



جي آي بي ڪاپيٽل
CAPITAL

4Q24 Earnings Preview

6 January 2025



GIB Capital Research

Research@info.gibcapital.com

+966 11834 8372

4Q24 Earnings Preview

- We expect corporate earnings in Saudi Arabia to remain mostly positive in 4Q24e, with most non-oil sectors likely witnessing healthy earnings growth driven by expanding non-oil GDP (+4.2% y/y in 9M24) and strong non-oil sector PMI data (ranging from 56.9-59.0 in 4Q). Overall, the aggregate top-line of our coverage companies is expected to increase by 10.9% y/y, while we anticipate the cumulative earnings to rise by 12.4% y/y in 4Q.
- For the Banking sector, we expect positive earnings growth, primarily driven by corporate loans, stable mortgage growth, and gradual recovery in retail loans (excl. mortgage) amid rate cuts. Simultaneously, the banks might also witness some seasonality in loan book expansion with increased repayments in 4Q24. Accordingly, we expect SNB's top line to expand on a sequential basis; however, we see marginal pressure on earnings sequentially from elevated OPEX resulting from the bank's Turkish operations. UIHC is also anticipated to see substantial growth in its loan portfolio, primarily fueled by Tawarruq loans and Islamic credit card financing, supported by the Baseeta loan product. Although the company's asset yields may face pressure due to the lower margins associated with the Baseeta product, robust volume growth is expected to offset these challenges, driving a healthy top-line and bottom-line expansion. In addition, the IT sector (Elm and Saudi Azm) is expected to continue to report robust performance amid rising digitization in the KSA. Car rental companies (Lumi, Budget, and Theeb) are expected to witness the benefits of favorable season and fleet expansions, resulting in ~35% y/y top-line and bottom-line growth. Moreover, Real Estate companies are expected to post robust results, driven by faster execution of projects amid strong backlog. Also, capital goods companies like Riyadh Cable, Astra, and Gas Arabian are likely to deliver a strong earnings performance due to better demand and margin expansion. Pharma companies are too likely to witness an earnings expansion due to capacity expansion and resilient demand.
- However, for the petrochemical sector, we may see pressure on earnings sequentially, driven by lower product spreads amid increased feedstock prices. For the energy companies, despite the Aramco suspended rigs, we expect ADES's earnings to remain broadly flat sequentially, aided by better day rates and the deployment of new rigs. However, we expect ADC to witness continuous earnings pressure due to the lower contribution of the offshore segment post-suspension. Moreover, we expect Amak earnings to decline sequentially likely due to higher D&A costs associated with the Moyeath mine expansion (not fully recorded during 3Q24), offsetting higher commodity prices (except copper). Further, lower ADTV is expected to impact on STG's 4Q earnings performance. Leejam and Tanmiah's 4Q earnings are likely to drop on an annual basis due to weak margin amid pricing pressure while Jarir is also expected to witness a slight decline in earnings due to higher S&D costs.

