



Earnings Flash Note  
United Development Co.  
3Q 2023 / 9M 2023





## United Development Company (UDCD)

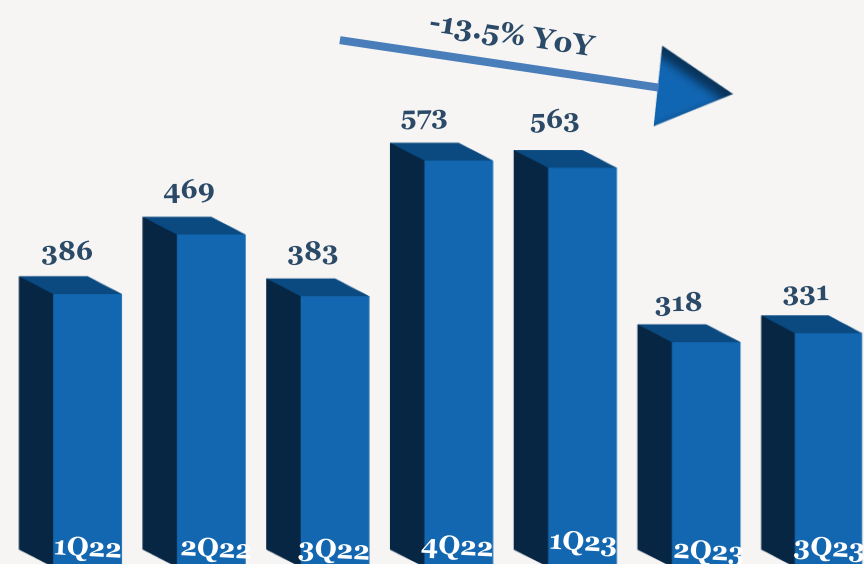
- > **Net profit increased by 3.9% YoY (-57.3% QoQ) to QR42.6mn in 3Q2023** driven by higher operating income. However, a decline in revenues, increase in general & administrative expenses and higher finance costs limited the gains. For 9M2023, net profit was up by 10.4% YoY to QR230.2mn.
- > **Revenue decreased by -13.5% YoY to QR331.0mn (+4.0% QoQ) in 3Q2023** while for 9M2023, it declined by 2.1% YoY to QR1,212.1mn.
- > **Gross profit of QR88.9mn came lower by 18.9% YoY (-13.0% QoQ)** and margin declined to 26.8% (-1.8ppts YoY; -5.2ppts QoQ) in 3Q2023. For 9M2023, gross profit decreased by 17.6% YoY to QR386.8mn.
- > **Operating profit was up by 13.9% YoY (-60.3% QoQ) to QR85.0mn in 3Q2023** while the corresponding margin improved to 25.7% (+6.2ppts YoY, -41.5ppts QoQ). For 9M2023, operating profit increased by 52.0% to QR426.6mn.
- > **For 3Q2023, EPS came at QR0.012 vs. QR0.012 in 3Q2022 while for 9M2023, EPS was 0.065 vs 0.059 in 9M2022.**
- > **As of 26th Oct 2023, the stock has declined 28.3% YTD, underperforming the QSE index, which was down by 12.7% YTD.**
- > **The stock is currently trading at a TTM P/E multiple of 8.0x. lower than its 3Y historical average of 16.8x.**

### 3Q/9M 2023 Earnings Performance

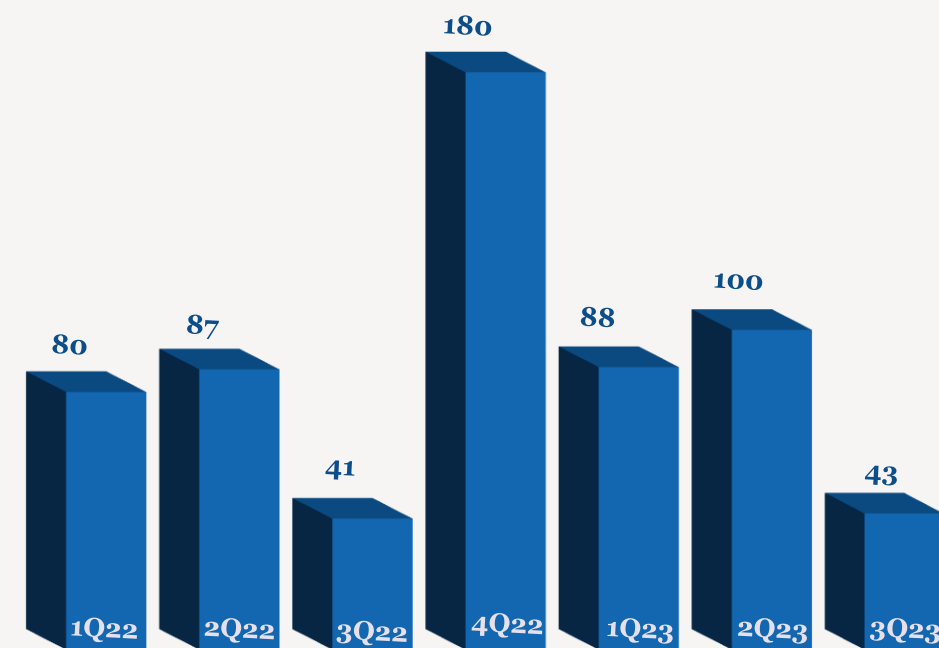
	3Q2023	3Q2022	YoY	2Q2023	QoQ	9M2023	9M2022	YoY
Revenue	331.0	382.7	-13.5%	318.4	4.0%	1,212.1	1,237.8	-2.1%
Gross Profit	88.9	109.6	-18.9%	102.1	-13.0%	386.8	469.3	-17.6%
Gross Margin %	26.8%	28.6%		32.1%		31.9%	37.9%	
Operating Profit	85.0	74.7	13.9%	214.0	-60.3%	426.6	280.6	52.0%
Operating Margin %	25.7%	19.5%		67.2%		35.2%	22.7%	
Net Profit	42.6	40.9	3.9%	99.6	-57.3%	230.2	208.5	10.4%
Net Margin %	12.9%	10.7%		31.3%		19.0%	16.8%	
EPS (QR)	0.012	0.012	3.9%	0.028	-57.3%	0.065	0.059	10.4%

