

Margins Expand Y/Y

July 28, 2024

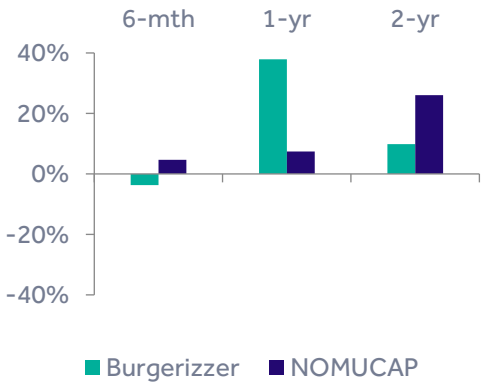
Upside to Target Price	11.8%	Rating	Neutral
Expected Dividend Yield	1.6%	Last Price	SAR 12.52
Expected Total Return	13.4%	12-mth target	SAR 14.00

Market Data	
52-week high/low	SAR 14.40/7.85
Market Cap	SAR 438 mln
Shares Outstanding	35 mln
Free-float	28.8%
12-month ADTV	12,680
Bloomberg Code	BURGERIZ AB

BURGERIZZR	1H2024	1H2023	Y/Y	2H2023	H/H	RC Estimate
Sales	146	132	11%	149	(2%)	151
Gross Profit	47	37	28%	48	(2%)	46
Gross Margins	32%	28%		32%		31%
Operating Profit	7.9	5.5	41%	10	(23%)	9.5
Net Profit	6.7	3.3	105%	9.0	(26%)	8.0

(All figures are in SAR mln)

- Burgeriser's top-line grew by +11% Y/Y, but fell -2% H/H, to SAR 146 mln, in line with our estimates of SAR 151 mln. The increase on an annual basis is due to higher in the average sale per branch and increase in the number of customers. This rise came despite faltering demand in the fast-food market during May and was supported by the previous months revenues.
- Gross profit is up by +28% Y/Y but down -2% H/H to SAR 47 mln, in line with our estimates, The Y/Y increase was driven by higher revenues. The margin widened by 400 bps to 32% versus 28% in 1H2023, due to lower food costs while remaining flat relative to 2H2023.
- Selling expenses continue to increase, up by +23% Y/Y on the back of higher delivery fees due to increased contribution of online-channels. G&A expenses also increased. Despite this, the operating margin expanded to 5.4% compared to 4.2% in the same half of the previous year, but it contracted from 6.7% in the 2H2023 on rising operational costs.
- Burgerizer recorded a net income of SAR 6.7 mln in 1H2024 versus SAR 3.3 mln in 1H2023 and SAR 9.0 mln in 2H2023, slightly below our estimate of SAR 8.0 mln due to higher than expected operating costs. We raise the price to SAR 14.00 per share while maintaining a Neutral stance, as the stock is trading close to our target price.



■ 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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