

Al Meera Consumer Goods Company (Al Meera) - 1Q22 Result Review

Analyst: Ayisha Zia

Previous Recommendation: **Accumulate**

Target Price (QAR): **22.50**

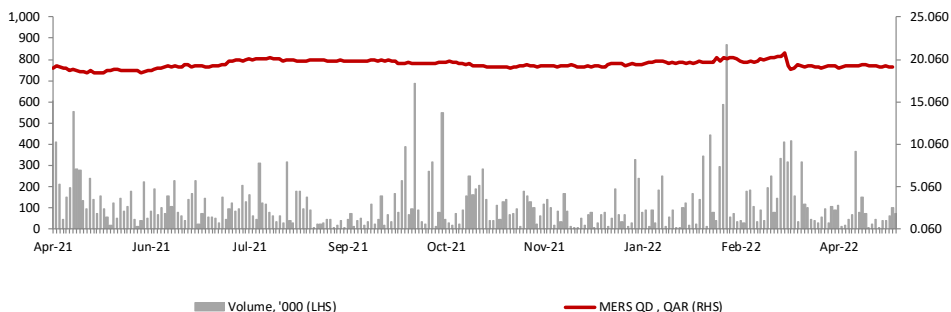
Previous Reco. & Date:

TP: QAR 22.5 per share; Accumulate on 17-Feb-2022

Upside / (Downside): 18%

Date: **27-04-22**

Bloomberg Ticker	MERS QD
Current Market Price (QAR)	19.110
52wk High / Low (QAR)	20.8/18.45
12m Average Vol. (000)	119.8
Mkt. Cap. (USD/QAR mn)	1,045/3,822
Shares Outstanding (mn)	200.0
Free Float (%)	72%
3m Avg Daily Turnover (000)	2,746.6
6m Avg Daily Turnover (000)	2,263.0
P/E'22e (x)	25.1
P/Bv'22e (x)	2.9
Dividend Yield '21e (%)	2.1%
Price Perf. (1m/3m) (%)	-0.6/-3.2



Revenue edges down 3% YoY; misses our estimate by 12%

Al Meera's revenue in 1Q 2022 edged lower 3% YoY (+2% QoQ) to QAR 703.0mn, missing our estimate by 12%. The revenue miss likely resulted from a below expected average revenue per unit selling area.

Operating profit hit by pressure on top-line, higher G&A

Apart from the weakness in the top-line, operating profit was hurt by a nearly 4% YoY increase in the G&A expenses which offset ~3% YoY growth in the rental income. Accordingly, it declined 17% YoY to QAR 37.6mn, coming in below our estimate of QAR 49.8mn.

Consequently, net profit falls 12% YoY; 10% below our estimate

As a result of the weak operating performance, operating profit fell 12% YoY to QAR 43.2mn. However, the miss at the net profit level (-10%) was lower vs. at the operating level (-24%) because of the sharply higher than expected other income (~QAR 10mn vs. our estimate of ~QAR 4mn) and below estimated finance expense

Maintain rating

Despite the below-expected earnings performance in 1Q22, we would like to maintain our 'Accumulate' rating on Al Meera as of now, expecting the addition of new properties over the coming new months and favorable developments from the upcoming FIFA World Cup to boost the earnings in the remaining quarters.

Income Statement												
(QAR mn)	1Q21	2Q21	3Q21	4Q21	1Q22	1Q22e	YoY (%)	QoQ (%)	Var (%)	FY20	FY21	YoY (%)
Sales/Revenue	723.1	763.8	644.4	689.4	703.0	799.5	-3%	2%	-12%	3,407.7	2,820.7	-17.2%
Gross Profit (Loss)	135.1	140.1	122.7	153.5	130.0	149.3	-4%	-15%	-13%	592.1	551.4	-6.9%
Operating Profit (Loss)	45.2	52.4	30.9	71.7	37.6	49.8	-17%	-48%	-24%	210.2	200.3	-4.7%
Net Profit (Loss) after Zakat and tax	49.2	50.9	27.1	69.0	43.2	47.8	-12%	-37%	-10%	209.0	196.3	-6.1%
Balance Sheet												
(QAR mn)	1Q21	2Q21	3Q21	4Q21	1Q22	1Q22e	YoY (%)	QoQ (%)	Var (%)			
Shareholders' Equity	1,395.7	1,450.4	1,497.4	1,549.2	1,448	1,597.0	4%	-7%	-9%			
Key Ratios												
	1Q21	2Q21	3Q21	4Q21	1Q22	1Q22e						
Gross Profit Margin	18.7%	18.3%	19.0%	22.3%	18.5%	18.7%						
Operating Profit Margin	6.3%	6.9%	4.8%	10.4%	5.4%	6.2%						
Net Profit Margin	6.8%	6.7%	4.2%	10.0%	6.1%	6.0%						
Return on Equity (RoE)	14.1%	14.0%	7.2%	17.8%	11.9%	12.0%						
Annualized EPS (QAR)	0.25	0.25	0.14	0.35	0.864	0.24						
BVPS (QAR)					7.239	7.985						
TTM P/E (x)					20.1							
Current P/BV (x)					2.6							

Source: Financials, QSE 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%



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