

Mouwasat Medical Services Co. (MOUWASAT)

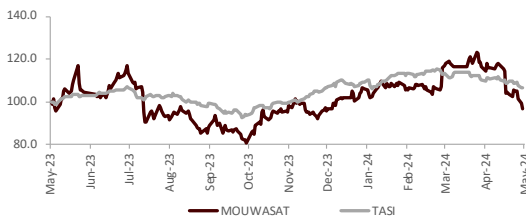
Recommendation

Buy

Current Market Price (SAR)	111.8
52wk High / Low (SAR)	144.0/92.5
Mkt. Cap. (USD/SAR Mn)	5,959/22,360
Shares Outstanding (mn)	200.0
Free Float (%)	65.0%
3m Average Vol. (000)	329
3m Avg Daily Turnover (SAR'000)	42,457
Dividend Yield '24e (%)	1.9%
P/E'24e (x)	30.3
EV/EBITDA'24e (x)	4.1

Source: Bloomberg

Relative Price Performance



Key Indicators

SAR (mn)	FY2022	FY2023	FY2024e	FY2025e
Revenue	2,334	2,706	2,967	3,235
Gross profit	1,099	1,313	1,420	1,555
Gross margin (%)	47%	49%	48%	48%
EBIT	673	757	835	938
EBIT margin (%)	29%	28%	28%	29%
Net Income	599	658	738	836
Net margin (%)	26%	24%	25%	26%
EPS (SAR)	3.0	3.3	3.7	4.2
RoE (%)	22%	21%	21%	22%

Source: Company Reports, Yaqeen Capital

Major Shareholders (%)

Muhammad Sultan Hammad Al Subaie	17.5%
Nasser Sultan Fahd Al-Arini Al-Subaie	17.5%
Suleiman Muhammad Suleiman Al-Saleem	17.5%

Source: Bloomberg, Yaqeen Capital

Earnings increased annually amid higher revenue

- MOUWASAT's net income surged 3.0% YoY to SAR 172mn in 1Q2024, driven by higher revenue and increased other income. However, quarterly net income decreased by 6.8% due to a revenue decline, with net margins improving to 23.7% (-1.3ppts YoY; -0.1ppts QoQ).
- Revenue rose 8.8% YoY to SAR 606mn in 1Q2024, fueled by increased OPD visits and inpatient occupancy rates, the operation of the Mouwasat Center in Madinah from January 2024, improved contractual terms, better performance of specialized resources, and enhanced operational efficiency. On a quarterly basis, revenue fell by 6.5% due to a seasonal decrease in outpatient visits and occupancy rates, coinciding with Ramadan.
- Gross profit for 1Q2024 was up 5.4% YoY (-12.4% QoQ) to SAR 346mn, while the gross margin decreased by 1.5ppts YoY and 3.3ppts QoQ to 47.8%.
- Operating profit increased 0.6% YoY (-7.2% QoQ) to SAR 195mn in 1Q2024 despite higher general and administrative expenses (+11.0% YoY; +25.4% QoQ), with the operating margins declining by 2.4ppts YoY (+0.5ppts QoQ) to 26.6%.

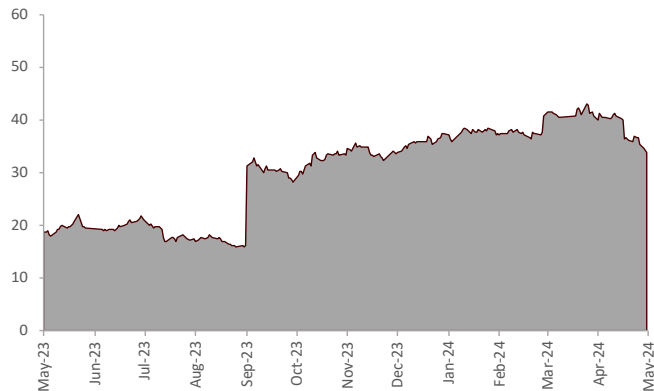
Outlook & Valuation: Saudi Arabia's healthcare sector is rapidly transforming due to increased life expectancy and rising demand for services. As a leading private healthcare provider, MOUWASAT is well-positioned to capitalize on these changes. The company is quickly expanding its presence by building or acquiring new hospitals across major and remote areas of the kingdom. Revenue is expected to grow steadily, driven by capacity expansion, while market conditions are projected to remain favorable in the coming years. Additionally, MOUWASAT is focused on boosting profitability through operational improvements. Based on relative valuation, we arrive at a fair value of SAR 161.9/share. Considering a healthy upside of 44.8% from the current levels, we recommend a Buy rating on the stock.

Financial Summary

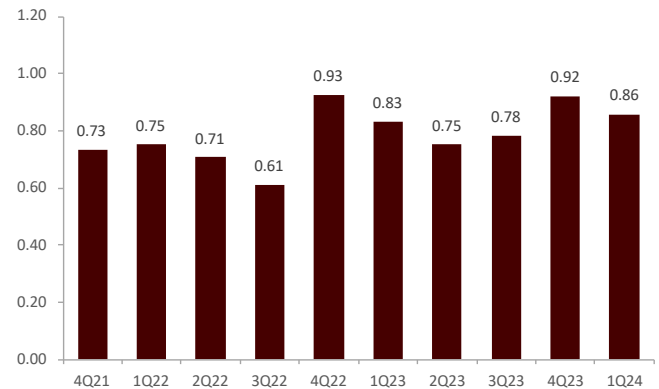
SAR (mn)	1Q2024	1Q2023	YoY	4Q2023	QoQ
Revenue	723	664	9%	773	-7%
Gross profit	346	328	5%	395	-12%
Gross margin (%)	48%	49%		51%	
EBIT	195	194	1%	210	-7%
EBIT margin (%)	27%	29%		27%	
Net Income	172	167	3%	184	-7%
Net margin (%)	24%	25%		24%	
EPS (SAR)	0.9	0.8	3%	0.9	-7%

Source: Company Reports, Yaqeen Capital

Price to Earnings Ratio Trend



EPS (SAR) Trend



Rating Methodology

Buy: The Target share price exceeds the current share price by $\geq 10\%$

Hold: The Target share price is either more or less than the current share price by 10%

Sell: The Target share price is less than the current share price by $\geq 10\%$

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