Quarterly Review

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Q4 FY25 Results Update: Earnings Beat on G&A Savings Despite HVAC-Led Topline Weakness — Maintain HOLD, TP Unchanged

- **Net profit beat: Q4 reported NP rose 17% y/y to SAR 17.7m, flat q/q despite typical seasonal softness, and ahead of our estimate (SAR 12m) and consensus (SAR 14.7m), driven primarily by lower G&A (and likely lower finance charges). Topline pressured: Q4 sales declined 6% y/y, on weaker HVAC performance.**
- **FY26e growth intact: We expect FY26e EPS +16% y/y on revenue +7% y/y, after flat revenue/EPS in FY25A.**
- **Rating unchanged: We maintain our TP and Hold, with the stock trading at FY26e P/E of 10.2x and EV/EBITDA of 7.2x trading at FY26e P/E and EV/EBITDA multiples of 10.2x and 7.2x, respectively.**

Q4 results: earnings resilience despite softer sales. Q4 net profit increased 17% y/y to SAR 17.7m, holding flat q/q despite the quarter typically being seasonally slower. The result came in ahead of both our expectations and the street, supported by tighter cost control, particularly lower G&A, and likely lower finance charges, which more than offset the 6% y/y decline in sales. Gross profit fell 11% y/y, coming in ~6% below our estimate but broadly in line with consensus. Importantly, profitability proved resilient: gross margin dipped only 14bps to 24.2%, while EBIT margin improved 18bps to 7.1%, reflecting better cost discipline and mix.

Seasonality: constructive setup into early FY26e. While Q4 is typically softer, management expects demand to improve into Q1, supported by seasonal patterns and Ramadan-related uplift, which historically benefits retail activity and can support HVAC sell-through. In our view, this provides a constructive near-term backdrop, but we still see the pace of recovery as dependent on consumer sentiment and the intensity of competitive pricing in core categories.

FY25A review: flat earnings, mix shift continues. For FY25A, reported net income came in at SAR 82m, essentially flat y/y (+0.2%) and ~6.5% above our estimate. Revenue declined 1.5% y/y, driven by the HVAC segment (-6.6% y/y, ~70% of topline), which more than offset strength in home appliances (+11.2% y/y, ~28.5% of revenue) and a sharp rise in "other" revenues (+167.6% y/y) linked to 3PL and services, consistent with the company's Elevate 2027 strategy. HVAC weakness was primarily concentrated in the consumer channel, while project-related demand remained supported by ongoing residential and commercial developments.

Outlook: gradual HVAC recovery, steady HA growth, non-core ramp-up. We maintain our FY26–30e estimates, which remain slightly below management's strategy targets, as we expect the topline pickup to take longer amid softer local market conditions and continued competitive pressure. We forecast HVAC to recover but at a measured pace (FY26–30e CAGR ~3.3%), while assuming a steadier trajectory for home appliances (5-year CAGR ~5.2%) following strong FY25 execution. We also expect the group to continue expanding non-core income streams, with "other" revenue rising to ~4.1% of sales by FY30e (from 0.92% in FY25A), supporting diversification even if it remains a smaller contributor in the near term.

FY26e earnings: cost and mix to drive growth. Despite competitive intensity—particularly from fast-growing Chinese brands—we expect earnings to improve on cost optimization, better mix, and lower finance charges, even as pricing remains competitive in key categories. We forecast recurring FY26e net income of ~SAR 95m (+16% y/y), alongside ~7% y/y revenue growth, which together underpin our expectation of FY26e EPS growth of 16%.

Hold maintained. At FY26e P/E of 10.2x and EV/EBITDA of 7.2x, valuation appears reasonable versus the company's medium-term earnings growth profile, but we believe this is balanced by the risk that HVAC recovery remains slower than expected. Upside could come from faster normalization in consumer demand, stronger project conversion, and a quicker ramp-up in non-core revenues. Downside risks include sustained promotional intensity, weaker-than-expected local demand across retail and projects, and continued HVAC underperformance, a softer local market affecting demand across retail and project channels, and continued underperformance in the HVAC segment.

