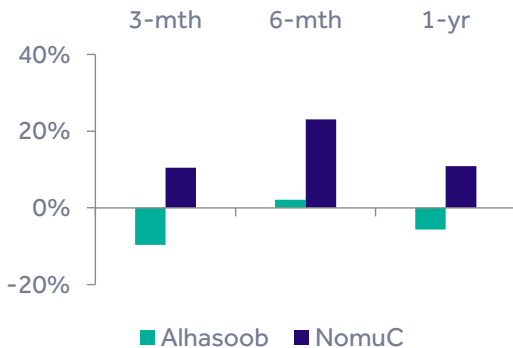


Market Data	
52-week high/low	SAR 133.40/85.00
Market Cap	SAR 274 mln
Shares Outstanding	2.80 mln
Free-float	20%
12-month ADTV	3,461
Bloomberg Code	ALHASOOB AB



Market Conditions Pressure Margins

September 03, 2023

Upside to Target Price	(13.9%)	Rating	Neutral
Expected Dividend Yield	3.9%	Last Price	SAR 97.60
Expected Total Return	(10.0%)	12-mth target	SAR 84.00

Alhasoob Co.	1H2023	1H2022	Y/Y	2H2022	H/H	RC Estimate
Sales	105.9	99.1	7%	121.1	(13%)	109.0
Gross Profit	6.6	11.1	(41%)	9.6	(31%)	8.4
Gross Margins	6%	11%		8%		8%
Operating Profit	2.1	4.1	(50%)	4.1	(49%)	2.9
Net Profit	1.4	3.4	(58%)	3.2	(56%)	2.7

(All figures are in SAR mln)

- Alhasoob's top-line increased by +7% Y/Y but was down -13% H/H to SAR 105.9 mln, in-line with our estimates. Revenue growth Y/Y was supported by higher sales of ink and printers, in addition to the discount on computer devices offered to customers to stimulate sales.
- Gross profit of SAR 6.6 mln decreased by -41% Y/Y and -31% H/H on the back of a decline in gross margins, which declined to 6% compared with 11% in 1H2022 and 8% in 2H2022. The decline in gross margin was due to greater supply and competition in the market. Moving forward, we believe market competition would continue to pressure margins.
- Net income at SAR 1.4 mln decreased by -58% Y/Y and -56% H/H largely due to lower margins.
- We had expected that market pressures would decrease the Company's profitability but the actual impact turned out to be greater than our expectations. We have now revised our forecasts for net income going forward, which leads to a decline in our target price to SAR 84.00 from SAR 89.50. However, we maintain our Neutral stance on the stock.

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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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