

## BinDawood Holding Company (BinDawood) - 3Q23 Result Review

Analyst: Neetika Gupta

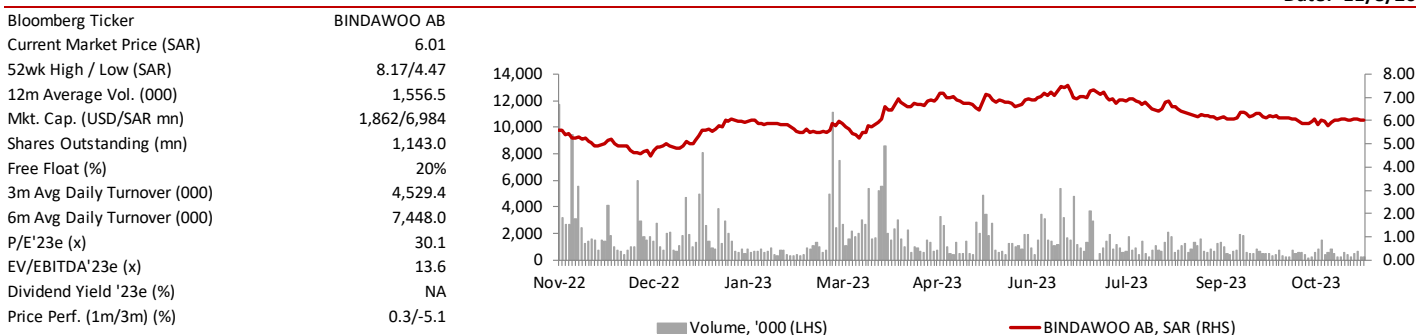
Previous Recommendation: **Accumulate**

Previous TP & Date: TP: SAR 8.45 per share on 15-Aug-2023

Target Price (SAR): **8.45**

Current Upside / (Downside): 41%

Date: 11/8/2023



### Revenue rises ~15% YoY as footfalls increase with a full resumption of Hajj and Umrah, comes largely in line with our estimate

BinDawood Holding's top line grew 14.9% YoY to ~SAR 1.36bn in 3Q 2023, largely in line with our estimate (+4.5% variance). The company registered a 13.8% YoY increase in footfall at its stores, driven by normalized Hajj and Umrah seasons as well as marketing campaigns and loyalty programs carried out by it.

### Gross profit rises at a relatively quicker pace, beating our estimate while operating profit comes in line

Supported by healthy revenue growth, and benefitting from a favorable sales mix, lower inflation, and better terms from suppliers, gross profit outpaced revenue growth by surging 37.0% YoY, beating our estimate by 6.9%. In 3Q 2023, BinDawood recorded SAR 56.1mn operating profit as compared to SAR 26.5mn operating loss in 3Q 2022, matching our estimate. Accordingly, the company posted a SAR 34.0mn net profit vs. a SAR 48.3mn net loss in the same quarter of 2022. However, vs. our estimate, net profit was lower by ~13%, indicating non-operating expenses rose at a faster-than-expected pace.

### Maintain target price

Considering the largely in-line operating performance of the company, we maintain our SAR 8.45 target price on the stock as of now. The company's BoD has proposed a SAR 0.10 per share dividend for 1H 2023, marginally above our estimate of SAR 0.09 per share dividend. TTM dividend yield at yesterday's closing price comes to around 3%.

### Valuation

At the current market price, the stock is trading at 30.1x P/E and 13.6x EV/EBITDA, based on our FY 2023 estimates, above its 3-year daily average forward P/E of about 27.5x and EV/EBITDA of 12.8x.

Income Statement												
(SAR mn)	3Q22	4Q22	1Q23	2Q23	3Q23	3Q23e	YoY (%)	QoQ (%)	Var (%)	9M 22	9M 23	YoY (%)
Sales/Revenue	1,182.5	1,302.4	1,381.2	1,411.6	1,358.8	1,300.6	14.9%	-3.7%	4.5%	3,578.7	4,151.5	16.0%
Gross Profit (Loss)	307.2	368.7	416.6	452.0	420.9	393.7	37.0%	-6.9%	6.9%	1,069.0	1,289.5	20.6%
Operating Profit (Loss)	(26.5)	44.0	76.2	89.7	56.1	57.8	NM	-37.5%	-3.0%	111.1	222.0	99.9%
Net Profit (Loss) after Zakat and tax	(48.3)	69.0	51.5	65.8	34.0	39.2	NM	-48.3%	-13.3%	59.8	152.1	154.4%
Balance Sheet												
(SAR mn)	3Q22	4Q22	1Q23	2Q23	3Q23	3Q23e	YoY (%)	QoQ (%)	Var (%)			
Shareholders' Equity	1,286.8	1,347.3	1,401.9	1,364.1	1,389.3	1,403.3	8.0%	1.8%	-1.0%			
Key Ratios												
	3Q22	4Q22	1Q23	2Q23	3Q23	3Q23e						
Gross Profit Margin	26.0%	28.3%	30.2%	32.0%	31.0%	30.3%						
Operating Profit Margin	-2.2%	3.4%	5.5%	6.4%	4.1%	4.4%						
Net Profit Margin	-4.1%	5.3%	3.7%	4.7%	2.5%	3.0%						
Return on Equity (RoE)	-15.0%	20.5%	14.7%	19.3%	9.8%	11.2%						
Annualized EPS (SAR)	-0.17	0.24	0.18	1.65	0.12	0.99						
BVPS (SAR)					1.22	1.23						
TTM P/E (x)					31.2							
Current P/BV (x)					4.9							

