

## BinDawood Holding Company (BinDawood) - 1Q22 Result Review

Analyst: Ayisha Zia

Previous Recommendation: **Accumulate**

Target Price (SAR): **108.00**

Previous Reco. & Date: TP: SAR 108 per share; Accumulate on 17-Feb-2022

Current Upside / (Downside): 17%

Date: **23-05-22**

Bloomberg Ticker	BINDAWOOD AB
Current Market Price (SAR)	92.200
52wk High / Low (SAR)	117.4/86.9
12m Average Vol. (000)	154.0
Mkt. Cap. (USD/SAR mn)	2,809/10,538
Shares Outstanding (mn)	114.3
Free Float (%)	20%
3m Avg Daily Turnover (000)	17,554.8
6m Avg Daily Turnover (000)	13,272.7
P/E'22e (x)	27.6
P/Bv'22e (x)	7.3
Dividend Yield '22e (%)	2.2%
Price Perf. (1m/3m) (%)	-12.2/2



### Top-line expands 5% YoY, matches our estimate

BinDawood Holding's revenue in 1Q22 grew 5% YoY to SAR 1,175.2mn, matching our estimate of SAR 1,176.0mn. Return of the seasons like Sha'ban and Back to School, and an improvement in the business of Haramain stores, post the removal of restrictions on Umrah pilgrimage aided the top-line growth.

### The gross profit comes in line, but operating profit falls short...

On the back of an in-line revenue, gross profit also came in the ballpark of our estimate (-3% variance), as it rose 3% YoY (+43% QoQ). Operating profit, however, declined 16% YoY and missed our estimate by 27%, as the stores opened in the prior-year period are yet to be ramped up to their optimum potential.

### ...thereby impacting bottom-line performance

As a result, a net profit of SAR 65.5mn also came in lower than our expectation of SAR 95.0mn, though it rose 5% YoY helped by the company getting a rental relief of SAR 17.1mn.

### Stick to our target price as of now

Post the 1Q22 earnings, we would like to maintain our target price, awaiting the availability of full financials. Also, we expect BinDawood's business to gain traction, especially the Haramain stores as they should register relatively higher footfalls in this and the next quarter from Umrah and Hajj pilgrims.

Income Statement												
(SAR mn)	1Q21	2Q21	3Q21	4Q21	1Q22	1Q22e	YoY (%)	QoQ (%)	Var (%)	FY20	FY21	YoY (%)
Sales/Revenue	1,124.4	1,122.8	1,077.8	1,057.1	1,175.2	1,176.0	5%	11%	0%	5,156.5	4,382.2	-15.0%
Gross Profit (Loss)	373.4	399.4	397.3	268.9	383.7	397.3	3%	43%	-3%	1,671.9	1,438.9	-13.9%
Operating Profit (Loss)	86.8	117.2	95.5	(24.8)	72.8	99.7	-16%	-394%	-27%	514.6	274.6	-46.6%
<b>Net Profit (Loss) after Zakat and tax</b>	<b>62.1</b>	<b>95.0</b>	<b>70.2</b>	<b>13.2</b>	<b>65.5</b>	<b>95.0</b>	<b>5%</b>	<b>395%</b>	<b>-31%</b>	<b>447.7</b>	<b>240.6</b>	<b>-46.3%</b>
Balance Sheet												
(SAR mn)	1Q21	2Q21	3Q21	4Q21	1Q22	1Q22e	YoY (%)	QoQ (%)	Var (%)			
Shareholders' Equity	1,375.1	1,470.0	1,397.4	1,336.3	1,402.3	1,431.4	2%	5%	-2%			
Key Ratios												
	1Q21	2Q21	3Q21	4Q21	1Q22	1Q22e						
Gross Profit Margin	33.2%	35.6%	36.9%	25.4%	32.6%	33.8%						
Operating Profit Margin	7.7%	10.4%	8.9%	-2.3%	6.2%	8.5%						
Net Profit Margin	5.5%	8.5%	6.5%	1.3%	5.6%	8.1%						
Return on Equity (RoE)	18.1%	25.8%	20.1%	4.0%	18.7%	26.6%						
Annualized EPS (SAR)	2.17	3.32	2.46	0.46	2.29	3.33						
BVPS (SAR)					12.269	12.523						
TTM P/E (x)					43.2							
Current P/BV (x)					7.5							

Source: Financials, Tadawul Disclosure, Bloomberg, U Capital Research

For our earlier report on the sector, please [click here](#).

## Recommendation

BUY	Greater than 20%
ACCUMULATE	Between +10% and +20%
HOLD	Between +10% and -10%
REDUCE	Between -10% and -20%
SELL	Lower than -20%

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