HOLD SAR 26.5

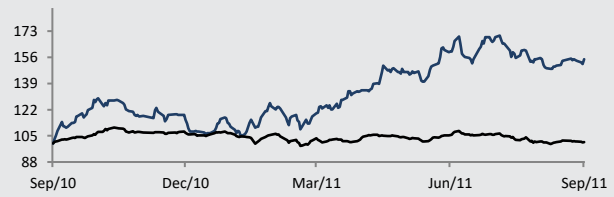
Consumer discretionary / Saudi Arabia

Bloomberg code	SHAKER AB
Market index	SASEIDX
Target Price	26.5
Upside (%)	54.6

Market data	**2/15/2026**
Last closing price	17.1
52 Week range	16.7-26.6
Market cap (SAR m)	1,159
Market cap (USD m)	309
Average Daily Traded Value (SAR m)	5.0
Average Daily Traded Value (USD m)	1.3
Free float (%)	74%

Year-end (local m)	2024	2025e	2026e	2027e
Revenues	1,415.9	1,413.0	1,493.8	1,578.8
EBITDA	93.9	98.4	114.3	126.5
Net income	81.0	76.7	94.7	112.8
EPS	1.46	1.38	1.71	2.03
P/E (current price)	12.0	12.6	10.2	8.6
BVPS	14.4	15.3	16.4	17.7
P/B (current price)	1.2	1.1	1.1	1.0
EV/EBITDA (current price)	8.7	8.3	7.2	6.5
Div. yield (%)	-	2.9	2.8	3.4
FCF yield (%)	(1.9)	4.9	6.7	4.9
Net debt/EBITDA (x)	2.6	2.2	1.7	1.1
Net debt/Capital (%)	23.2	17.8	15.9	11.4
Interest cover (x)	2.7	2.9	3.6	5.2
RoAA (%)	5.2	4.5	5.1	5.9
RoAE (%)	10.7	9.3	10.8	11.9
RoIC (%)	8.6	7.6	8.5	9.4

Price Performance



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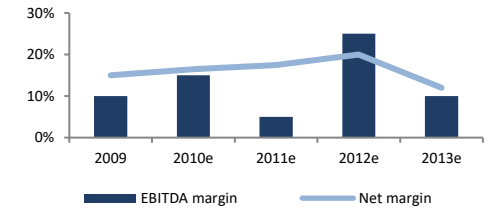
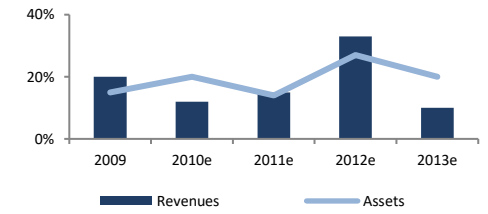
Abacus

Arqaam Capital Fundamental Data

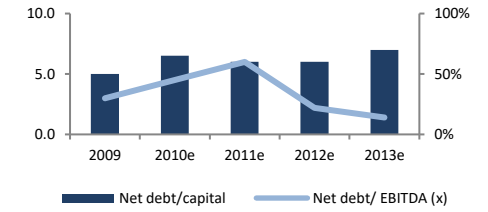
Profitability



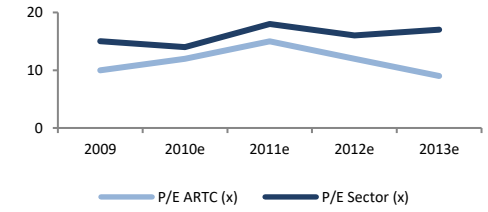
Growth



Gearing



Valuation



Al-Hassan Ghazi Ibrahim Shaker Company

Year-end	2023	2024	2025e	2026e	2027e	2028e
Financial summary						
Reported EPS	1.18	1.46	1.38	1.71	2.03	2.23
Diluted EPS	1.18	1.46	1.38	1.71	2.03	2.23
DPS	-	0.50	0.48	0.60	0.71	0.78
BVPS	12.93	14.38	15.28	16.39	17.71	19.16
Weighted average shares	55.50	55.50	55.50	55.50	55.50	55.50
Average market cap	970.14	970.14	970.14	970.14	970.14	970.14

