

## Arabian Centres Co. (Cenomi Centers) - 4Q23 Result Review

Analyst: Neetika Gupta

### Recommendation:

**Buy**

Target Price (SAR):

UR

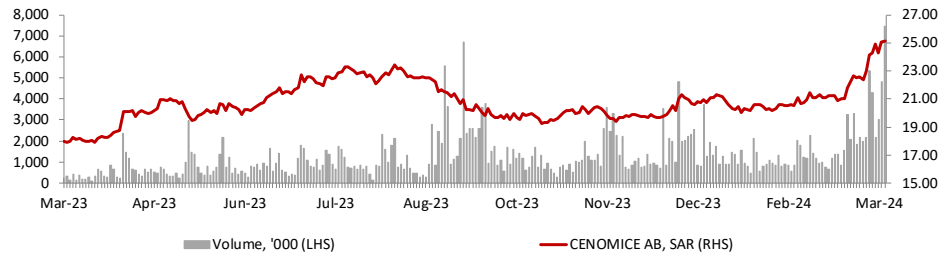
Previous TP & Date:

TP — SAR 27.00 on 04-Sep-2023

Current Upside / (Downside):

Date: 26-Mar-2024

Bloomberg Ticker	CENOMIC AB
Current Market Price (SAR)	25.10
52wk High / Low (SAR)	26.25/18.91
12m Average Vol. (000)	1,328.3
Mkt. Cap. (USD/SAR mn)	2,532/9,491
Shares Outstanding (mn)	475.0
Free Float (%)	43%
3m Avg Daily Turnover (000)	37,500.0
6m Avg Daily Turnover (000)	32,600.0
P/E'24e (x)	11.1
P/Bv'24e (x)	0.8
Dividend Yield '24e (%)	5.6%
Price Perf. (1m/3m) (%)	0.2/-12.7



### Revenue decreases slightly in 4Q23, missing the consensus but matching U Capital's estimate

Arabian Centres' (Cenomi Centers) revenue in 4Q23 fell slightly by 1.3% YoY, missing the consensus forecast (-9% variance), but matching our estimate (-2.3% variance). Visitor footfalls at the company's malls rose 19.1% YoY to reach a record high of 124mn by the end of December 2023, whereas like-for-like period-end-occupancy reached 92.9% by the end of 4Q23 (90.3% at the of 3Q23).

### Operating and net profit beats Bloomberg consensus and U Capital's estimate, primarily boosted by net fair value gain on investment properties

Gross profit fared similarly to the top line, inching down 0.9% YoY, matching our expectations (+1.5% variance). However, boosted primarily by SAR 288.4mn net fair value gain on investment properties (+31% YoY), and supported by over 200% YoY surge in other operating income, operating profit grew 8.5% YoY. Resultantly, net profit climbed 7.3% YoY in 4Q23, with both the operating and net income beating the Bloomberg consensus and our estimate notably.

### Maintain rating; put TP under review

Cenomi is witnessing healthy occupancy as well as visitor growth, indicating strong brand positioning, which bodes well for the company's upcoming malls in quickly reaching their optimum operating levels. We remain optimistic about the company's prospects and hence retain our Buy rating on the stock, though we put our target price (TP) under review, given around 26% appreciation in the stock price since our last report. The company's board has recommended a SAR 0.75 dividend per share (DPS) for 2H23, matching our estimate. At yesterday's closing price, this gives a lucrative yield of 6.5%. In addition, the company's board has approved a dividend policy, under which it commits to pay SAR 0.375 DPS per quarter for one year, which gives a yield of ~6% at yesterday's closing price.

### Valuation

At the current market price, the stock is trading at 11.1x P/E and 0.8x P/B, based on our FY 2024 estimates, above its 12-month daily average forward P/E of 10.3x but below P/B of 1.2x.

Income Statement												
(SAR mn)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	4QFY23e	YoY (%)	QoQ (%)	Var (%)	FY 22	FY 23	YoY (%)
Sales/Revenue	550.8	576.8	565.3	567.7	543.9	556.8	-1.3%	-4.2%	-2.3%	2,206.7	2,253.7	2.1%
Gross Profit (Loss)	462.5	491.1	458.0	462.8	458.3	451.3	-0.9%	-1.0%	1.5%	1,845.7	1,870.2	1.3%
Operating Profit (Loss)	542.7	490.1	432.1	398.2	589.1	344.2	8.5%	47.9%	71.1%	1,426.0	1,909.5	33.9%
Net Profit (Loss) after Zakat & tax	459.1	383.3	338.7	286.5	492.5	240.2	7.3%	71.9%	105.0%	1,008.9	1,501.0	48.8%
Balance Sheet												
(SAR mn)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	4QFY23e	YoY (%)	QoQ (%)	Var (%)			
Shareholders' Equity	15,895.7	14,046.3	13,900.0	13,770.3	14,312.0	14,485.5	-10.0%	3.9%	-1.2%			
Key Ratios												
	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	4QFY23e						
Gross Profit Margin	84.0%	85.2%	81.0%	81.5%	84.2%	81.0%						
Operating Profit Margin	98.5%	85.0%	76.4%	70.2%	108.3%	61.8%						
Net Profit Margin	83.3%	66.5%	59.9%	50.5%	90.5%	43.1%						
Return on Equity (RoE)	11.6%	10.9%	9.7%	8.3%	13.8%	6.6%						
Annualized EPS (SAR)	0.97	0.81	0.71	0.60	4.15	0.51						
BVPS (SAR)					30.13	30.50						
TTM P/E (x)					7.9							
Current P/BV (x)					0.8							

