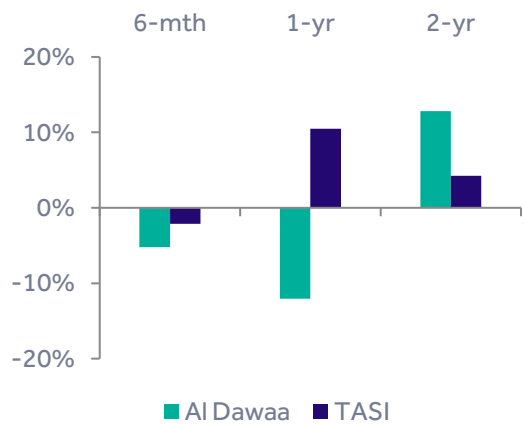


Market Data	
52-week high/low	SAR 121.6 / 80.9
Market Cap	SAR 7,565 mln
Shares Outstanding	85 mln
Free-float	50.4 %
12-month ADTV	187,884
Bloomberg Code	ALDAWAA AB



■ **Topline Growth Continues Through Seasonal Low Period**

November 7, 2024

Upside to Target Price	25.8%	Rating	Buy
Expected Dividend Yield	2.8%	Last Price	SAR 89.00
Expected Total Return	28.6%	12-mth target	SAR 112.00

AL DAWAA	3Q2024	3Q2023	Y/Y	2Q2024	Q/Q	RC Estimate
Sales	1,626	1,439	13%	1,586	3%	1,594
Gross Profit	570	521	9%	576	(1%)	574
Gross Margins	35%	36%		36%		36%
Operating Profit	110	104	6%	134	(18%)	120
Net Profit	75	71	5%	96	(22%)	83

(All figures are in SAR mln)

- Al Dawaa’s generated revenues of SAR 1.63 bln, which were in-line with our estimates. Gross profit was SAR 570 mln and operating profit was SAR 110 mln (up +6% Y/Y, but down -18% Q/Q). We maintain our thesis from our previous report that 2Q24 growth was substantial when compared Y/Y and Q/Q, due to seasonality and cost efficiencies; causing 3Q24 results to look less impressive by comparison. Topline revenues showcased the Company’s continued growth via store openings and private brand sales, with revenues up by +3% Q/Q and +13% Y/Y, respectively. As of 3Q24 end, store count stood at 924; including 902 Community locations, this is up from 921 stores in 2Q24; including 898 Community locations. We also note Wasfaty sales YTD represents a ~24% contribution to total sales.
- Al Dawaa posted a net profit for the quarter of SAR 75 mln, representing a sequential drop of -22%, but +5% Y/Y. The increase Y/Y was driven, like all 3Q24 KPIs, by growth in sales and gross profits. Management reiterated on their 3Q24 conference call that gross margins still remain within their guided range despite their expansion activities. We also note, that expansion activities include greater selling and distribution expenses, which could lower operating profits as a percentage of sales, which is not a concern at this time; given that management used excess cash to reduce leverage.
- We believe current dividend payments will be maintained, despite the adjustment to a quarterly frequency. We remain confident in our estimates for 2024 and based on this 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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