

Healthcare

BUY: 12M TP @ 85

Upside of +12.0%

Valuation Summary (TTM)

Price (SAR)	75.9
PER TTM (x)	21.5
P/Book (x)	4.3
P/Sales (x)	5.0
EV/Sales (x)	5.2
EV/EBITDA (x)	15.8
Dividend Yield (%)	2.6
Free Float (%)	45%
Shares O/S (mn)	200
YTD Return (%)	-11%
Beta	0.9

(mn)	SAR	USD
Market Cap	15,180	4,045
Enterprise Value	15,826	4,217

Price performance (%)	1M	3M	12M
Mouwasat Medical Services C	-3%	-3%	-28%
Tadawul All Share Index	-4%	-5%	-8%

Trading liquidity (,000)	1M	3M	6M
Avg daily turnover (SAR ,000)	16,500	23,723	39,924
Avg Daily Volume (,000)	243	316	526

52 week	High	Low	CTL*
Price (SAR)	111.60	65.60	15.7

* CTL is % change in CMP to 52wk low

Major shareholders

Al-Subaie Nasser	19.2%
Al-Subaie Mohammed	17.8%
Al-Saleem Suleiman	17.5%
Others	45.4%

Other details

Exchange	Saudi Arabia
Sector	Healthcare-Services
Index weight (%)	0.5%

Key ratios	2022	2023	2024
EPS (SAR)	3.00	3.29	3.23
BVPS (SAR)	14.61	16.39	17.84
DPS (SAR)	1.50	1.75	2.00
Payout ratio (%)	50%	53%	62%



Mouwasat: Performance broadly inline

Mouwasat Medical Services Co reported 2Q25 revenue of SAR 796 mn, up 15.4% YoY and 2.3% above our forecast. Growth was driven by a 17.1% YoY increase in hospital revenue, while pharmaceutical revenue rose a more modest 6.6% YoY. Hospital revenue growth stemmed from higher inpatient utilization, increased outpatient inflow, and improved contractual terms with key clients. Gross profit rose 15.9% YoY to SAR 356 mn, with gross margins improving slightly to 44.8% in 2Q25 from 44.5% in 2Q24. Operating expenses increased 16.5% YoY due to higher SG&A costs, although lower provisions for credit losses partially offset the rise. Finance expenses fell 32.3% YoY, reflecting a lower cost of funds. Leverage, at 20.6% (debt-to-capital), remained well controlled. Net income grew 22.4% YoY to SAR 187 mn, supported by revenue growth, higher other income, and reduced zakat provisions. This result was 2.5% ahead of our forecast, consistent with the topline beat.

Investment thesis and valuations: Mouwasat is a leading healthcare provider in the Kingdom, operating 1,600 beds and 600 clinics. In 2024, the company's profitability came under pressure, with operating margins declining to 24.9% from a historical average of 27–28%. Margins improved to 27.5% in 1Q25 but eased to 25.5% in 2Q25, as expected, due to the likely recruitment for upcoming facilities. We anticipate margins will remain around current levels for the rest of the year and into the medium term until new facilities reach operational stability. Mouwasat plans to add approximately 500 new beds in 2025, an increase of over 30% from current capacity, and is also developing a 120-bed facility in Riyadh. The latter project is still in the design stage and has yet to begin construction. These capacity expansions provide strong visibility for topline growth. However, the impact of new facilities on margins and the company's ability to navigate competition will be key factors to monitor in the coming quarters. Mouwasat is currently trading at 20x its 2025e EPS, suggesting further upside for the stock. Following its 2Q25 operating performance, we maintain our estimates and target price of **SAR 85 per share**, reiterating our **Buy** rating.

Income Statement (SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Revenue	2,144	2,334	2,706	2,879	3,177	3,695	4,113	4,422
Cost of sales	(1,148)	(1,233)	(1,392)	(1,590)	(1,781)	(2,103)	(2,341)	(2,554)
Gross profit	996	1,102	1,313	1,289	1,395	1,592	1,772	1,868
Operating expenses	(374)	(436)	(565)	(573)	(561)	(605)	(650)	(695)
Operating profit	622	666	748	716	835	987	1,122	1,173
Other income	18	17	25	20	21	21	21	22
Net finance income	(8)	(23)	(46)	(30)	(30)	(30)	(40)	(34)
Earnings before tax	632	660	727	706	825	978	1,103	1,161
Tax	(22)	(28)	(39)	(36)	(42)	(50)	(57)	(60)
Net income pre minority interest	610	633	688	670	783	928	1,047	1,101
Minority interest	(32)	(33)	(31)	(24)	(28)	(33)	(37)	(39)
Net income post minority interest	578	599	658	646	755	895	1,010	1,062