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


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

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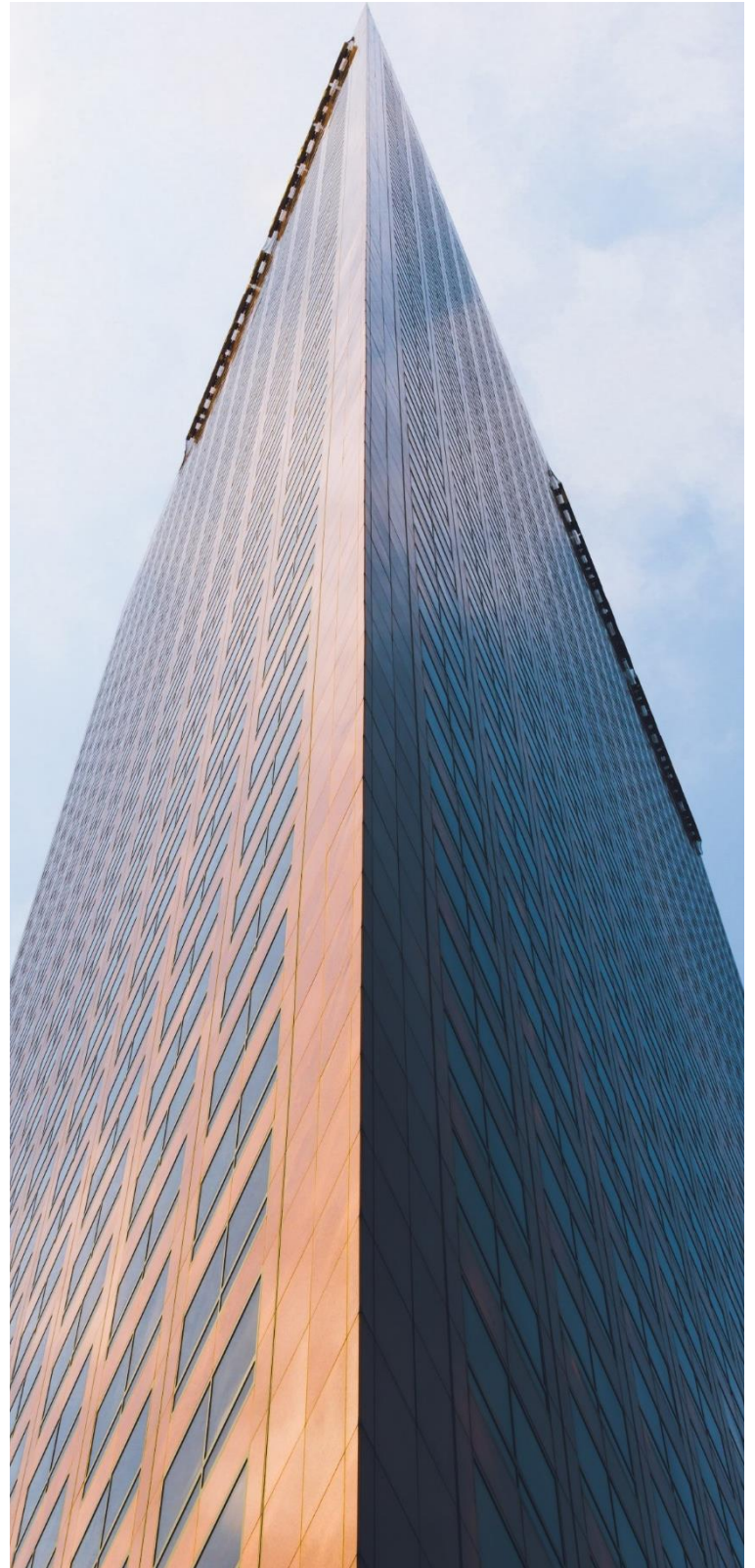
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# Disclaimer

## 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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