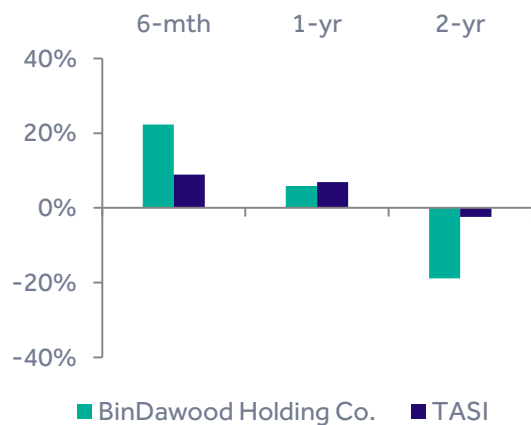


Market Data	
52-week high/low	SAR 9.74 / 5.80
Market Cap	SAR 8,630 mln
Shares Outstanding	1,143 mln
Free-float	20.00%
12-month ADTV	1,579,504
Bloomberg Code	BINDAWOO AB



Growth Continues, Dark Store In 2H24 A Dark Horse

May 21, 2024

Upside to Target Price	12.6%	Rating	Neutral
Expected Dividend Yield	2.6%	Last Price	SAR 7.55
Expected Total Return	15.2%	12-mth target	SAR 8.50

BDH	1Q2024	1Q2023	Y/Y	4Q2023	Q/Q	RC Estimate
Sales	1,473	1,381	7%	1,451	2%	1,521
Gross Profit	451	417	8%	520	(13%)	508
Gross Margins	31%	30%		36%		33%
Operating Profit	83	76	9%	132	(37%)	110
Net Profit	61	52	16%	123	(51%)	96

(All figures are in SAR mln)

- BDH's top-line grew by +7% Y/Y and +2% Q/Q, to SAR 1.5 bln, in-line with our estimates. The Y/Y growth was once again, driven by Y/Y sales growth from both BinDawood and Danube store banners, of +8.5% and +7.1%, respectively. Management attributed growth to their AI driven customer loyalty program and growth from subsidiaries acquired. We believe this is due to continued inorganic growth, while gross profit's drop Q/Q was driven by Ramadan.
- 1Q24 gross profit increased by +8% Y/Y and decreased -13% Q/Q, to SAR 451 mln, lower than our estimates. We underestimated the effect of rebates for inventory from suppliers. Gross margins improved to 31%, up by +45 bps Y/Y, driven by superior product mix, better inventory procurement from suppliers, and cost control. 1Q24 Opex was SAR 369.9 mln (25.1% of sales) vs. SAR 342.1 mln (24.8% of sales) for 1Q23. Management commented that the growth is driven by new stores (costs), investments in human capital, and amortization that was not recognized in 1Q23.
- BDH reported a 1Q24 bottom-line of SAR 61 mln vs. SAR 52 mln in 1Q2023 and a net profit of SAR 123 mln in 4Q2023, coming in below our estimates; on lower-than-expected gross profits. We maintain our target price and rating, while holding optimism based on revenue and gross margin growth Y/Y and the 1st Mega Dark Store coming online in 2H24.

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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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