Note: Values are expressed in QR'mn unless explicitly stated

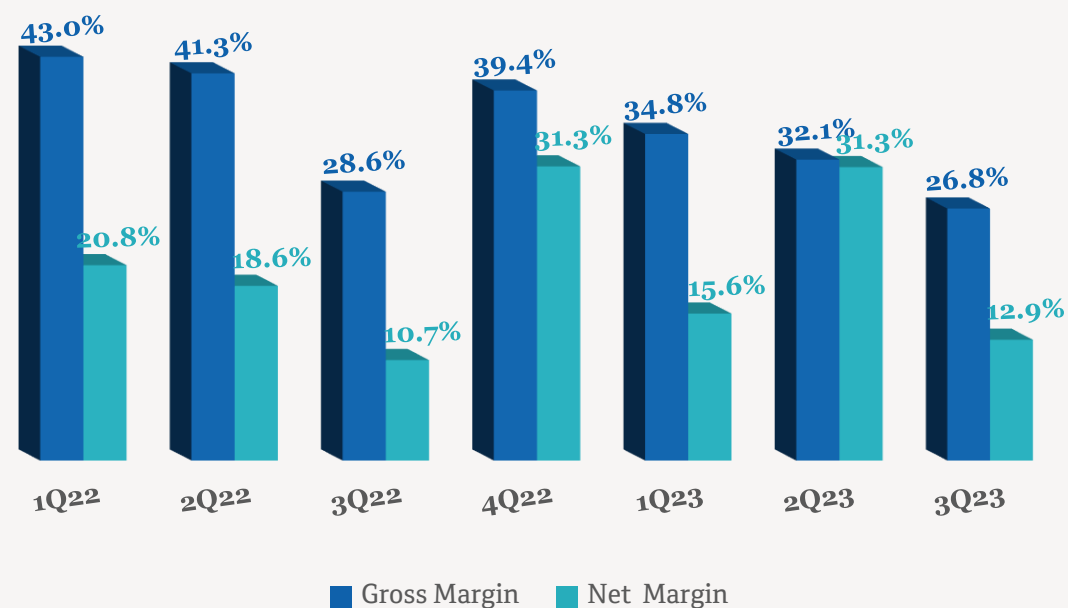
### Quarterly Sales Trend (QRmn)



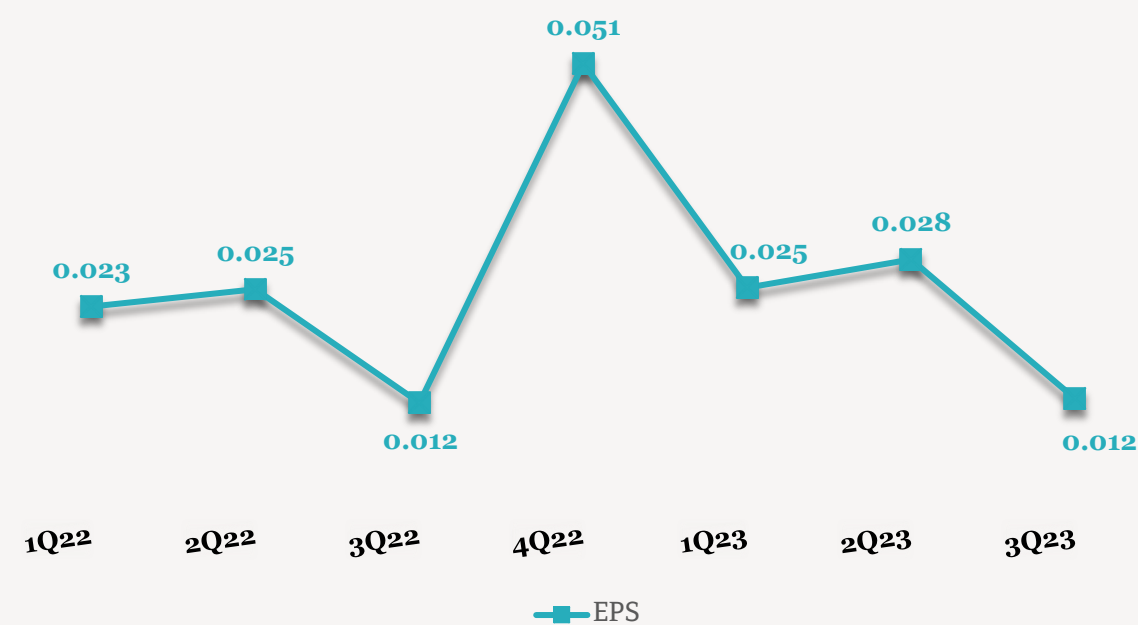
### Quarterly Earnings Trend (QRmn)



### Quarterly Margin Trend



### EPS (QR) Trend



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