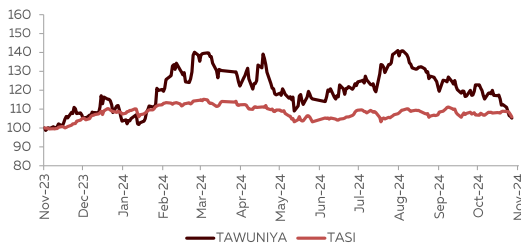


The Company for Cooperative Insurance (Tawuniya)

Recommendation	Buy
Current Market Price (SAR)	126.0
52wk High / Low (SAR)	176.0/117.4
Mkt. Cap. (USD/SAR Mn)	5,269/19,770
Shares Outstanding (mn)	150.0
Free Float (%)	74.1%
3m Average Vol. (000)	342.7
3m Avg Daily Turnover (SAR'000)	50,383
Dividend Yield '24e (%)	1.6%
P/E'24e (x)	16.2

Source: Bloomberg

Relative Price Performance



Key Indicators

SAR (mn)	2022	2023	2024e	2025e
Insurance revenue	11,408	15,265	18,319	21,066
Insurance service expenses	(10,485)	(14,067)	(15,571)	(18,117)
Net insurance service result	317	681	1,221	1,402
Net insurance service result Margin (%)	3%	4%	7%	7%
Net financial results	372	436	508	547
Net insurance and financial results	542	1,065	1,716	1,937
Net Income	302	616	1,167	1,347
Net income margin (%)	3%	4%	6%	6%
EPS (SAR)	2.42	4.11	7.78	8.98
ROE (%)	10%	18%	28%	26%

Source: Company Reports, Yaqeen Capital

Major Shareholders (%)

General Organization for Social Insurance	25.86%
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Source: Bloomberg, Yaqeen Capital

Earnings decline amid higher expenses and seasonality

- Tawuniya's net income dropped 4.2% YoY to SAR 198mn in 3Q2024, primarily due to higher operating expenses supporting revenue growth as part of the company's 2025 strategy investments. On a QoQ basis, net income fell 57.0% due to seasonality. The net margin declined 1.0ppt YoY and by 6.2ppts QoQ to 4.2% in 3Q2024.
- Insurance revenue grew 18.6% YoY (+6.4% QoQ) to SAR 4,696mn in 3Q2024, driven by expansion in the company's key sectors.
- Net insurance service results surged 43.9% YoY to SAR 210mn in 3Q2024, reflecting higher insurance revenue. QoQ, it decreased by 57.3% due to seasonality. The net insurance results margin rose 4.5ppts YoY but declined 6.7ppts QoQ to 4.5% in 3Q2024.
- Net insurance financial results increased 9.3% YoY to SAR 357mn in 3Q2024, supported by better insurance service results and higher investment income from portfolio growth. QoQ, it dropped 39.6% due to weaker insurance service results.
- In 9M2024, net income rose 62.2% to SAR 854mn, driven by improved insurance service results from lower claims and better claim management, as well as higher investment income due to portfolio expansion. The net income margin improved 1.6ppts to 6.3%.
- Revenue in 9M2024 grew 22.0% to SAR 13,494mn, fueled by growth in the company's core business sectors.

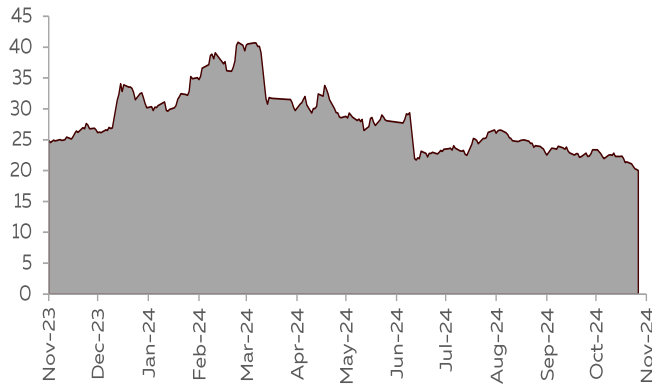
Outlook & Valuation: The Saudi insurance market is experiencing strong growth, driven mainly by stricter regulations in the medical and motor insurance sectors. The health insurance segment is expected to continue its upward momentum, potentially bringing over 2.5mn individuals from the private sector into the market in the coming years, fueled by improved enforcement. As a market leader, Tawuniya is well positioned to benefit from these trends, with Gross Written Premium (GWP) growth expected in the medium to long term. We maintain a positive outlook for the company, given its strong growth potential and increasing profitability. Based on the Residual income valuation, we arrive at a fair value of SAR 148.0/share, offering an Upside of 17.5% from the current level. Hence, we recommend a Buy rating on the stock.

Financial Summary

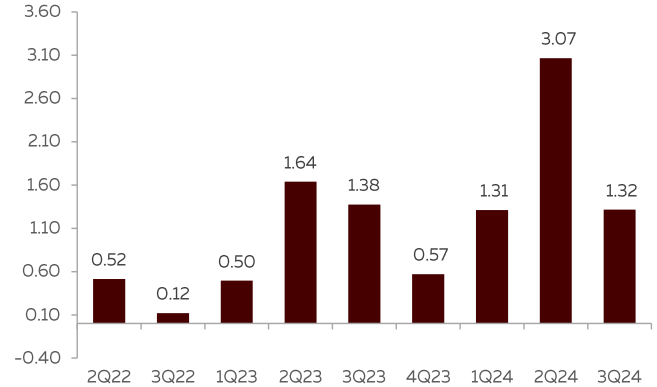
SAR (mn)	3Q2024	3Q2023	YoY	2Q2024	QoQ
Insurance revenue	4,696	3,961	19%	4,412	6%
Insurance service expenses	(3,938)	(3,528)	12%	(3,419)	15%
Net insurance service result	210	146	44%	492	-57%
Net insurance service result Margin (%)	4%	4%		11%	
Net financial results	167	131	27%	155	8%
Net insurance and financial results	357	327	9%	591	-40%
Net Income	198	206	-4%	460	-57%
Net income margin (%)	4%	5%		10%	
EPS (SAR)	1.32	1.38	-4%	3.07	-57%

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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