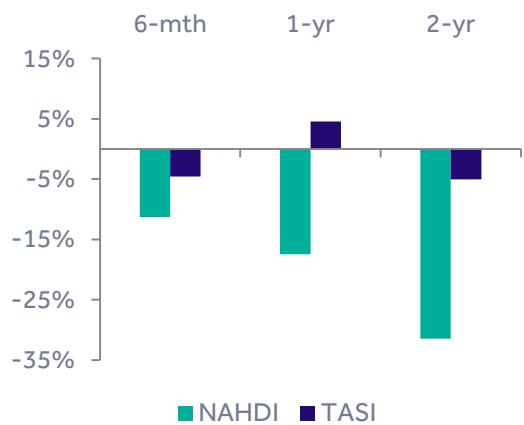


Market Data	
52-week high/low	SAR 156.8 / 122.8
Market Cap	SAR 16,692 mln
Shares Outstanding	130 mln
Free-float	40.0 %
12-month ADTV	229,278
Bloomberg Code	NAHDI AB



■ UAE Business Pulls Its Weight

August 18, 2024

Upside to Target Price	40.2%	Rating	Buy
Expected Dividend Yield	4.3%	Last Price	SAR 128.40
Expected Total Return	44.5%	12-mth target	SAR 180.00

NAHDI	2Q2024	2Q2023	Y/Y	1Q2024	Q/Q	RC Estimate
Sales	2,473	2,231	11%	2,257	10%	2,278
Gross Profit	939	900	5%	861	9%	845
Gross Margins	38%	40%		38%		37%
Operating Profit	273	283	(3%)	232	18%	210
Net Profit	248	265	(7%)	233	6%	200

(All figures are in SAR mln)

- NAHDI recorded revenues of SAR 2.5 bln, in-line with our estimates, an increase of +11% Y/Y and +10% Q/Q. Gross profits also increased, notably gaining +5% Y/Y and +9% Q/Q, respectively, recording SAR 939 mln in 2Q24; while gross margin change was slightly negative, contracting by almost -17 bps Q/Q and -219 bps Y/Y. However, it is worth noting that operating margins, due to management’s efficiency initiatives, did increase Q/Q by +80 bps. We also note, management’s success in growing its Healthcare and UAE businesses Y/Y, by 100.1% and 187%, respectively.
- Management’s ability to lower operating expenses as a percent of revenue continued in 2Q24, from 28.2% to 27.1% Y/Y, supporting NAHDI generating operating profit of SAR 273 mln, an increase of +18% Q/Q, but a -3% decrease Y/Y. NAHDI also posted a net profit of SAR 248 mln in 2Q24, up +6% Q/Q, but down -7% Y/Y. We believe 2Q24’s gross margin contraction belies the value in NAHDI’s results, such as the cash flow generation YTD; 6-month free cash flow was SAR 734 mln in 2Q24 vs. SAR 737 mln in 2Q23, showcasing consistent performance, despite lower gross margin.
- NAHDI’s top market position and strong balance sheet are factors we have touched on before, but the growth in the UAE business, we believe is being overlooked. While we also note, management’s guidance is trending in-line with current performance and conservative cash management, supporting our conviction on Nahdi’s current growth trajectory continuing and therefore, we maintain 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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