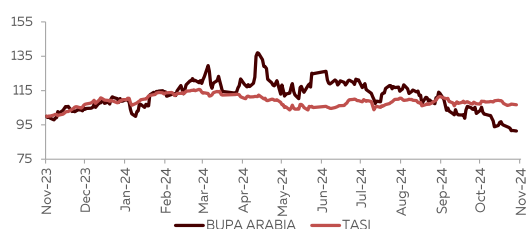


Bupa Arabia for Cooperative Insurance Co. (Bupa Arabia)

Recommendation	Buy
Current Market Price (SAR)	183.2
52wk High / Low (SAR)	284.6/180.6
Mkt. Cap. (USD/SAR Mn)	7,227/27,120
Shares Outstanding (mn)	150.0
Free Float (%)	56.5%
3m Average Vol. (000)	189.9
3m Avg Daily Turnover (SAR'000)	39,447
Dividend Yield '24e (%)	3.3%
P/E'24e (x)	20.6

Source: Bloomberg

Relative Price Performance



Key Indicators

SAR (mn)	2022	2023	2024e	2025e
Insurance revenue	12,873	15,888	18,668	21,375
Insurance service expense	(12,206)	(14,994)	(17,170)	(19,564)
Insurance service result	638	865	1,446	1,752
Insurance service result Margin (%)	5%	5%	8%	8%
Net investment results	552	513	514	514
Net insurance and investment results	1,190	1,378	1,960	2,266
Net Income	805	940	1,395	1,626
Net margin	6%	6%	7%	8%
EPS (SAR)	5.37	6.27	9.30	10.84
ROE (%)	18%	20%	26%	27%

Source: Company Reports, Yaqeen Capital

Major Shareholders (%)

Bupa Investment Overseas Ltd	43.25%
Nazir Holding Group	5.01%

Source: Bloomberg, Yaqeen Capital

Earnings improved YoY driven by higher insurance revenue

- Bupa Arabia's net income rose by 29.4% YoY to SAR 356mn in 3Q2024, supported by business growth, more insured lives, and higher investment results, though partially offset by increased expenses and a decline in gross written premiums. QoQ, net income declined by 11.9% due to claims seasonality, investment fluctuations, higher expenses. The net margin stood at 7.8%, up 1.1ppts YoY but down 1.0ppts QoQ.
- Insurance revenue grew 11.2% YoY to SAR 4,552mn in 3Q2024, driven by business growth and more insured lives, but decreased 1.0% QoQ due to seasonal factors.
- Insurance service results increased by 33.7% YoY to SAR 344mn, primarily from business growth and higher insured lives, but fell 8.9% QoQ due to claims seasonality. The insurance results margin rose 1.3ppts YoY but dropped 0.7ppts QoQ to 7.6%.
- Other operating expenses rose 32.7% YoY and 0.9% QoQ to SAR 109mn, reflecting higher spending to support growth.
- Gross written premiums (GWP) dropped 9.4% YoY but rose 15.6% QoQ to SAR 4,181mn in 3Q2024.
- For 9M2024, net income increased by 34.1% YoY to SAR 1,120mn, driven by growth in business and insured lives, along with better insurance service and investment results, partially offset by higher expenses and lower other revenue. The net margin rose 1.2ppts YoY to 8.3%.
- Insurance revenue for 9M2024 grew by 15.0% YoY to SAR 13,489mn, primarily due to business growth and increased insured lives.

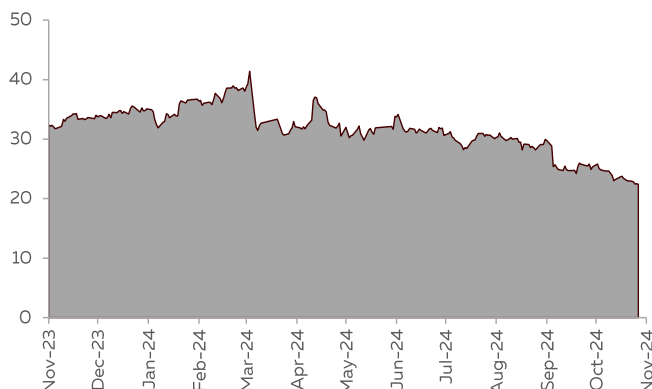
Outlook & Valuation: Saudi Arabia's health insurance market is expanding rapidly, driven by mandatory coverage for private sector employees and their dependents. This growth is likely to persist, with potential enforcement enhancements expected to bring more individuals into the insured pool in the coming years. As the market leader, Bupa Arabia is well positioned to benefit, with expected growth in gross written premiums (GWP) over the medium to long term. The company has also received approval to market and sell its new "Bupa Sports" insurance product. We remain optimistic about the company's prospects, supported by strong growth potential, a solid investment portfolio, rising profitability, and appealing dividends. Based on the Residual income valuation, we arrive at a fair value of SAR 214.0/share, offering an upside of 16.8% from the current level. Hence, we recommend a Buy rating on the stock.

Financial Summary

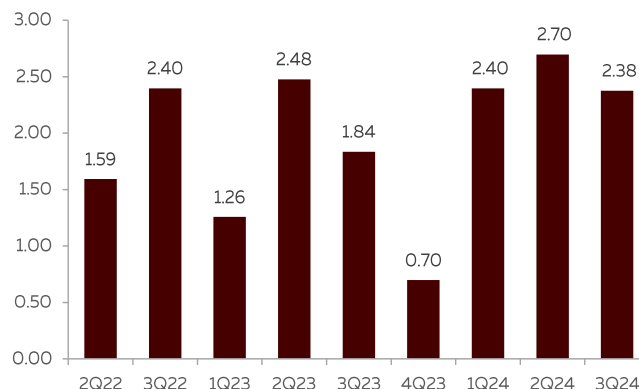
SAR (mn)	3Q2024	3Q2023	YoY	2Q2024	QoQ
Insurance revenue	4,552	4,093	11%	4,562	0%
Insurance service expense	(4,193)	(3,828)	10%	(4,172)	1%
Insurance service result	344	257	34%	377	-9%
Insurance service result Margin (%)	8%	6%		8%	
Net investment results	174	141	23%	183	-5%
Net insurance and investment results	517	398	30%	560	-8%
Net Income	356	275	29%	405	-12%
Net margin (%)	8%	7%		9%	
EPS (SAR)	2.38	1.84	29%	2.70	-12%

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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