

Alandalus Property Co. (Alandalus) - 2Q22 Result Review

Analyst: Ayisha Zia

Previous Recommendation: Accumulate

Target Price (SAR): 20.80

Previous Reco. & Date:

TP: SAR 20.8 per share; Accumulate on 08-May-2022

Current Upside / (Downside): 22%

Date: 8/14/2022



Revenue rises 5% YoY; in-line

Alandalus Property's revenue in 1Q 2022 increased 5% YoY to SAR 53.3mn, in-line with our estimate. A 91% surge in the revenue from the Hospitality segment on the back of a higher occupancy primarily drove the top-line higher, supported by a 3% YoY rise in the Retail segment's revenue.

Operating profit and margin match our estimate

The company reported an operating profit of SAR 34.6mn in 1Q 2022, which represented an increase of 5% YoY (+27% QoQ), matching our estimate of SAR 34.3mn. The operating margin came-in at 64.8% in 1Q 2022, as expected, almost similar to the same period last year.

Consequently, net profit meets our expectation

Aided by an in-line performance at the operating level, the net profit of SAR 19.8mn also met our expectation (+1% variance). Despite the company reporting a slight decrease in the income from associates and other revenues, and higher zakat, driven by a higher top-line, net profit edged up 4% YoY (+90% QoQ).

Maintain target price

Thus, post an in-line earnings performance in 1Q 2022, we maintain our target price on the stock.

Income Statement												
(SAR mn)	2Q21	3Q21	4Q21	1Q22	2Q22	2Q22e	YoY (%)	QoQ (%)	Var (%)	1H 2021	1H 2022	YoY (%)
Sales/Revenue	52.4	55.4	56.0	53.3	54.1	54.2	3%	2%	0%	102.9	107.4	4.4%
Gross Profit (Loss)	35.5	37.4	38.5	36.7	37.5	37.0	6%	2%	1%	69.1	74.2	7.3%
Operating Profit (Loss)	31.9	33.3	27.1	34.6	29.4	35.3	-8%	-15%	-17%	64.7	63.9	-1.2%
Net Profit (Loss) after Zakat and tax	19.2	19.4	10.4	19.8	15.5	20.7	-20%	-22%	-25%	38.2	35.3	-7.7%
Balance Sheet												
(SAR mn)	2Q21	3Q21	4Q21	1Q22	2Q22	2Q22e	YoY (%)	QoQ (%)	Var (%)			
Shareholders' Equity	1,056.4	1,075.7	1,063.1	1,059.5	1,075.0	1,080.2	2%	1%	0%			
Key Ratios												
	2Q21	3Q21	4Q21	1Q22	2Q22	2Q22e						
Gross Profit Margin	67.8%	67.5%	68.6%	68.8%	69.3%	68.2%						
Operating Profit Margin	61.0%	60.1%	48.4%	64.8%	54.3%	65.1%						
Net Profit Margin	36.7%	34.9%	18.6%	37.1%	28.6%	38.1%						
Return on Equity (RoE)	7.3%	7.2%	3.9%	7.5%	5.8%	7.6%						
Annualized EPS (SAR)	0.82	0.83	0.45	0.85	0.66	0.89						
BVPS (SAR)					11.52	11.57						
TTM P/E (x)					24.4							
Current P/BV (x)					1.5							

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

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

Recommendation

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



Ubhar Capital SAOC (U Capital)

Website: www.u-capital.net

PO Box 1137

PC 111, Sultanate of Oman

Tel: +968 2494 9000

Fax: +968 2494 9099

Email: research@u-capital.net

Disclaimer: This report has been prepared by Ubhar Capital (U Capital) Research, and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell or solicitation of any offer to buy. While all reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. The company accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. All opinions and estimates included in this document constitute U Capital Research team's judgment as at the date of production of this report, and are subject to change without notice. This report may not be reproduced, distributed or published by any recipient for any other purpose.