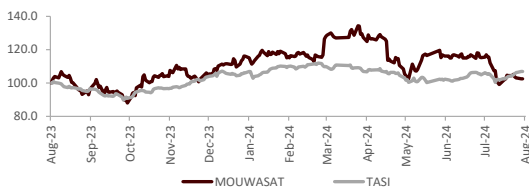


## Mouwasat Medical Services Co. (MOUWASAT)

<b>Recommendation</b>	<b>Buy</b>
Current Market Price (SAR)	107.00
52wk High / Low (SAR)	144.0/92.5
Mkt. Cap. (USD/SAR Mn)	5,810/21,800
Shares Outstanding (mn)	200.0
Free Float (%)	65.0%
3m Average Vol. (000)	285
3m Avg Daily Turnover (SAR'000)	32,950
Dividend Yield '24e (%)	1.9%
P/E'24e (x)	29.0
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 up YoY amid revenue growth

- Mouwasat's net income grew by 1.4% YoY to SAR 153mn in 2Q2024, driven by revenue growth. However, net income fell 11.0% QoQ due to a revenue decline and higher direct costs associated with the increased operational pace at the Mouwasat Center in Madinah for rehabilitation and extended care. Net margins decreased to 22.1% (-1.9ppts YoY; -0.6ppts QoQ).
- Revenue rose 10.0% YoY to SAR 690mn in 2Q2024, driven by higher OPD visits and inpatient occupancy rates, boosted by the Mouwasat Center in Madinah, improved contracts, better resource performance, and efficiency gains. However, revenue declined 4.5% QoQ due to seasonal factors, including the Eid holidays and summer vacations.
- Gross profit for 2Q2024 rose 5.2% YoY to SAR 307mn (-11.1% QoQ), with the gross margin declining by 2.1ppts YoY and 3.3ppts QoQ to 44.5%.
- Operating profit increased 0.7% YoY to SAR 176mn in 2Q2024 despite higher general and administrative expenses. On a QoQ basis, operating profit fell 9.8% due to lower revenue, despite reduced selling and distribution expenses, with operating margins decreasing by 2.4ppts YoY and 1.5ppts QoQ to 25.5%.
- In 1H2024, net income rose 2.2% YoY to SAR 324mn, mainly due to revenue growth and reduced financing costs from loan repayments, although profit margins were pressured by higher expected credit loss provisions from continued hedging on customer balances. Net profit margin declined by 1.6ppts to 22.9%.
- In 1H2024, revenue grew 9.4% YoY to SAR 1,413mn, driven by increased OPD visits and inpatient occupancy, the launch of the Mouwasat Center in Madinah, improved contract terms, enhanced hospital resource performance, and operational efficiency improvements.

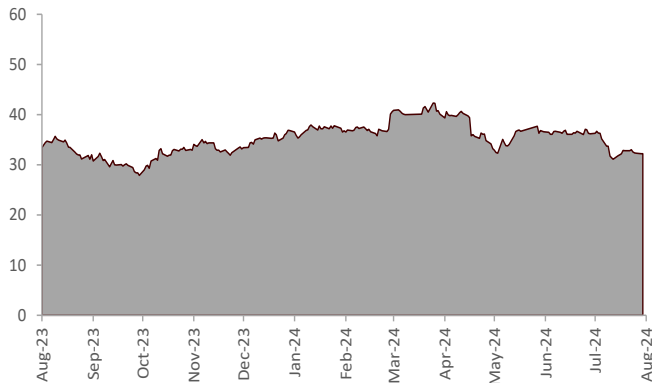
**Outlook & Valuation:** Saudi Arabia's healthcare sector is undergoing rapid transformation, driven by increasing life expectancy and growing demand for services. As a leading private healthcare provider, Mouwasat is well-placed to benefit from these shifts. The company is actively expanding its footprint by building or acquiring hospitals across key and remote areas of the kingdom. Revenue is anticipated to grow steadily with capacity expansion, supported by favorable market conditions in the coming years. Additionally, Mouwasat is focusing on enhancing profitability through operational improvements. Based on relative valuation, we arrive at a fair value of SAR 128.5/share. Considering a healthy upside of 20.1% from the current levels, we recommend a Buy rating on the stock.

## Financial Summary

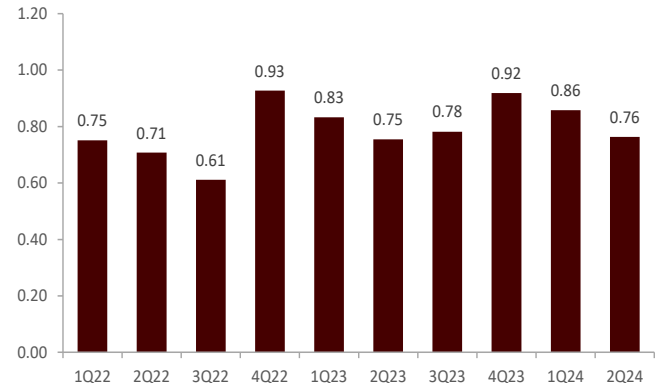
SAR (mn)	2Q2024	2Q2023	YoY	1Q2024	QoQ
Revenue	690	627	10%	723	-4%
Gross profit	307	293	5%	346	-11%
Gross margin (%)	45%	47%		48%	
EBIT	176	175	0%	195	-10%
EBIT margin (%)	26%	28%		27%	
Net Income	153	151	1%	172	-11%
Net margin (%)	22%	24%		24%	
EPS (SAR)	0.8	0.8	1%	0.9	-11%

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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