Balance Sheet (SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Property and equipment	2,419	2,808	3,046	3,510	3,724	3,997	4,118	4,260
Other non-current assets	325	280	301	137	127	118	108	99
Total non-current assets	2,744	3,088	3,347	3,646	3,851	4,114	4,226	4,359
Trade receivables	791	1,036	1,153	925	1,021	1,187	1,322	1,421
Inventories	187	203	197	232	260	307	342	373
Cash and cash equivalents	157	144	49	427	381	343	250	535
Other current assets	180	190	219	173	348	523	973	973
Total current assets	1,315	1,574	1,618	1,756	2,010	2,360	2,886	3,301
Total assets	4,059	4,662	4,965	5,403	5,861	6,474	7,112	7,660
Share Capital	1,000	1,000	2,000	2,000	2,000	2,000	2,000	2,000
Total reserves	1,604	1,923	1,277	1,568	1,923	2,371	2,875	3,406
Minority interest	98	153	150	145	173	206	243	283
Total equity	2,702	3,076	3,427	3,714	4,096	4,577	5,119	5,689
Lease liabilities current portion	4	4	4	4	4	4	4	0
Short-term loans	233	235	266	174	105	105	105	308
Trade payables	219	215	232	277	310	366	408	445
Other current liabilities	184	313	329	427	478	564	628	685
Total current liabilities	640	767	831	881	897	1,040	1,145	1,438
Non-current lease liabilities	28	25	19	19	16	12	8	0
Loans and borrowings	564	628	500	565	627	622	616	308
Other non-current liabilities	125	165	188	224	224	224	224	224
Total non-current liabilities	717	818	707	808	867	858	848	532
Total Liabilities	1,357	1,585	1,538	1,689	1,764	1,897	1,994	1,970
Equity and liabilities	4,059	4,662	4,965	5,403	5,861	6,474	7,112	7,660

Cash Flows (SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Cash from operations	683	707	814	1,256	1,016	1,148	1,282	1,375
Cash from investments	(446)	(473)	(475)	(468)	(651)	(729)	(861)	(442)
Cash from financing	(240)	(247)	(434)	(411)	(409)	(457)	(514)	(648)
Net changes in cash	(3)	(13)	(95)	378	(45)	(38)	(93)	284
Closing balance (C/b)	157	144	49	427	381	343	250	535