Main market: 4Q24 estimates

Company	CMP (SAR)	Mcap (SARmn)	YTD %	Revenues (SARmn)					Net profits (SARmn)					Annualized P/E	
				4Q24e	4Q23a	Y/Y	3Q24a	Q/Q	4Q24e	4Q23a	Y/Y	3Q24a	Q/Q	4Q24e	3Q24
Petrochemical															
APPC	31.65	8,229	-1.4%	635	571	11.3%	643	-1.2%	25	23	9.7%	46	-44.8%	81.8x	45.2x
Alujain*	37.80	2,616	-1.3%	401	175	128.9%	338	18.7%	16	(67)	NM	46	-65.1%	40.9x	14.3x
Sipchem**	23.56	17,277	-5.3%	1,766	2,040	-13.4%	1,627	8.6%	101	159	-36.6%	103	-2.4%	42.9x	41.9x
Kayan	6.85	10,275	-2.4%	2,440	2,142	14.0%	2,399	1.7%	(347)	(622)	44.2%	(296)	-17.2%	NM	NM
Energy															
Arabian Drilling	109.00	9,701	-2.3%	859	987	-12.9%	863	-0.4%	82	183	-55.4%	85	-3.9%	29.7x	28.6x
ADES***	17.46	19,713	0.6%	1,608	1,272	26.3%	1,573	2.2%	204	169	20.8%	203	0.4%	24.1x	24.2x
Materials															
Luberef	110.40	18,630	-1.3%	2,437	2,530	-3.7%	2,495	-2.3%	212	269	-21.2%	226	-6.2%	22.0x	20.6x
AMAK	64.30	5,787	-4.7%	230	115	100.4%	216	6.5%	50	6	750.0%	60	-15.5%	28.7x	24.2x
Utilities															
Marafiq	53.00	13,250	-3.3%	1,759	1,623	8.4%	1,857	-5.3%	38	72	-47.0%	186	-79.6%	87.3x	17.8x
Miahona	27.55	4,433	-0.7%	90	99	-9.2%	88	1.5%	18	13	37.3%	17	6.3%	63.1x	67.0x
Banks and Financial Services															
SNB^	33.10	198,600	-0.9%	9,276	8,625	7.6%	9,195	0.9%	5,373	4,963	8.3%	5,366	0.1%	9.2x	9.3x
UIHC	188.00	4,700	4.4%	171	141	21.8%	162	5.9%	62	55	12.4%	59	5.5%	18.9x	19.9x
TadawulG	213.80	25,656	-1.4%	331	282	17.2%	359	-8.0%	105	92	14.4%	140	-25.2%	61.1x	45.7x
Retailing															
Jarir	12.70	15,240	0.3%	2,931	2,802	4.6%	2,667	9.9%	268	273	-1.8%	308	-12.9%	14.2x	12.4x
SASCO****	65.50	4,585	3.1%	2,724	2,334	16.7%	2,642	3.1%	11	65	-83.6%	11	-4.1%	106.6x	102.3x
Food & Beverages															
Tanmiah	114.80	2,296	-5.1%	650	576	12.8%	657	-1.1%	23	26	-12.2%	24	-4.0%	24.8x	21.8x
First milling	59.50	3,302	-1.7%	260	247	5.2%	261	-0.6%	62	58	8.1%	61	1.5%	13.3x	13.5x
Modern Mills	40.85	3,343	-0.7%	258	248	4.1%	252	2.1%	54	51	4.8%	48	10.7%	15.6x	17.3x
Arabian Mills	48.00	2,463	-2.1%	252	234	7.5%	244	2.9%	56	60	-6.6%	55	2.0%	11.0x	11.2x
Consumer Services															
Americana^^	2.24	18,869	-1.8%	570	516	10.4%	555	2.6%	44	32	38.3%	37	20.8%	28.5x	34.4x
Alamar***	74.10	1,890	-1.1%	232	226	2.8%	229	1.3%	14	9	48.8%	19	-28.6%	34.5x	24.7x
Leejam^^^	185.00	9,691	-0.2%	443	398	11.1%	406	9.1%	114	128	-11.3%	94	20.7%	21.3x	25.7x

Main market: 4Q24 estimates

Company	CMP (SAR)	Mcap (SARmn)	YTD %	Revenues (SARmn)					Net profits (SARmn)					Annualized P/E	
				4Q24e	4Q23a	Y/Y	3Q24a	Q/Q	4Q24e	4Q23a	Y/Y	3Q24a	Q/Q	4Q24e	3Q24
Capital Goods															
Riyadh Cable***	151.00	22,650	9.6%	2,473	1,890	30.9%	2,433	1.7%	242	134	80.6%	235	3.1%	23.4x	24.1x
Astra	186.00	14,880	3.3%	826	816	1.2%	689	19.9%	179	135	33.0%	139	28.4%	20.8x	26.7x
Transportation															
Theeb	76.10	3,272	-0.7%	344	301	14.4%	337	2.0%	47	36	32.3%	46	1.1%	17.4x	17.6x
Budget	81.50	6,371	-0.5%	582	370	57.4%	506	15.1%	84	66	27.4%	72	17.5%	18.9x	22.2x
Lumi	69.90	3,845	-1.8%	404	314	28.6%	403	0.3%	41	26	60.3%	40	2.4%	23.4x	23.9x
SAL	261.80	20,944	3.6%	427	411	3.9%	367	16.2%	162	181	-10.3%	156	4.2%	32.3x	33.7x
Software & Services															
ELM	1,154.20	92,336	3.5%	2,066	1,685	22.6%	1,872	10.4%	511	327	56.5%	498	2.7%	45.1x	46.3x
Pharma															
Jamjoom	146.80	10,276	-3.5%	249	208	19.6%	328	-24.1%	57	44	27.1%	95	-40.5%	45.5x	27.0x
Avalon	121.00	2,420	-0.7%	154	129	19.2%	81	90.0%	50	45	9.1%	4	1180.6%	12.2x	156.4x
Real Estate															
Akaria	25.10	9,413	-0.8%	718	677	6.2%	434	65.7%	90	157	-42.4%	38	136.8%	26.0x	61.7x
Retal	15.82	7,910	-2.2%	540	448	20.6%	510	5.9%	93	56	64.3%	40	131.3%	21.4x	49.4x
Others															
Mawarid	108.40	1,626	2.8%	487	342	42.6%	468	4.1%	31	22	38.3%	17	78.5%	13.3x	23.8x
SMASCO	7.57	3,028	-1.2%	473	460	2.8%	463	2.1%	33	44	-26.9%	29	12.1%	23.3x	26.1x
AlArabia	148.80	8,184	2.5%	429	369	16.2%	353	21.5%	43	79	-45.3%	44	-1.9%	47.1x	46.2x

