

**Margins Put Pressure on Profitability**

April 02, 2024

Upside to Target Price	(3.7%)	Rating	Neutral
Expected Dividend Yield	1.8%	Last Price	SAR 67.50
Expected Total Return	(1.9%)	12-mth target	SAR 65.00

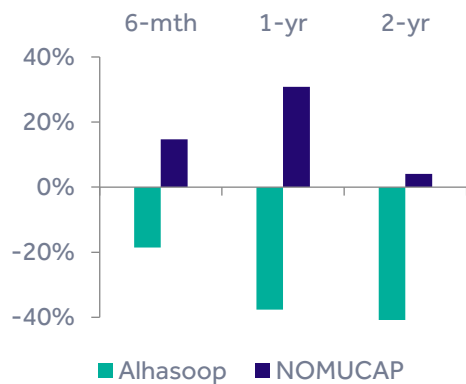
Market Data	
52-week high/low	SAR 124.50/65.00
Market Cap	SAR 189.00 mln
Shares Outstanding	2.80 mln
Free-float	%19.98
12-month ADTV	2,614
Bloomberg Code	ALHASOOB AB

Alhasoob Co.	2H 2023	2H 2022	Y/Y	1H 2023	H/H	RC Estimate
Sales	124	121	2%	106	17%	109
Gross Profit	7.8	9.6	(19%)	6.6	18%	8.7
Gross Margins	6%	8%		6%		8%
Operating Profit	0.9	4.1	(79%)	2.1	(58%)	2.9
Net Profit	0.3	3.2	(90%)	1.4	(78%)	2.7

(All figures are in SAR mln)

- For the full year, Alhasoob posted revenues of SAR 230 mln, an increase of +4% Y/Y compared with SAR 220 mln in 2022. Net income decreased by -75% Y/Y to SAR 1.7 mln compared with SAR 6.7 mln last year. The decrease in net income is due to lower demand from outside the Kingdom compared to last year.
- For the second half of 2023, revenues increased by +2% Y/Y and +17% H/H to SAR 124 mln as a result of an increase in the company’s sales to customers from the medium and small business sector in the last quarter of 2023. Despite higher sales, the gross profit decreased by -19% Y/Y, but increased +18% H/H to SAR 7.8 mln. The Y/Y decline was a result of the decrease in the gross margin, which contracted to 6% compared with 8% in 2H2022, the decline in gross margin was due to greater supply and competition in the market.
- Alhasoob recorded a net income of SAR 0.3 mln for 2H2023, down on both Y/Y and H/H basis by -90% and -78%, respectively, on the back of lower margins.
- We have now revised our forecasts for net income going forward, which leads to a decline in our target price to SAR 65.00 from SAR 84.00. 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](mailto:research@riyadcapital.com)

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