Daily Bulletin

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CENOMI Retail 2025 net loss up 148% YoY

Last Price: SAR 14.7 | Consensus Target Price: SAR 18.6 | YoY Performance: 9.2%

AFG International Co. (Cenomi Retail) reported a 148.4% YoY increase in net loss to SAR 505.5 mn in 2025. The result exceeded the consensus net loss estimates of SAR 268.5 mn by 88.3%. The increase in loss was primarily due to a 65.8% YoY decline in other operating income to SAR 88.1 mn, mainly because of the absence of the SAR 211 mn non-recurring capital gain recognized in 2024 under the brand divestment program. Other operating expenses increased to SAR 173.2 mn from SAR 10.6 mn, driven by tax liability settlements, foreign exchange losses, and asset write-offs. A goodwill impairment of SAR 120 mn was recognized during the year, compared to SAR 95.4 mn in 2024.

These negative impacts were partially offset by a 2.5% increase in gross profit to SAR 579.6 mn from SAR 565.6 mn, supported by 5.3% growth in group revenues and the effective implementation of cost optimization measures. SG&A expenses declined by 4.8%, reflecting efficiency gains from these measures.

Revenue stood at SAR 5,103.9 mn, up 5.3% YoY. The result came in line with the consensus estimate of SAR 4,895.0 mn. The increase was primarily driven by KSA retail revenues, which rose 0.3% YoY to SAR 3,195.7 mn. KSA like-for-like sales decreased by 1.8%, while ZARA and Inditex brands recorded like-for-like growth of 0.2%. International retail revenue increased 18.8% YoY to SAR 1,585.0 mn. International like-for-like sales were up 15.6%, supported by continued growth in CIS markets and momentum from ZARA and Inditex. The F&B segment revenue declined 1.4% YoY to SAR 323.2 mn. However, full-year online performance remained strong, with Subway growing by 162.3% and Cinnabon by 3.7%. Overall online revenues grew 15.1% YoY to SAR 417.3 mn, driven by a 25.1% increase for ZARA and Inditex brands at the group level and 9.4% growth in the F&B segment.

Cenomi Retail ended 2025 with a total of 742 stores, marking a 15.9% YoY decline. The reduction reflects the exit of five underperforming F&B brands under the Company's ongoing portfolio optimization program, along with the closure of 38 stores during 4Q25, including 33 F&B stores, two stores in KSA retail, and three stores in international markets. These strategic closures are aimed at enhancing operational efficiency and concentrating resources on high-performing assets.

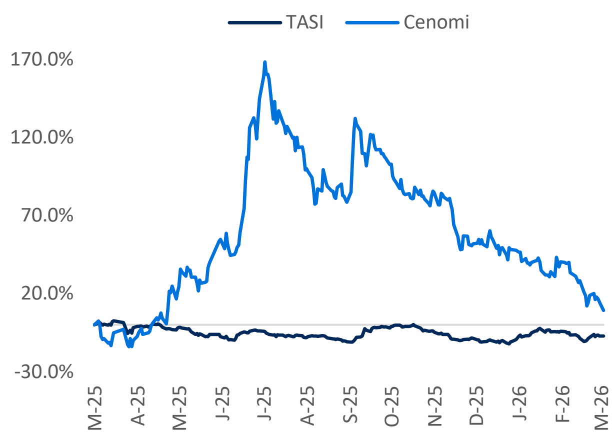
Revenue per store increased 25.2% YoY in 2025 and 30.5% in 4Q25, reflecting stronger store productivity following portfolio optimization and a streamlined brand portfolio (reduced from 51 to 41 brands YoY). KSA revenue per store rose 20.4% YoY in FY-25 and 28.0% in 4Q25, while international markets grew 47.1% YoY in FY-25 and 46.2% in 4Q25. F&B revenue per store grew by 11.7% YoY in 2025 and 11.6% in 4Q25. These gains reflect disciplined execution of the Company's optimization strategy across Fashion and F&B, focusing on core markets and high-performing locations.

During 2025, the company further reinforced its capital structure through a SAR 1.35 bn shareholder loan facility provided by Al-Futtaim Group. The financing was drawn in two tranches, with SAR 1,160.4 mn received in 3Q25 and SAR 191.5mn in 4Q25, strengthening liquidity and improving financial flexibility.

Looking ahead, the management expects the company to become profitable in 2026, supported by ongoing operational improvements, higher store productivity, and disciplined commercial execution across its portfolio. The 2H26 pipeline includes selective store openings in high-potential locations, notably Jawahret Riyadh and Jawahret Jeddah, aligned with the expected completion timelines of these developments.

Cenomi Retail has gained 9.2% YoY, outperforming TASI, which declined 7.3% over the same period. The stock is currently trading at a TTM P/E of 14.2x, with a consensus target price of SAR 18.6/sh, implying an upside of 26.2%.

Relative price chart



Source: Tadawul, anbc research

Key financials (SAR mn)

	2025	2024	*YoY (%)*	Consensus	*Var. (%)*
Revenue	5,104	4,847	5	4,895	4
COGS	4,524	4,282	6	4,235	7
Gross profit	580	566	2	660	(12)
Gross margin (%)	11.4	11.7		13.5	
Operating exp.	670	336	99	597	12
Operating profit	(91)	229	(139)	63	(244)
Opt. margin (%)	(2)	5		1	
Net income / (loss)	(506)	(204)	148	(269)	88
Net margin (%)	(9.9)	(4.2)		(5.5)	
EPS / (LPS)	***(4.4)***	***(1.8)***		***(2.3)***	

Source: Company financials, anbc research

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