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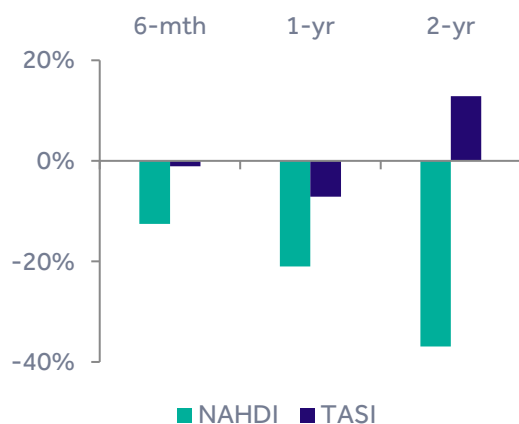
## Margin Contractions Slow – Free Cash Flow Increases

Upside to Target Price	29.5%	Rating	Buy
Expected Dividend Yield	5.2%	Last Price	SAR 115.50
Expected Total Return	34.7%	12-mth target	SAR 150.00

Market Data	
52-week high/low	SAR 156.8 / 111.6
Market Cap	SAR 15,054 mln
Shares Outstanding	130 mln
Free-float	36.9 %
12-month ADTV	380,067
Bloomberg Code	NAHDI AB

NAHDI	4Q2024	4Q2023	Y/Y	3Q2024	Q/Q	RC Estimate
Sales	2,363	2,214	7%	2,353	0%	2,385
Gross Profit	882	854	3%	851	4%	862
Gross Margins	37%	39%		36%		36%
Operating Profit	192	185	4%	176	9%	182
Net Profit	158	171	(7%)	182	(13%)	157

(All figures are in SAR mln)



- NAHDI recorded revenues of SAR 2.4 bln, in-line with our estimates, an increase of +7% Y/Y, but flat Q/Q. Gross profits increased, growing both +3% Y/Y and +4% Q/Q, respectively; recording SAR 882 mln in 4Q24. Gross margins, which followed a trend of decline, slowed this trend Q/Q, increasing by almost +120 bps Q/Q; still down greater than -120 bps Y/Y. Annual results for 2024 showed slight improvement, with +8% Y/Y revenue growth. We also note, management's success in growing its Healthcare and UAE businesses Y/Y, by +98.3% and +132.6%, respectively.
- Nahdi's management continues to make efforts to control costs, as evidenced by estimated operating expenses representing 28.2% of revenues in 2024, vs. 29.4% of revenues in 2023. We also note, these results were generated despite an increase of +3.8% Y/Y in annual opex. These cost management initiatives supported 4Q24 operating profit of SAR 192 mln, an increase of +9% Q/Q and +4% Y/Y. NAHDI also posted a net profit of SAR 158 mln in 4Q24, down -13% Q/Q and -7% Y/Y. We believe 4Q24's gross margin increase represents strategic adjustments, which was highlighted in the Company's press release, stating that the gross profits moved up +0.3% based on price optimization.
- NAHDI's positioning is still strong, its balance sheet debt-free and robust, with a silver lining, being slightly better estimated FCF generation Y/Y. Management's dedication to growing revenues is positive, however, we believe that growing margins, free cash flow, and online revenue have greater impact. We maintain our target price and 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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