The Company for Cooperative Insurance

July 30, 2026

Elevated claims drove a 31% YoY drop in net profit, with results coming in below consensus

Last Price: SAR 122.6 | YoY Performance: -8.8%

KEY TAKEAWAYS

- The Company for Cooperative Insurance (Tawuniya) reported net profit of SAR 321.8 mn in 2Q26, a sharp 31.2% YoY decline, and 23.6% below our SAR 421.3 mn estimate, as a spike in insurance claims overwhelmed strong topline growth. On sequential basis net profit increased 11.7% from SAR 288.1 mn reported in 1Q26.
- Insurance revenue grew a robust 19.2% YoY to SAR 6,228.0 mn, broadly in line with our estimates, driven by growth across the company's main business lines. Total GWP rose even faster, up 30.4% YoY to SAR 7,000.8 mn.
- The real pressure came from costs as insurance service expenses more than doubled, up 114.0% YoY to SAR 8,822.0 mn – a significant 83.7% overshoot versus our estimate of SAR 4,802.5 mn. Management attributed the spike to large engineering, energy, and climate-related claims in the general insurance segment, a seasonal shift in health claims timing, and a higher loss ratio in the non-retail motor book.
- As a result of higher claims, insurance service result before reinsurance turned to a loss of SAR 2,594.0 mn from a profit of SAR 1,104.4 mn in 2Q25. However, reinsurance recoveries of SAR ~2,878.2 mn cushioned some of the impact of higher expenses, reversing from the net reinsurance expense of SAR 619.4 mn last year.
- Combined ratios for 2Q26 increased to 95.4% in 2Q26 from 90.7% recorded in 2Q25 and coming in 3.4% higher than our 92.0% forecast.
- Net investment income was a bright spot, as it came in 35.9% higher YoY at SAR 235.7 mn, while the investment book increased to SAR 13.5 bn, up 11.1% YoY.
- Net profit attributable to the shareholders for the quarter came in at SAR 321.8 down 31.2% YoY, missing our estimated profit of SAR 421.3 mn by 23.6%.
- Based on our last review, we maintain an "Overweight" rating on Tawuniya's stock, with a target price of SAR 180/sh. The stock currently trades at a 2026e P/E and P/B of 14.1x and 2.9x, respectively.

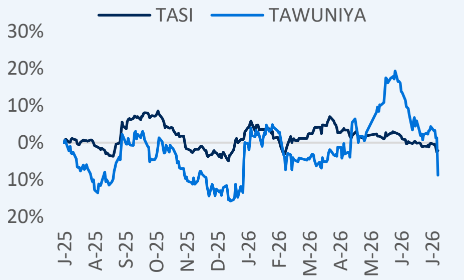
Analyst Contact:
Muhammad Adnan Afzal
Head of Sell-Side Research
muhammad.afzal@anbcapital.com.sa
+966 11 4062500 Ext. 4364

Issuer Information

Bloomberg Code	**TAWUNIYA AB**
Last Price (SAR)	**122.6**
No of Shares (mn)	**150**
Market Cap bn (SAR/USD)	**18.4 / 4.9**
52-week High / Low (SAR)	**161.6 / 111.8**
12-month ADTV (mn) (SAR/USD)	**48.4 / 12.9**
Free Float (%)	**74.1**
Foreign Holdings (%)	**19.2**

Last price as of July 30th, 2026

Relative Price Performance



Source: Bloomberg, anbc research

Financials (SAR mn)	2Q26A	2Q26E*	Var (%)	2Q25A	YoY (%)	1Q26A	QoQ (%)
Insurance service revenue	6,228	6,068	*2.6*	5,226	*19.2*	5,769	*8.0*
Insurance service expense	(8,822)	(4,802)	*83.7*	(4,122)	*114.0*	(5,510)	*60.1*
Ins. service result pre reinsurance	(2,594)	1,266	-	1,104	-	259	-
Ins. service margin pre reinsurance	*-41.7%*	*20.9%*	-	*21.1%*	-	*4.5%*	-
Net reinsurance expense	2,878	(780)	-	(619)	-	121	*2279.3*
Insurance service result	284	485	*-41.5*	485	*-41.4*	380	*-25.1*
Insurance service margin	*4.6%*	*8.0%*	-	*9.3%*	-	*6.6%*	-
Net investment income	236	198	*18.9*	173	*35.9*	180	*30.7*
Net income	322	421	*-23.6*	467	*-31.2*	288	*11.7*
Net margin (%)	*5.2%*	*6.9%*	-	*8.9%*	-	*5.0%*	-
EPS	**2.15**	**2.82**	*-23.6*	**3.12**	*-31.2*	**1.93**	*11.7*

**anbc estimates*
Source: Company Financials, anbc research

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Contact

ANB Capital Head Office

3581 Al Mouyyad Al Jadid, Al Murabba, Riyadh 11311,

PO Box 22009, Kingdom of Saudi Arabia

Tel: +966 11 406 2500, 800 124 0055

Email: research@anbcapital.com.sa

Web: www.anbcapital.com.sa