Year-end	2023	2024	2025e	2026e	2027e	2028e
Valuation metrics						
P/E (x) (current price)	14.8	12.0	12.6	10.2	8.6	7.8
P/E (x) (target price)	22.2	18.1	19.1	15.5	13.0	11.8
P/BV (x) (target price)	2.0	1.8	1.7	1.6	1.5	1.4
EV/EBITDA (x)	8.9	8.7	8.3	7.2	6.5	6.0
EV/FCF (x)	14.4	(55.6)	21.0	14.7	19.1	11.8
EV/Invested capital (x)	1.3	1.4	1.4	1.3	1.3	1.2
Dividend yield (%)	-	-	2.9	2.8	3.4	4.1

Year-end	2023	2024	2025e	2026e	2027e	2028e
Growth (%)						
Revenues	19.2	14.5	(0.2)	5.7	5.7	5.7
EBITDA	64.0	1.8	4.8	16.1	10.7	7.5
EBIT	80.5	1.7	1.4	17.2	11.2	7.8
Net income	99.3	23.8	(5.3)	23.4	19.1	9.9

Year-end	2023	2024	2025e	2026e	2027e	2028e
Margins (%)						
EBITDA	7.5	6.6	7.0	7.7	8.0	8.1
EBIT	7.2	6.3	6.4	7.1	7.5	7.7
Net	5.3	5.7	5.4	6.3	7.1	7.4

Year-end	2023	2024	2025e	2026e	2027e	2028e
Returns (%)						
RoAA	4.2	5.2	4.5	5.1	5.9	6.3
RoAE	9.4	10.7	9.3	10.8	11.9	12.1
RoIC	7.3	8.6	7.6	8.5	9.4	9.6
FCF yield	8.2	(1.9)	4.9	6.7	4.9	7.4

Year-end	2023	2024	2025e	2026e	2027e	2028e
Gearing (%)						
Net debt/Capital	34.2	23.2	17.8	15.9	11.4	9.2
Net debt/Equity	53.4	31.1	25.2	21.9	14.5	11.3
Interest cover (x)	1.7	2.7	2.9	3.6	5.2	6.0
Net debt/EBITDA (x)	4.2	2.6	2.2	1.7	1.1	0.9

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Abacus *Arqaam Capital Fundamental Data*

Company Profile

Established in 1950, followed by an IPO in 2010, Shaker Group is one of the largest distributors of air conditioners (72.3% of revenues as of Q3 25A, MS 17% in total AC market) and home appliances (26.6% of revenues as of Q3 25A, MS 11% in total HA market) with a nationwide footprint through a strong network of exclusive sales outlets, service centers, warehousing facilities, training academies, and extensive network of distributors including the modern retailing channel through specialty retailers and hypermarkets. Some brands Shaker distributed include LG, Midea, Maytag, Bissel, Bompani, Ariston, and Indesit. Shaker also has a 49% stake in the LG Manufacturing facility in the KSA. LG owns the remaining 51% of the factory

Al-Hassan Ghazi Ibrahim Shaker Company

Year-end	2023	2024	2025e	2026e	2027e	2028e
Income statement (SAR mn)						
Sales revenue	1,236.2	1,415.9	1,413.0	1,493.8	1,578.8	1,669.0
Gross profit	**317.8**	**346.5**	**351.1**	**372.7**	**395.0**	**420.0**
SG&A	(229.4)	(256.6)	(260.0)	(265.9)	(276.3)	(292.1)
EBITDA	**92.3**	**93.9**	**98.4**	**114.3**	**126.5**	**136.0**
Depreciation & Amortisation	(3.9)	(4.0)	(7.3)	(7.5)	(7.8)	(8.1)
EBIT	**88.4**	**89.9**	**91.1**	**106.8**	**118.7**	**127.9**
Net interest income(expense)	(51.5)	(32.9)	(31.8)	(29.3)	(22.9)	(21.3)
Associates/affiliates	36.1	38.0	31.5	33.1	34.8	36.5
Exceptionals/extraordinaries	(0.5)	(16.2)	(14.4)	(15.3)	(16.1)	(17.1)
Other pre-tax income/(expense)	2.2	6.1	6.1	6.5	6.8	7.2
Profit before tax	**74.7**	**85.0**	**82.5**	**101.8**	**121.3**	**133.3**
Income tax expense	(8.5)	(4.0)	(5.8)	(7.1)	(8.5)	(9.3)
Minorities	(0.9)	-	-	-	-	-
Other post-tax income/(expense)	-	-	-	-	-	-
Net profit	**65.4**	**81.0**	**76.7**	**94.7**	**112.8**	**124.0**
Arqaam adjustments (including dilution)	-	-	-	-	-	-
Arqaam Net profit	**65.4**	**81.0**	**76.7**	**94.7**	**112.8**	**124.0**

