

April 02, 2023

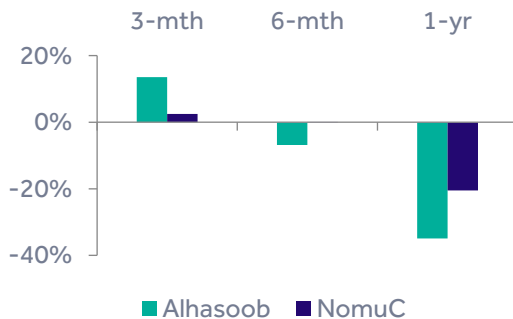
**Margins Put Pressure on Profitability**

Upside to Target Price	(17.9%)	Rating	Neutral
Expected Dividend Yield	3.9%	Last Price	SAR 218.00
Expected Total Return	(14.0%)	12-mth target	SAR 179.00

Market Data	
52-week high/low	SAR 344.00/170.00
Market Cap	SAR 305 mln
Shares Outstanding	1.40 mln
Free-float	20%
12-month ADTV	3,204
Bloomberg Code	ALHASOOB AB

Alhasoob Co.	2H2022	2H2021	Y/Y	1H2022	H/H	RC Estimate
Sales	121.1	146.3	(17%)	99.1	22%	106.3
Gross Profit	9.6	14.0	(32%)	11.1	(13%)	10.6
Gross Margins	7.9%	9.6%		11.2%		10.0%
Operating Profit	4.1	6.7	(40%)	4.1	(1%)	4.7
Net Profit	3.2	6.3	(48%)	3.4	(5%)	3.7

(All figures are in SAR mln)



- For the year, net income decreased by -44% Y/Y to reach SAR 6.7 mln compared with SAR 11.9 mln in 2021. The decrease in net income is due to the -14% Y/Y decline in the top-line as well as the contraction in EBIT margin (by -156 bps Y/Y) as a result of higher G&A expenses.
- For the second half of 2022, revenues decreased by -17% Y/Y but are up by +22% H/H to SAR 121.1 mln. The Y/Y decline was a result of the decrease in volumes due to lower demand from outside the Kingdom compared to last year.
- Gross profit of SAR 9.6 mln decreased by -32% Y/Y and -13% H/H on the back of a decline in margins. Operating profit decreased significantly by -40% Y/Y but was almost stable H/H to SAR 4.1 mln.
- Net income of SAR 3.2 mln is lower on both Y/Y and H/H basis by -48% and -5%, respectively. Net profit margin contracted by -162 bps Y/Y and -78 bps H/H to stand at 2.7% due to lower margins.
- We maintain our target price at SAR 179.00 and our Neutral recommendation.

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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](mailto:research@riyadcapital.com)

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