Source: Company data, GIB Capital. Prices as of 5 Jan 2025. * 3Q24a includes SAR30mn reversal of prior years' zakat provision. ** 4Q23a includes SAR148mn reversal of prior years' zakat provision. *** Earnings before minority. **** 4Q23a includes SAR70mn non-cash gains from revaluation of investment properties. ^ Total operating income. ^^ Results are in USD. ^^^ 3Q24 includes one-off gain of SAR92mn from selling 3 lands. NM: Not meaningful.

NOMU companies: 4Q24 estimates

Company	CMP (SAR)	Mcap (SARmn)	YTD %	Revenues (SARmn)					Net profits (SARmn)					Annualized P/E	
				4Q24e	4Q23a	Y/Y	3Q24a	Q/Q	4Q24e	4Q23a	Y/Y	3Q24a	Q/Q	4Q24e	3Q24
Gas Arabian	17.84	2,819	3.5%	294	187	56.8%	288	2.2%	39	24	62.5%	35	9.2%	18.3x	19.9x
AZM~	28.65	1,719	-18.1%	65	57	14.4%	61	7.7%	9	6	62.7%	10	-9.3%	45.7x	41.4x

Source: Company data, GIB Capital. ~ 2QFY25 (Dec).

Disclaimer

This research report has been prepared by GIB Capital, Riyadh, Saudi Arabia. It has been prepared for the general use of GIB Capital's clients and may not be altered, redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of GIB Capital. Receipt and review of this research document constitute your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained in this document prior to public disclosure of such information by GIB Capital. The information contained was obtained from various public sources believed to be reliable, but we do not guarantee its accuracy. GIB Capital makes no representations or warranties (express or implied) regarding the data and information provided and GIB Capital does not represent that the information content of this document is complete, or free from any error, not misleading, or fit for any particular purpose. This research document provides general information only. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other investment products related to such securities or investments. It is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person who may receive this document.

Investors should seek financial, legal or tax advice regarding the appropriateness of investing in any securities, other investment or investment strategies discussed or recommended in this document and should understand that statements regarding future prospects may not be realized. Investors should note that income from such securities or other investments, if any, may fluctuate and that the price or value of such securities and investments may rise or fall. Fluctuations in exchange rates could have adverse effects on the value of or price of, or income derived from, certain investments. Accordingly, investors may receive back less than originally invested. GIB Capital or its officers (including research analysts) may have a financial interest in securities of the issuer(s) or related investments, including long or short positions in securities, warrants, futures, options, derivatives, or other financial instruments. GIB Capital may from time to time perform investment banking or other services for, solicit investment banking or other business from, any company mentioned in this research document. GIB Capital and employees, shall not be liable for any direct, indirect or consequential loss or damages that may arise, directly or indirectly, from any use of the information contained in this research document. Where the report contains or refers to a recommendation about a specific security or securities service, please note that it may not be suitable for all recipients. Please note that the achievement of any price target may be impeded by general market and economic trends and other external factors, or if a company's profits or operating performance exceed or fall short of our expectations. The subjectivity in future expectations is complex and may miss actual or reported numbers.

This research document and any recommendations contained are subject to change without prior notice. GIB Capital assumes no responsibility to update the information in this research document. This research document is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law, or which would subject GIB Capital to any registration or licensing requirement within such jurisdiction

The principal activities of GIB Capital are Dealing, Custody, Managing, Arranging and Advising pursuant to the Capital Market Authority ("CMA") License No. 07078-37.

We use a rating system based on potential upside, 1 year from today, based on our valuation models. For "Overweight" ratings, the estimated upside is >10%, for "Underweight", the estimated downside is <10%. For returns in between +/-10%, we have a Neutral rating.

Contact us for queries:

Sell Side Research Department,
GIB Capital,
B1, Granada Business & Residential Park,
Eastern Ring Road, PO Box 89589, Riyadh 11692
www.gibcapital.com