

Market Data	
52-week high/low	SAR 8.17 / 5.25
Market Cap	SAR 9,247 mln
Shares Outstanding	1,143 mln
Free-float	20.00%
12-month ADTV	1,579,504
Bloomberg Code	BINDAWOO AB



## OPEX & Gross Profits Improve

Upside to Target Price	5.1%
Expected Dividend Yield	2.5%
Expected Total Return	7.5%

Rating	Neutral
Last Price	SAR 8.09
12-mth target	SAR 8.50

March 12, 2024

BDH	4Q2023	4Q2022	Y/Y	3Q2023	Q/Q	RC Estimate
Sales	1,451	1,318	10%	1,359	7%	1,286
Gross Profit	520	368	41%	421	24%	399
Gross Margins	36%	28%		31%		31%
Operating Profit	132	40	231%	56	136%	68
Net Profit	123	65	89%	34	262%	44

(All figures are in SAR mln)

- BDH's top-line grew by +10% Y/Y and +7% Q/Q, to SAR 1.5 bln, higher than our conservative estimate of SAR 1.3 bln. The Y/Y growth was ultimately driven by record-breaking sales from both BinDawood and Danube store banners. Management attributed these results to product quality enhancement, strategic marketing programs for customer loyalty members, and growth from subsidiaries acquired. We believe this is most likely due to the inorganic growth.
- 4Q23 gross profit increased by +41% Y/Y and +24% Q/Q, to SAR 520 mln, also higher than our estimates. Gross margins improved to 36%, expanding by more than +700 bps Y/Y, driven by superior product mix, better inventory procurement from suppliers, and management's dedication to cost control. FY2023 Opex was SAR 1,464 mln (26.1% of sales) vs. SAR 1,295 mln (26.4% of sales) for FY2022. Management commented that this reduction in Opex happened despite full period impacts of new stores (costs), full-period operating costs for FTR, and M&A fees.
- BDH reported a 4Q23 bottom-line of SAR 123 mln vs. SAR 65 mln in 4Q2022 and a net profit of SAR 34 mln in 3Q2023, coming in above market consensus and our estimates; on higher-than-expected gross profits. We upgrade our target price of SAR 7.00 to SAR 8.50, given the potential buybacks and strong revenue growth; we also maintain our rating.

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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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