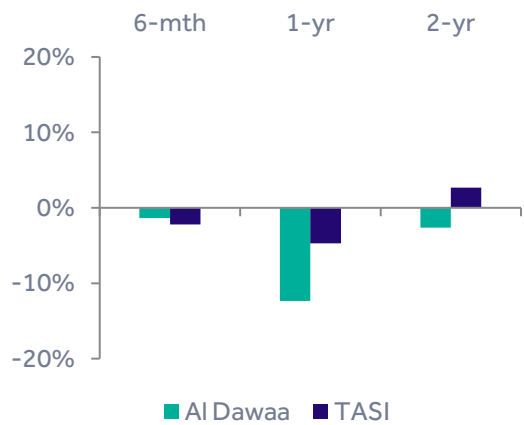


Market Data	
52-week high/low	SAR 98.2 / 65.8
Market Cap	SAR 6,877 mln
Shares Outstanding	85 mln
Free-float	50.4 %
12-month ADTV	163,126
Bloomberg Code	ALDAWAA AB



■ Non-Retail Segments Pull More Weight

May 15, 2025

Upside to Target Price	38.4%	Rating	Buy
Expected Dividend Yield	3.1%	Last Price	SAR 80.90
Expected Total Return	41.5%	12-mth target	SAR 112.00

AL DAWAA	1Q2025	1Q2024	Y/Y	4Q2024	Q/Q	RC Estimate
Sales	1,651	1,516	9%	1,722	(4%)	1,782
Gross Profit	605	559	8%	583	4%	621
Gross Margins	37%	37%		34%		35%
Operating Profit	140	130	7%	139	0%	180
Net Profit	105	95	10%	104	1%	139

(All figures are in SAR mln)

- Al Dawaa generated revenues of SAR 1.65 bln, which was slightly below our estimate. Gross profit was SAR 605 mln and operating profit was SAR 140 mln (up +7% Y/Y, and flat Q/Q). We highlight the Company’s significantly robust performance in 4Q24 caused some of our estimates to be more optimistic than actual 1Q25 results. Y/Y revenue growth continues to signal the success in Al Dawaa’s growth via store openings and private brand sales, with revenues up by +9% Y/Y, respectively. As of 1Q25 end, store count stood at 938; including 914 Community locations, this is up from 924 stores in 4Q24; including 903 Community locations. We also note Wasfaty’s ~26% contribution to total sales.
- Al Dawaa posted a net profit for the quarter of SAR 105 mln, representing both an increase Y/Y and Q/Q, of +10% and +1%, respectively. Although we also note, this deviated from our more optimistic estimates via lower revenues. The increase in key KPIs Y/Y was driven by greater store expansions and contributions from other verticals; such as logistics. We also note, that other verticals (non-pharmacy retail) revenues increased +45% Y/Y. Management reiterated on their 1Q25 conference call that gross margins still remain within their guided range, which we did not expect, however, private label sales and product mix held margins firmly above 36.0%.
- We believe current dividend payments will be maintained, as well as the current level of growth. We also remain confident in management’s Y/Y guidance numbers for FY2025, which include total revenue +6-8%, operating profit growth of +6-8%, and roughly 50 new store openings (net). With gross margins maintained, we maintain our rating and target price.

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■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors
For any feedback on our reports, please contact research@riyadcapital.com

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