securities and (ii) no part of any of compensation of the author/s was, is, or will be directly or indirectly related to the specific recommendations or views expressed by in this report.

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Alinma Capital Company (AC) follow a three-tier rating system based on total return methodology as per following details

>+15% Total Return: Stocks with +15% expected total return (including dividend yield) over the next 12-months are classified as Buy.

5-15%: Stocks with total return between 5-15% can be classified as Buy or Neutral.

>-5%<+5% total return: Stocks with total return between -5+5% can be classified as Neutral or Underperform

Underperform-Stocks which are expected to have <-5% total return

Not Covered: AC has not assigned any rating on the stock

Coverage Suspended: AC has temporarily suspended the coverage of the stock either in compliance with local regulation or other considerations

Price data for the listed securities is based on 23 November, 2026.

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