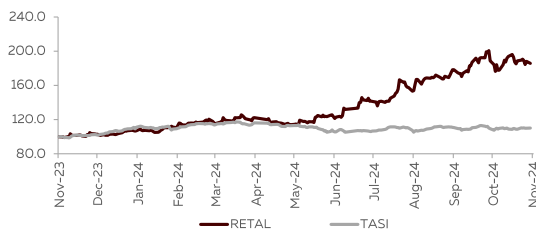


Retal Urban Development Co. (RETAL)

Recommendation	Buy
Current Market Price (SAR)	14.3
52wk High / Low (SAR)	16.0/7.9
Mkt. Cap. (USD/SAR Mn)	1,908/7,160
Shares Outstanding (mn)	500.0
Free Float (%)	43.5%
3m Average Vol. (000)	1,718.8
3m Avg Daily Turnover (SAR'000)	23,611
Dividend Yield '24e (%)	1.7%
P/E'24e (x)	23.0
EV/EBITDA'24e (x)	3.7

Source: Bloomberg

Relative Price Performance



Key Indicators

SAR (mn)	2022	2023	2024e	2025e
Revenue	1,107	1,367	1,892	2,534
Gross profit	297	379	524	701
Gross margin (%)	27%	28%	28%	28%
EBIT	218	245	338	452
EBIT margin (%)	20%	18%	18%	18%
EBITDA	232	262	358	476
EBITDA margin (%)	21%	19%	19%	19%
Net Income	246	202	280	384
Net margin (%)	22%	15%	15%	15%
EPS (SAR)	0.49	0.42	0.62	0.85
RoE (%)	38%	28%	37%	40%

Source: Company Reports, Yaqeen Capital

Major Shareholders (%)

Al Fozan Holding Company	52.98%
Abdullah Faisal Abdulaziz Albraikan	3.57%

Source: Bloomberg, Yaqeen Capital

Earnings rose amid higher operating profit

- RETAL's net profit rose 19.7% YoY to SAR 40mn in 3Q2024, driven by higher gross profit, lower selling and marketing expenses, and increased equity investment results, despite rising general and administrative expenses and finance costs. However, net profit fell 44.5% QoQ due to lower gross profit and higher general and marketing expenses, despite revenue gains supported by development contract income. Net income margin dropped 2.1ppts YoY (-7.7ppts QoQ) to 7.8%.
- Revenue in 3Q2024 increased 51.9% YoY to SAR 510mn, mainly due to a 56% rise in development contract revenues, achieving a record high. QoQ, revenue rose 10.1% as project completion rates improved.
- Gross profit in 3Q2024 grew 20.0% YoY to SAR 110mn on higher revenue but declined 14.7% QoQ due to faster cost growth than revenue. Gross margin dropped 5.7ppts YoY (-6.3ppts QoQ) to 21.5%.
- Operating income increased 29.5% YoY to SAR 73mn, supported by higher gross profit and lower marketing expenses. QoQ, operating profit fell 28.4% due to lower gross profit and higher marketing expenses, with the operating margin declining 2.5ppts YoY (-7.7ppts QoQ) to 14.3%.
- For 9M2024, net income rose 19.5% YoY to SAR 174mn, driven by strong revenue growth, increased development revenues, and higher gross profit, despite increased administrative, marketing, and finance costs. Net income margin fell 4.1ppts YoY to 11.8%.
- 9M2024 revenue rose 60.5% YoY to SAR 1,475mn, primarily from record-high development contract revenues.

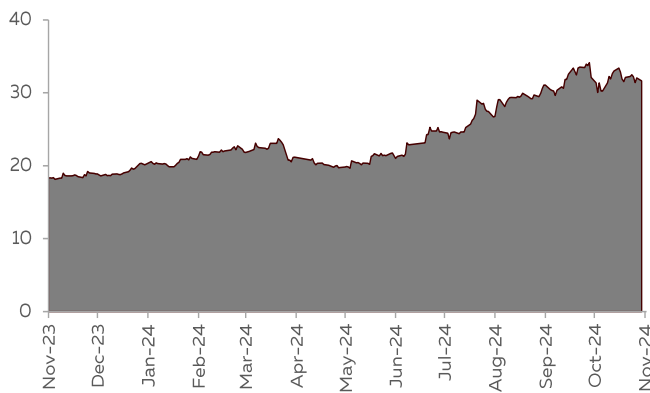
Outlook & Valuation: In the rapidly evolving landscape of urban development in Saudi Arabia, Retal stands as a symbol of opportunity and potential. The company's financial performance is projected to grow steadily in the coming years. While short-term challenges, such as rising finance costs and administrative expenses, may create temporary hurdles, the long-term outlook remains optimistic, supported by strong revenue visibility from active and upcoming projects. Based on DCF valuation, we arrive at a fair value of SAR 16.3/share, with a strong upside of 12.1% from the current level. Hence, we recommend a Buy rating on the stock.

Financial Summary

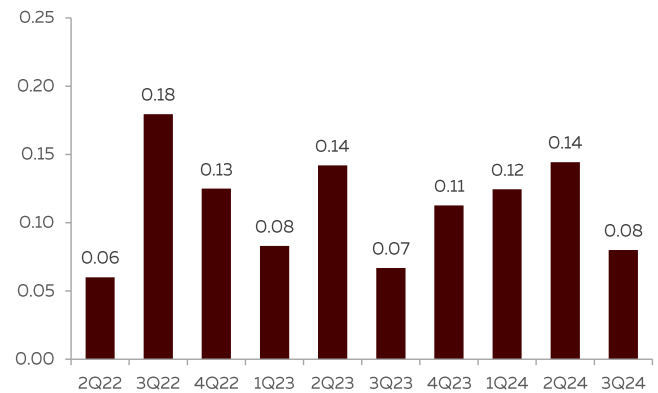
SAR (mn)	3Q2024	3Q2023	YoY	2Q2024	QoQ
Revenue	510	336	52%	464	10%
Gross profit	110	92	20%	129	-15%
Gross margin (%)	22%	27%		28%	
EBIT	73	56	29%	102	-28%
EBIT margin (%)	14%	17%		22%	
Net Income	40	33	20%	72	-45%
Net margin (%)	8%	10%		16%	
EPS (SAR)	0.08	0.07	20%	0.14	-45%

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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