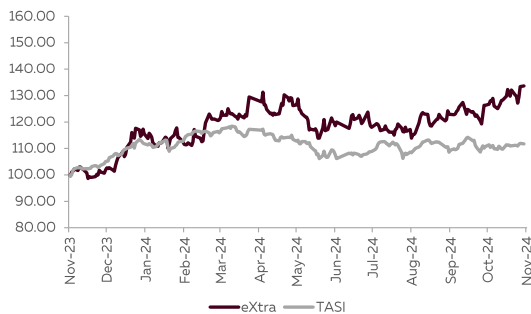


## United Electronics (eXtra)

<b>Recommendation</b>	<b>Buy</b>
Current Market Price (SAR)	102.2
52wk High / Low (SAR)	105.0/77.9
Mkt. Cap. (USD/SAR Mn)	2,217/8,320
Shares Outstanding (mn)	80.0
Free Float (%)	93%
3m Average Vol. (000)	339.7
3m Avg Daily Turnover (SAR'000)	32,388
Dividend Yield '24e (%)	4.0%
P/E'24e (x)	16.1
EV/EBITDA'24e (x)	1.7

Source: Bloomberg

### Relative Price Performance



### Key Indicators

Year	2022	2023	2024e	2025e
Revenue	6,031	6,201	6,491	6,942
Gross profit	1,265	1,362	1,428	1,527
Gross margin (%)	21%	22%	22%	22%
EBIT	484	481	575	632
EBIT margin (%)	8%	8%	9%	9%
EBITDA	593	595	699	765
EBITDA margin (%)	10%	10%	11%	11%
Net Income	440	390	461	518
Net margin (%)	7%	6%	7%	7%
EPS (SAR)	5.50	4.88	5.76	6.47
RoE (%)	41%	32%	34%	34%

Source: Company Reports, Yaqeen Capital

### Major Shareholders (%)

Al-Fawzan Holding Company	15.01%
Fahmi Mohammed Galal A	2.50%

Source: Bloomberg, Yaqeen Capital

### Earnings improved on account of higher revenue

- eXtra's net income rose by 32.2% YoY to SAR 156mn in 3Q2024, driven by higher revenues that boosted gross profit and retail gross profit margin, alongside a SAR 16.3mn provision reversal for the retail sector. QoQ, net income grew by 46.6%, aided by improved gross profit margins and the provision reversal, with the net margin up 1.6ppts YoY and 4.2ppts QoQ to 9.7%.
- Revenue grew by 10.4% YoY to SAR 1,603mn in 3Q2024, due to National Day promotions, Back-to-School sales, a 20.8% rise in online sales, and a 22.3% boost in consumer finance income driven by a 25% portfolio increase. However, revenue declined by 16.5% QoQ due to seasonal variations.
- Gross profit rose by 16.8% YoY to SAR 390mn due to higher revenues but slightly decreased by 0.1% QoQ with lower revenue in 3Q2024. The gross profit margin improved by 1.3ppts YoY and 4.0ppts QoQ, reaching 24.3%.
- Operating profit in 3Q2024 increased by 16.1% YoY to SAR 166mn due to higher gross profit and rose by 29.8% QoQ, attributed to lower selling and distribution expenses. The operating margin improved by 0.5ppts YoY and 3.7ppts QoQ to 10.3%.
- In 9M2024, net profit grew by 35.0% YoY to SAR 357mn, driven by increased revenue. Excluding one-off losses from halting Egypt expansion plans last year and the SAR 16.3mn provision reversal, adjusted net profit growth stands at 12.6%. The net margin was by 1.3ppts YoY to 7.0%.
- Revenue in 9M2024 improved by 10.0% to SAR 5,106mn, driven by stable retail demand in the Saudi market and growth in consumer finance income.

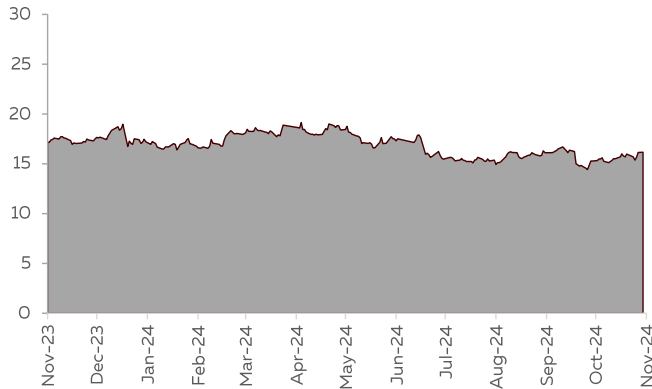
**Outlook & Valuation:** eXtra's strength is anchored in robust domestic consumer growth, propelled by a young, expanding population and rising income levels, with further support from declining unemployment and higher female workforce participation. The company's earnings outlook remains positive, driven by momentum in consumer finance, steady retail expansion, a growing store network, and an increased presence in organized retail. The stock is currently trading at a P/E of 16.1x (based on FY2024e EPS). We have assigned equal weightage to both DCF and P/E valuation methodologies to value the stock and based on that we have arrived at a target price of SAR 116.6/share (14.1% upside from current levels). Accordingly, we continue to maintain our Buy recommendation on the stock.

### Financial Summary

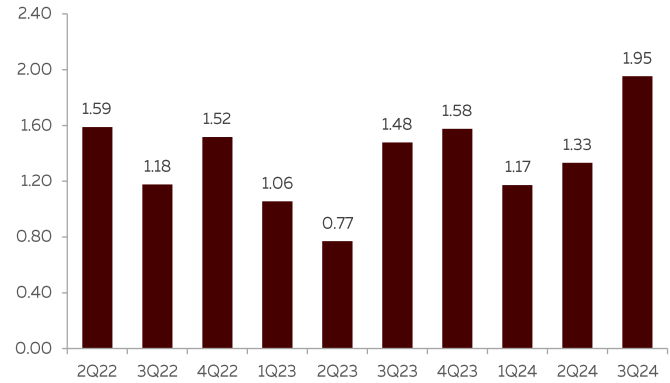
SAR (mn)	3Q2024	3Q2023	YoY	2Q2024	QoQ
Revenue	1,603	1,452	10%	1,921	-17%
Gross profit	390	334	17%	391	0%
Gross margin (%)	24%	23%		20%	
EBIT	166	143	16%	128	30%
EBIT margin (%)	10%	10%		7%	
EBITDA	193	172	12%	160	21%
EBITDA margin (%)	12%	12%		8%	
Net income	156	118	32%	107	47%
Net margin (%)	10%	8%		6%	
EPS (SAR)	1.95	1.48	32%	1.33	47%

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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