

WDAM Alert – Widam Announces ~QR145mn Capex Plan; Maintain Accumulate

- **WDAM announces QR15mn Al Shahaniya slaughterhouse project:** Widam Food announces that it has started to execute its Al Shahaniya Slaughterhouse Project at a cost of QR15mn to serve the needs of the people in Al Shahaniya area and neighboring areas. The area also contains large number of livestock breeders. The capacity of the slaughterhouse will be 600 heads of livestock per day and Widam targets to complete it within this year. The project is in line with the company's plan to increase its slaughterhouse capacity from c.3k heads/day to 5k.
- **Moreover, QR130mn new facility project is on the way.** WDAM has also completed the design and contractual protocols to build an operations zone to replace its existing operations in Abu Hammour. This Project includes a production and meat processing unit, and barns to house the large number of imported livestock. Widam announces that the project will be initiated soon and it will be based in the south.
- **Widam also announces its expansion plans to increase its points of meat sales in Qatar.**
- **We think these spending initiatives are positive for the company and will be revising our numbers once the company releases more details about these projects.** We think the new processed meat unit may be an important catalyst for Widam, given the high profit margins of these products. Considering Widam's strong brand recognition and price advantage in imported products, coupled with its good relations with local retail chains and its intention to expand its points of sales, we are of the view Widam can be successful in this product line. To be on the safe side, we have not yet incorporated these prospective products into our estimates. However, once details about the QR130mn capex project are disclosed (including the capacity figures for the upcoming processed meat plant), we expect to revise our estimates and our TP of QR8.2/share. **Since our initiation of coverage on October 13, shares fell by 2.2% outperforming DSM Index's 9.5% fall.**
- **We continue to rate Widam as an Accumulate.**

Recommendations

Based on the range for the upside / downside offered by the 12-month target price of a stock versus the current market price

OUTPERFORM Greater than +20%

ACCUMULATE Between +10% to +20%

MARKET PERFORM Between -10% to +10%

REDUCE Between -10% to -20%

UNDERPERFORM Lower than -20%

Risk Ratings

Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals

R-1 Significantly lower than average

R-2 Lower than average

R-3 Medium / In-line with the average

R-4 Above average

R-5 Significantly above average

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