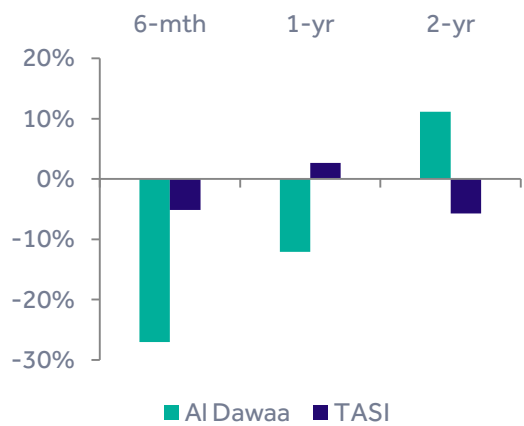


Market Data	
52-week high/low	SAR 121.6 / 80.9
Market Cap	SAR 7,217 mln
Shares Outstanding	85 mln
Free-float	50.4 %
12-month ADTV	188,737
Bloomberg Code	ALDAWAA AB



■ Seasonality Is Managed – Net Profit Moves Up

August 14, 2024

Upside to Target Price	31.9%	Rating	Buy
Expected Dividend Yield	2.9%	Last Price	SAR 84.90
Expected Total Return	34.8%	12-mth target	SAR 112.00

AL DAWAA	2Q2024	2Q2023	Y/Y	1Q2024	Q/Q	RC Estimate
Sales	1,586	1,437	10%	1,516	5%	1,509
Gross Profit	576	526	10%	564	2%	573
Gross Margins	36%	37%		37%		38%
Operating Profit	134	122	10%	130	3%	144
Net Profit	96	89	7%	95	1%	108

(All figures are in SAR mln)

- Al Dawaa’s performance was in-line with our estimates, with SAR 1.59 bln in revenues, SAR 576 mln in gross profit, and an operating profit of SAR 134 mln; an increase of +10% Y/Y and +3% Q/Q. We maintain our thesis that 2Q24 growth performance was greater Y/Y than Q/Q due to seasonality and cost efficiencies. Topline revenues showcased the Company’s growth overall, with revenues up by +5% Q/Q and +10% Y/Y, respectively, while net profits, although below our expectations, showed improvement, with increases of +7% Y/Y and +1% Q/Q. As of 2Q24 end, store count stood at 921; including 898 Community locations. We note Wasfaty sales currently represents a contribution of ~23% of total.
- Al Dawaa posted a net profit for the quarter of SAR 96 mln, representing sequential growth of +1% and +7% Y/Y. The increase Y/Y was driven, like all 2Q24 KPIs, by greater sales overall. During the 2Q24 conference call, management stated that although gross margins are lower Y/Y, they still remain within their guided range during their expansion.
- We believe current dividend payments will be maintained, although we do note that dividends appear to be have been adjusted to a different frequency this year, from bi-annually to quarterly. We commend management for adjusting their dividend frequency and their continued dedication to returning capital to shareholders; this inspires more confidence. After accounting for a 1H24 dividend having already been paid, the dividend per share (estimated) for FY2024 still stands at 2.50, which is the same as FY2023. Continued progress supports us maintaining 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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