Ratios	2021	2022	2023	2024	2025e	2026e	2027e	2028e
<u>Per Share (SAR)</u>								
EPS	2.9	3.0	3.3	3.2	3.8	4.5	5.0	5.3
BVPS	13.0	14.6	16.4	17.8	19.6	21.9	24.4	27.0
DPS	1.4	1.5	1.8	2.0	2.0	2.2	2.5	2.7
FCF/share	1.2	1.2	1.7	3.9	1.8	2.1	2.1	4.7
Revenue/share	10.7	11.7	13.5	14.4	15.9	18.5	20.6	22.1
<u>Valuations</u>								
M.Cap (SAR mn)	17,546	21,575	22,408	18,000	15,180	15,180	15,180	15,180
EV (SAR mn)	18,215	22,365	23,197	18,395	15,464	15,351	15,022	14,660
P/E	30.3	36.0	34.1	27.9	20.1	17.0	15.0	14.3
EV/EBITDA	23.4	26.2	23.9	19.3	14.0	12.0	10.6	9.9
EV/Sales	8.5	9.6	8.6	6.4	4.9	4.2	3.7	3.3
P/BV	6.7	7.4	6.8	5.0	3.9	3.5	3.1	2.8
P/S	8.2	9.2	8.3	6.3	4.8	4.1	3.7	3.4
Div. yield	1.6%	1.4%	1.6%	2.2%	2.6%	2.9%	3.3%	3.5%
FCF yield	1.4%	1.1%	1.5%	4.4%	2.4%	2.8%	2.8%	6.1%
<u>Liquidity</u>								
Cash Ratio	0.2	0.2	0.1	0.5	0.4	0.3	0.2	0.4
Current ratio	2.1	2.1	1.9	2.0	2.2	2.3	2.5	2.3
Quick ratio	1.8	1.8	1.7	1.7	1.9	2.0	2.2	2.0
<u>Return ratio</u>								
ROA	14.2%	12.9%	13.2%	12.0%	12.9%	13.8%	14.2%	13.9%
ROE	22.2%	20.5%	20.1%	18.1%	19.2%	20.5%	20.7%	19.6%
ROCE	17.6%	16.8%	17.7%	16.0%	17.2%	18.5%	19.2%	18.6%
<u>Cash cycle</u>								
Trade receivables	2.7	2.3	2.3	3.1	3.1	3.1	3.1	3.1
Inventory	6.1	6.1	7.1	6.9	6.9	6.9	6.9	6.9
Payable turnover	5.2	5.7	6.0	5.7	5.7	5.7	5.7	5.7
Receivables days	133	160	153	116	116	116	116	116
Inventory days	59	59	51	53	53	53	53	53
Payable days	69	63	60	63	63	63	63	63
Cash Cycle	123	156	144	106	106	106	106	106
<u>Profitability ratio</u>								
Gross margins	46.4%	47.2%	48.5%	44.8%	43.9%	43.1%	43.1%	42.2%
EBITDA margins	36.4%	36.6%	35.9%	33.1%	34.8%	34.6%	34.6%	33.5%
Operating margins	29.0%	28.5%	27.7%	24.9%	26.3%	26.7%	27.3%	26.5%
PBT margins	29.5%	28.3%	26.9%	24.5%	26.0%	26.5%	26.8%	26.3%
Net margins	27.0%	25.7%	24.3%	22.4%	23.8%	24.2%	24.5%	24.0%
Effective tax rate	3.4%	4.2%	5.3%	5.1%	5.1%	5.1%	5.1%	5.1%
<u>Leverage</u>								
Total debt (SAR mn)	829	892	788	762	752	743	734	616
Net debt (SAR mn)	672	748	739	335	371	400	483	82
Debt/Capital	23.5%	22.5%	18.7%	17.0%	15.5%	14.0%	12.5%	9.8%
Debt/Total assets	20.4%	19.1%	15.9%	14.1%	12.8%	11.5%	10.3%	8.0%
Debt/Equity	30.7%	29.0%	23.0%	20.5%	18.4%	16.2%	14.3%	10.8%
Debt/EBITDA	1.1	1.0	0.8	0.8	0.7	0.6	0.5	0.4
Net debt/EBITDA	0.9	0.9	0.8	0.4	0.3	0.3	0.3	0.1

Key contacts

Research Team

Joice Mathew	Manna Thomas ACCA	Contact Address
Sr. Manager - Research	Research Associate	P. O Box: 2566; P C 112
E-Mail: joyce@usoman.com	Email: manna.t@usoman.com	Sultanate of Oman
Tel: +968 2476 3311	Tel: +968 2476 3347	Tel: +968 2476 3300

Rating Criteria and Definitions

Rating	Rating Definitions
 Strong Buy	Strong Buy This recommendation is used for stocks whose current market price offers a deep discount to our 12-Month target price and has an upside potential in excess of 20%
 Buy	Buy This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 10% to 20%
 Hold	Hold This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 0% to 10%
 Neutral	Neutral This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between 0% to -10%
 Sell	Sell This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between -10% to -20%
 Strong Sell	Strong Sell This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential in excess of 20%
Not rated	Not rated This recommendation used for stocks which does not form part of Coverage Universe

Disclaimer

This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions. Opinion expressed is our current opinion as of the date appearing on this material only. We do not undertake to advise you as to any change of our views expressed in this document. While we endeavor to update on a reasonable basis the information discussed in this material, United Securities, its subsidiaries and associated companies, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that prevent us from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true and are for general guidance only. While every effort is made to ensure the accuracy and completeness of information contained, the company takes no guarantee and assumes no liability for any errors or omissions of the information. No one can use the information as the basis for any claim, demand or cause of action.

Recipients of this material should rely on their own investigations and take their own professional advice. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment. Price and value of the investments referred to in this material may go up or down. Past performance is not a guide for future performance. United Securities LLC, and affiliates, including the analyst who has issued this report, may, on the date of this report, and from time to time, have long or short positions in, and buy or sell the securities of the companies mentioned herein or engage in any other transaction involving such securities and earn brokerage or compensation or act as advisor or have other potential conflict of interest with respect to company/ies mentioned herein or inconsistent with any recommendation and related information and opinions. United Securities LLC and affiliates may seek to provide or have engaged in providing corporate finance, investment banking or other advisory services in a merger or specific transaction to the companies referred to in this report, as on the date of this report or in the past.