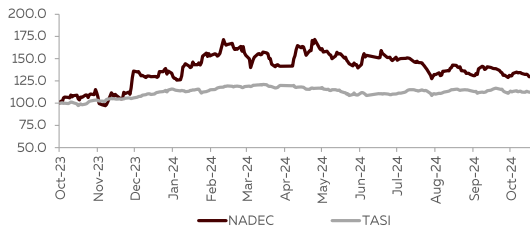


National Agricultural Development Co. (NADEC)

Recommendation	Buy
Current Market Price (SAR)	27.0
52wk High / Low (SAR)	36.1/19.8
Mkt. Cap. (USD/SAR Mn)	2,170/8,144
Shares Outstanding (mn)	301.6
Free Float (%)	61.4%
3m Average Vol. (000)	1,249
3m Avg Daily Turnover (SAR'000)	34,841
P/E'24e (x)	18.6
EV/EBITDA'24e (x)	4.6

Source: Bloomberg

Relative Price Performance



Key Indicators

SAR (mn)	2022	2023	2024e	2025e
Revenue	2,694	3,197	3,437	3,609
Gross profit	808	1,184	1,323	1,403
Gross margin (%)	30%	37%	39%	39%
EBIT	147	345	468	507
EBIT margin (%)	5%	11%	14%	14%
Net Income	95	302	437	468
Net margin (%)	4%	9%	13%	13%
EPS (SAR)	0.61	1.77	1.45	1.55
RoE (%)	8%	12%	11%	11%

Source: Company Reports, Yaqeen Capital

Major Shareholders (%)

The Saudi Agricultural Investment and Animal Production Company	38.6%
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Source: Bloomberg, Yaqeen Capital

Net income growth driven by higher operating income

- NADEC's net income grew by 50.6% YoY (+1.3% QoQ) to SAR 113mn in 3Q2024, driven by higher operating income and reduced finance costs, with the net margin improving by 5.6ppts YoY (+0.2ppts QoQ) to 14.3%.
- Revenue in 3Q2024 declined by 8.1% YoY to SAR 791mn, primarily due to a 11.2% decrease in the dairy and food processing sector and a 57.3% drop in the Agri sector, partially offset by SAR 37.73mn from the new protein segment. On a QoQ basis, revenue rose slightly by 0.1%, driven by a 2.9% increase in dairy and food processing sales.
- Gross profit dropped by 10.3% YoY (-2.8% QoQ) to SAR 290mn in 3Q2024, impacted by lower revenue and a higher cost of sales ratio. Gross margins declined to 36.7% (-0.9 ppts YoY; -1.1 ppts QoQ).
- Operating profit for 3Q2024 increased by 8.2% YoY (+1.6% QoQ), driven by reduced selling and marketing expenses, though partially offset by a rise in cost of sales as a percentage and higher general & admin expenses. Operating margins improved to 12.6%, up by 1.9 ppts YoY (+0.2 ppts QoQ).
- For 9M2024, net profit rose by 84.8% YoY to SAR 329mn, supported by revenue growth from the new protein segment, lower financing and marketing expenses, increased treasury income, and absence of impairment provisions, though partly offset by higher costs in sales, general and administrative expenses, and zakat. The net profit margin rose by 6.1 ppts YoY to 13.5%.
- Revenue for 9M2024 grew by 1.8% YoY to SAR 2,439mn, mainly due to SAR 131mn from the new protein segment, with declines in dairy, food processing, and Agri sales partially offsetting this growth.

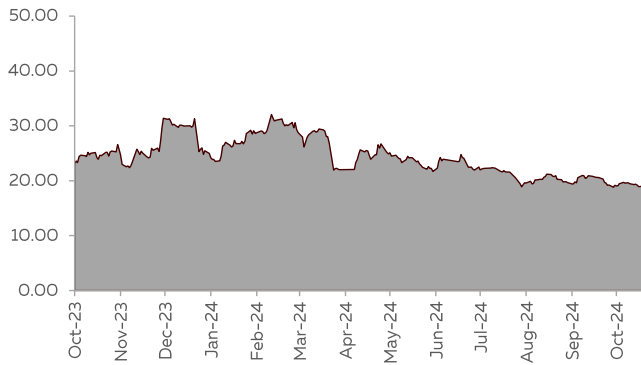
Outlook & Valuation: NADEC is recognized as a leading player in the MENA region's food and agriculture sectors, with strong growth potential. Its strategy focuses on expanding Dairy and Juice lines to strengthen market presence while ensuring sustainable growth and profitability. NADEC also aims to enter the Red Meat sector and build partnerships with local farmers to provide consumers with a broad range of high-quality products. After conducting relative valuation analysis, we have determined a fair value of SAR 31.9/share. With an appealing upside potential of 18.4% from its current levels, we recommend a Buy rating on the stock.

Financial Summary

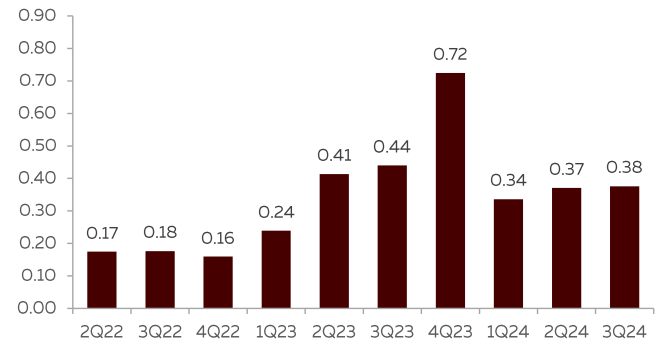
SAR (mn)	3Q2024	3Q2023	YoY	2Q2024	QoQ
Revenue	791	861	-8%	790	0%
Gross profit	290	324	-10%	299	-3%
Gross margin (%)	37%	38%		38%	
EBIT	100	92	8%	98	2%
EBIT margin (%)	12.6%	11%		12%	
Net Income	113	75	51%	112	1%
Net margin (%)	14%	9%		14%	
EPS (SAR)	0.38	0.44	-15%	0.37	1%

Source: Company Reports, Yaqeen Capital

Price to Earnings Ratio Trend



EPS (SAR) Trend



Rating Methodology

Buy: The Target share price exceeds the current share price by $\geq 10\%$

Hold: The Target share price is either more or less than the current share price by 10%

Sell: The Target share price is less than the current share price by $\geq 10\%$

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