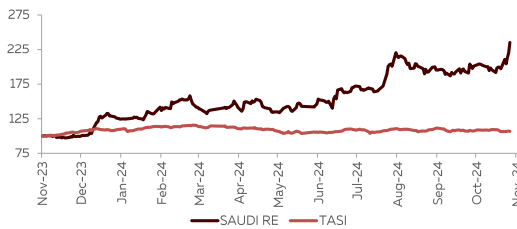


Saudi Reinsurance Co. (Saudi Re)

Recommendation	Sell
Current Market Price (SAR)	43.3
52wk High / Low (SAR)	46.7/17.7
Mkt. Cap. (USD/SAR Mn)	1,098/4,121
Shares Outstanding (mn)	89.1
Free Float (%)	98.3%
3m Average Vol. (000)	1,613.4
3m Avg Daily Turnover (SAR'000)	61,127.9
P/E'24e (x)	6.9
P/B'24e (x)	2.3

Source: Bloomberg

Relative Price Performance



Key Indicators

SAR (mn)	2022	2023	2024e	2025e
Reinsurance revenue	697	627	1,035	1,138
Reinsurance service expenses	(591)	(510)	(839)	(921)
Reinsurance service result	84	120	198	220
Reinsurance service result Margin (%)	12%	19%	19%	19%
Net financial results	10	26	386	12
Net reinsurance and investment results	93	146	585	232
Net Income	76	124	561	225
Net margin (%)	11%	20%	54%	20%
EPS (SAR)	0.85	1.40	6.30	2.52
ROE (%)	8%	11%	39%	12%

Source: Company Reports, Yaqeen Capital

Major Shareholders (%)

Abdulatif Ali Abdulatif AlFozan	0.65%
Ahmed Mohammed Ahmed Sabbagh	0.40%

Source: Bloomberg, Yaqeen Capital

Earnings surged on revenue growth and one-off gains

- Saudi Re's net income surged by 1,073.0% YoY (+819.1% QoQ) to SAR 400mn in 3Q2024, driven by an 87.8% YoY rise in insurance results, a 64.7% YoY and 23.8% QoQ growth in insurance revenues, and a significant increase in net investment profit (2,438.9% YoY and 4,111.9% QoQ), primarily due to SAR 366mn capital gains from the Probitas Holding stake sale (SAR 359m after GBP forward contract impact).
- Reinsurance revenue jumped 64.7% YoY and 23.8% QoQ to SAR 341mn in 3Q2024, driven by business growth aligned with the company's strategy and plan.
- The reinsurance service result rose 87.8% YoY to SAR 54mn, supported by higher reinsurance revenue and net retrocession income, but declined 4.1% QoQ due to increased reinsurance service expenses. The reinsurance results margin improved by 1.9ppts YoY to 15.7% but dropped by 4.6ppts QoQ.
- Net investment income surged 2,438.9% YoY and 4,111.9% QoQ to SAR 390mn in 3Q2024, reflecting capital gains from the Probitas Holding stake sale.
- For 9M2024, net income grew 351.3% YoY to SAR 475mn, fueled by a 39.1% rise in insurance results, a 66.8% increase in insurance revenues, and a 947.1% surge in net investment profit, primarily from SAR 366mn capital gains on the Probitas Holding stake sale (SAR 355mn after GBP forward contract impact).
- Reinsurance revenue for 9M2024 rose 66.8% YoY to SAR 824mn, reflecting the company's strategic business growth.

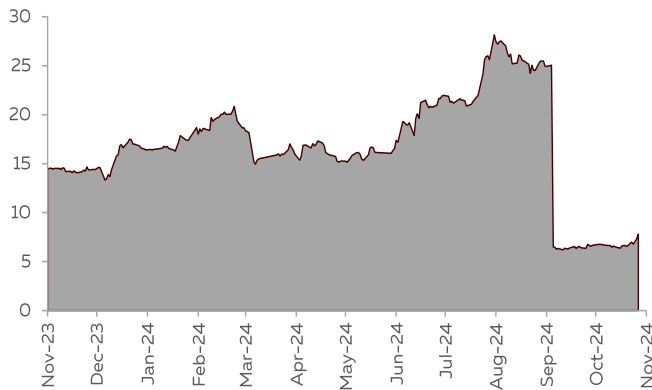
Outlook & Valuation: The Saudi Arabian reinsurance market has experienced substantial growth, driven by ongoing regulatory reforms. Key initiatives, such as the successful implementation of the local cession mechanism and the phased enforcement of a minimum 30% local cession, are expected to boost medium-term growth in the sector. Additionally, the introduction of mandatory third-party motor liability coverage is creating further opportunities in the domestic reinsurance market. As a leading reinsurer, Saudi Re is well-placed to capitalize on the anticipated increase in premium growth over the medium to long term. The stock is currently trading at a P/B ratio of 2.3x and has seen a substantial gain of more than 230% YTD. This sharp increase, combined with its premium valuation, indicates that the stock may have exceeded its underlying fundamentals. Based on the Residual income valuation, we arrive at a fair value of SAR 36.6/share, offering a downside of 15.4% from the current level. Hence, we recommend a Sell rating on the stock.

Financial Summary

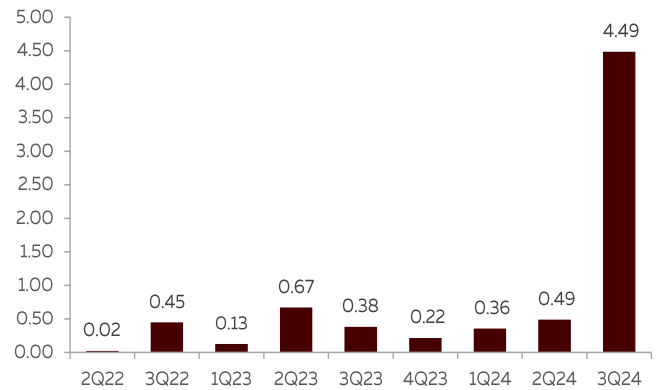
SAR (mn)	3Q2024	3Q2023	YoY	2Q2024	QoQ
Reinsurance revenue	341	207	65%	276	24%
Reinsurance service expense	(384)	(210)	82%	(177)	117%
Reinsurance service result	54	29	88%	56	-4%
Reinsurance service result Margin (%)	16%	14%		20%	
Net financial results	370	7	5,226%	5	7,750%
Net reinsurance and investment results	423	36	1,092%	61	598%
Net Income	400	34	1,073%	43	819%
Net margin (%)	117%	16%		16%	
EPS (SAR)	4.49	0.38	1,073%	0.49	819%

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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