Source: Financials, Tadawul Disclosure, Bloomberg, U Capital Research


For our earlier report on the sector, please [click here](#).


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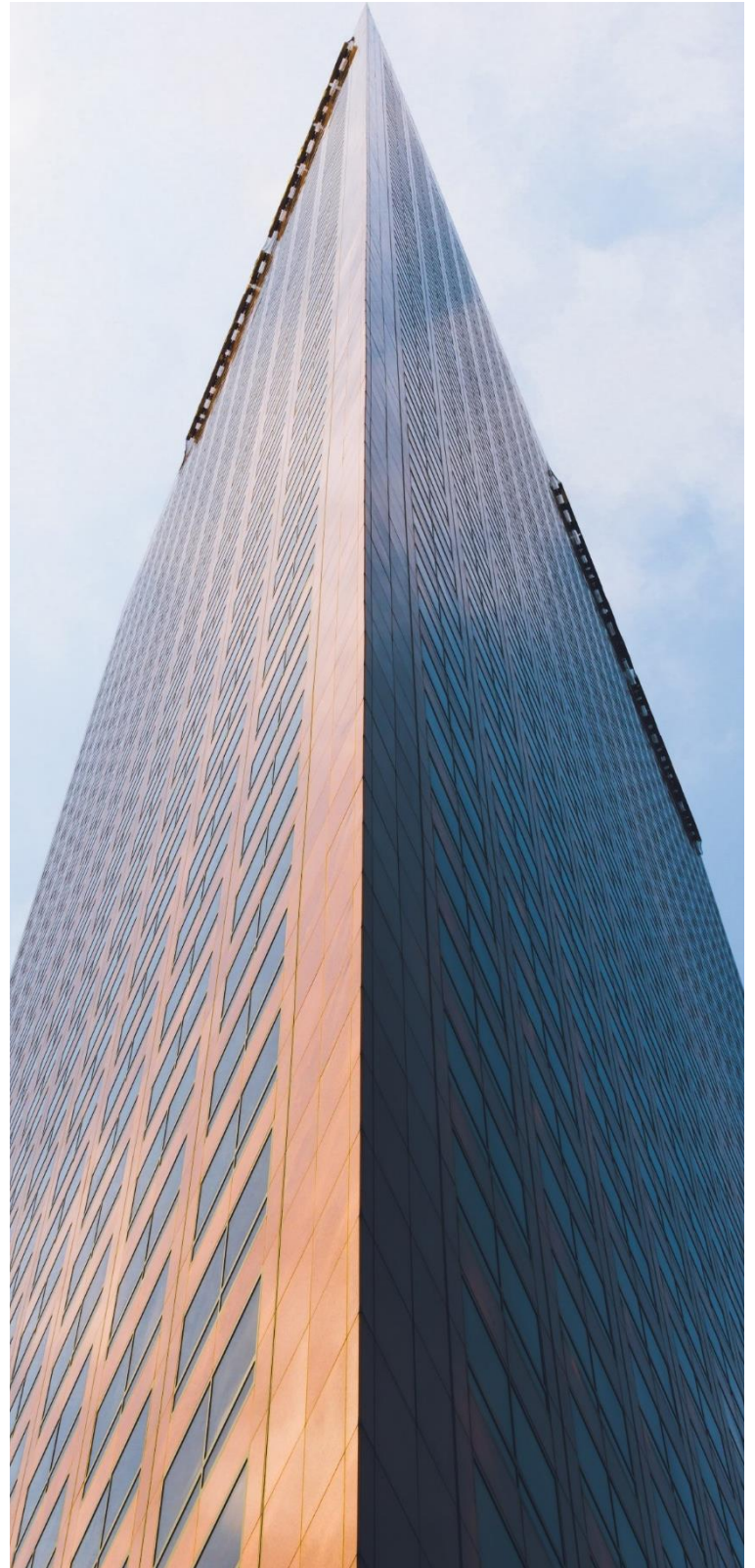
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# Disclaimer

## Recommendation

BUY	Greater than 20%
ACCUMULATE	Between +10% and +20%
HOLD	Between +10% and -10%
REDUCE	Between -10% and -20%
SELL	Lower than -20%

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