Year-end	2023	2024	2025e	2026e	2027e	2028e
Balance sheet (SAR mn)						
Cash and other liquid assets	392.8	359.3	512.8	530.0	533.1	559.3
Receivables	444.3	502.7	536.6	567.3	558.0	589.9
Tangible fixed assets	176.6	169.1	171.7	174.6	177.9	181.5
Associates/investments	467.0	505.0	536.5	569.6	604.4	640.8
Other assets including goodwill	28.2	35.5	35.5	35.5	35.5	35.5
Total assets	**1,508.8**	**1,593.5**	**1,803.9**	**1,887.8**	**1,919.5**	**2,017.8**
Payables	340.1	469.5	547.7	579.0	612.0	646.9
Interest bearing debt	402.4	270.9	353.2	343.6	268.4	250.3
Other liabilities	48.6	54.9	54.9	55.6	56.3	57.0
Total liabilities	**791.1**	**795.3**	**955.9**	**978.2**	**936.6**	**954.3**
Shareholders equity	717.7	798.2	848.0	909.6	982.9	1,063.5
Minorities	-	-	-	-	-	-
Total liabilities & shareholders equity	**1,508.8**	**1,593.5**	**1,803.9**	**1,887.8**	**1,919.5**	**2,017.8**

Year-end	2023	2024	2025e	2026e	2027e	2028e
Cash flow (SAR mn)						
Cashflow from operations	**23.0**	**304.5**	**94.7**	**75.2**	**148.8**	**76.3**
Net capex	(2.2)	3.4	(9.9)	(10.5)	(11.1)	(11.7)
Free cash flow	**101.8**	**(26.4)**	**69.8**	**99.6**	**77.1**	**124.3**
Equity raised/(bought back)	-	-	-	-	-	-
Dividends paid	-	-	(27.8)	(26.9)	(33.1)	(39.5)
Net inc/(dec) in borrowings	(141.8)	(131.5)	82.3	(9.7)	(75.2)	(18.0)
Other investing/financing cash flows	-	-	-	-	-	-
Net cash flow	**(80.4)**	**121.3**	**119.2**	**(6.7)**	**1.3**	**(16.6)**
Change in working capital	(15.1)	111.8	5.0	(11.6)	20.2	(19.9)

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Summary of Q4 FY 25A results

Exhibit 1: Q4 25A prelim results indicators

SAR m	Q4 25A	ACe	Δ	BBG	Δ	Q4 24A	y/y	Q3 25A	q/q
Revenues	281	299	*(6%)*	319.7	*(12%)*	298.9	*(6%)*	345	*(18.6%)*
Gross profit	68	72	*(6%)*	67.3	*1%*	76.7	*(11%)*	86	*(20.6%)*
EBIT	22	n/a	n/a	15.3	*45%*	18.3	*21.1%*	21	*3.6%*
Net income	18	12	*50%*	14.7	*21%*	15.2	*16.9%*	18	*(0.5%)*
Gross margin	24.2%	24.1%	1	21.0%	32	25.7%	(14)	24.9%	(6)
EBIT margin	7.9%	n/a	n/a	4.8%	31	6.1%	18	6.2%	17
Net margin	6.3%	3.9%	24	4.6%	17	5.1%	12	5.2%	11

Source: Arqaam Capital Research, Company Data

Exhibit 2: Summary of FY 25A results

SAR m	FY 25A	FY 24A	y/y
Revenues	1,395	1,416	*(1.5%)*
Gross profit	347	347	*0.2%*
EBIT	88	82	*7.5%*
Net income	82	82	*0.2%*
Gross margin	24.9%	24.5%	41
EBIT margin	6.3%	5.8%	53
Net margin	5.9%	5.8%	10

Source: Arqaam Capital Research, Company Data

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