



BinDawood posted a net income of SAR 65.5mn (EPS: SAR 0.57), above our estimate of SAR 39.8mn and in line with the consensus estimate. Net income improvement was supported by a rent relief of SAR 17.1mn, offsetting the impact of higher operating expenses. The deviation in the net income was also due to higher-than-expected revenue and gross profit. Improvement in the top line could be mainly attributed to lifting COVID curbs by the government, coupled with the return of promotional campaigns in Sha'ban and the reopening of schools. We maintain our "Neutral" recommendation on BinDawood, with a TP of SAR 107.0/share.

- BinDawood's net income stood at SAR 65.5mn in Q1-22 (EPS: SAR 0.57), up 5.4% Y/Y and 395.3% Q/Q. The net profit was above our estimate of SAR 39.8mn but in line with the consensus estimate. The increase in net income was primarily driven by topline growth. Net income improvement was supported by a rent relief of SAR 17.1mn, offsetting the impact of higher operating expenses.
- The company's revenue increased 4.5% Y/Y to SAR 1,175.2mn in Q1-22, in line with our estimate of SAR 1,126.9mn. The rise in revenue was driven by the promotional campaigns during Sha'ban and the reopening of schools. Lifting of COVID restrictions by the government boosted religious, regular, and business tourism; this, in turn, led to higher customer visits and higher spending.
- Gross profit increased 2.8% Y/Y to SAR 383.7mn, above our estimate of SAR 357.3mn. GP margin contracted to 32.6% in Q1-22 from 33.2% in Q1-21, compared to our estimate of 31.7%, driven by the resumption of marketing campaigns.
- Operating profit decreased 16.1% Y/Y to SAR 72.8mn, compared to our estimate of SAR 61.2mn. Net OPEX increased 8.5% Y/Y to SAR 310.9mn from SAR 286.6mn in Q1-21, in line with our estimate of SAR 296.0mn, as a result of the opening of new stores in FY21. Operating margin contracted to 6.2% against 7.7% in Q1-21, compared to our estimate of 5.4%.

AJC view: BinDawood posted higher revenue and net profit in Q1-22, indicating a stronger recovery in the near term. The company continues to invest in its store expansion strategy, besides implementing initiatives to control costs. The company plans to open five express stores in H2-22 – four at Haramain Railway Station and one at Jeddah Airport. Additionally, the company has also planned to open five new stores in FY22. We expect the opening of the new stores to drive the company's growth in the LT. We expect BinDawood to benefit from the revival of Hajj and Umrah tourism as a result of easing of lockdown restrictions, coupled with the opening of new stores, omni-channel presence, and resumption of marketing campaigns, which we believe will catalyze topline growth. We maintain our "Neutral" recommendation on BinDawood and retain TP of SAR 107.0/share.

Results Summary

SARmn	Q1-21	Q4-21	Q1-22	Change Y/Y	Change Q/Q	Deviation from AJC Estimates
Revenue	1,124.4	1,057.1	1,175.2	4.5%	11.2%	4.3%
Gross Profit	373.4	268.9	383.7	2.8%	42.7%	7.4%
Gross Margin	33.2%	25.4%	32.6%	-	-	-
EBIT	86.8	-24.8	72.8	-16.1%	NM	18.9%
Net Profit	62.1	13.2	65.5	5.4%	395.3%	64.6%
EPS	0.54	0.12	0.57	-	-	-

Source: Company Reports, Aljazira Capital

Neutral

Target Price (SAR)	107.0
Upside / (Downside)*	15.4%

Source: Tadawul *prices as of 24th of May 2022

Key Financials

(in SAR mn, unless specified)	FY20	FY21	FY22E
Revenue	5,156.5	4,382.2	4,869.5
Growth %	6.5%	-15.0%	11.1%
Net Income	447.7	240.6	312.8
Growth %	6.8%	-46.3%	30.0%
EPS	3.92	2.10	2.74

Source: Company reports, Aljazira Capital

Key Ratios

	FY20	FY21	FY22E
Gross Margin	32.4%	32.8%	33.8%
Net Margin	8.7%	5.5%	6.4%
P/E (x)	30.4	43.0	33.2
P/B (x)	10.4	7.3	7.7
EV/EBITDA (x)	22.8	28.0	15.0
Dividend Yield	2.3%	1.4%	3.5%

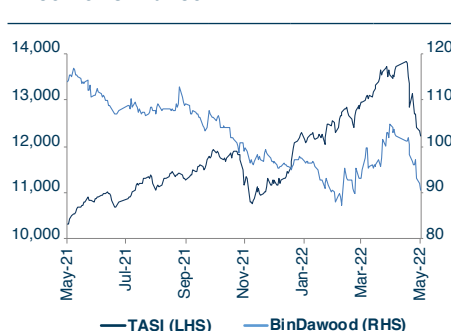
Source: Company reports, Aljazira Capital

Key Market Data

Market Cap (bn)	10.3
YTD %	-5.5%
52 Week (High)/(Low)	117.0/87.3
Shares Outstanding (mn)	114.3

Source: Company reports, Aljazira Capital

Price Performance



Source: Tadawul, Aljazira Capital

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RESEARCH
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RATING
TERMINOLOGY

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3. **Neutral:** The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. **Suspension of rating or rating on hold (SR/RH):** This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

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