

Market Data	
52-week high/low	SAR 313.4/240.0
Market Cap	SAR 90,300 mln
Shares Outstanding	350 mln
Free-float	29.14%
12-month ADTV	193,835
Bloomberg Code	SULAIMAN AB

■ Growth Story Intact, Upgrade to Buy

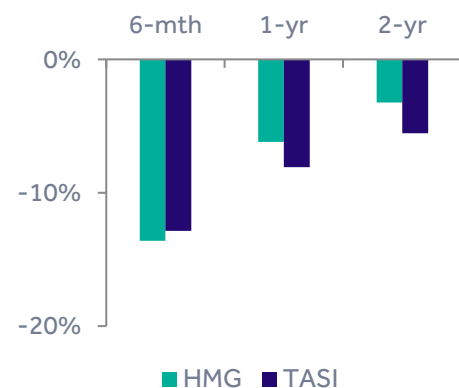
August 12, 2025

Upside to Target Price 20.2%
 Expected Dividend Yield 1.9%
 Expected Total Return 22.1%

Rating Buy
 Last Price SAR 258.00
 12-mth target SAR 310.00

HMG	2Q2025	2Q2024	Y/Y	1Q2025	Q/Q	RC Estimate
Sales	3,384	2,574	32%	3,158	7%	3,221
Gross Profit	1,066	878	21%	1,028	4%	1,044
Gross Margins	32%	34%		33%		32%
Operating Profit	645	552	17%	625	3%	639
Net Profit	591	555	6%	557	6%	580

(All figures are in SAR mln)



- 2Q revenues jumped +32% Y/Y and +7% Q/Q to SAR 3.38 bln, beating our SAR 3.22 bln forecast. The rise in the topline follows the strategic expansion being undertaken by the group as new hospitals and medical centers are coming online at regular intervals since last year. Hospital revenues has led with a growth of +32% Y/Y for 1H2025 versus 1H2024.
- Gross margins continue to be under pressure overall for the past few quarters as higher fixed costs from the expansions has weighed in. Gross margins compressed by over 100bps Q/Q to 31.5% in 2Q2025 likely on the back of staffing, pre-opening and ramp-up costs. Operating expenses of SAR 421 mln are marginally higher by +1% versus last quarter and our estimates.
- Net income was reported at SAR 591 mln (+6% Y/Y, +6% Q/Q), in-line with our forecast of SAR 580 mln. Net margin was mostly flat on a Q/Q basis at 17.5% but is substantially below 21.9% recorded last year, largely due to ramp-up costs of new projects as detailed above.
- The solid execution of expansion plans leads us to have a long-term positive view on the growth story. HMG has managed to commence operations at the Al Hamra Hospital Riyadh, Al Kharj Hospital and Al Muhammadiyah Hospital Jeddah in 1H2025. Market dynamics has resulted in some pressure in the HMG stock. We believe this is a good entry point to gain exposure to the health-care growth story. Hence, we upgrade our recommendation to a Buy with a target price of SAR 310.00.

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■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors

For any feedback on our reports, please contact research@riyadcapital.com

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