

Dallah Healthcare - 4Q23 Result Review

Analyst: Neetika Gupta

Recommendation:

UR

Previous TP & Date:

TP: SAR 160.50 per share on 20-Nov-2023

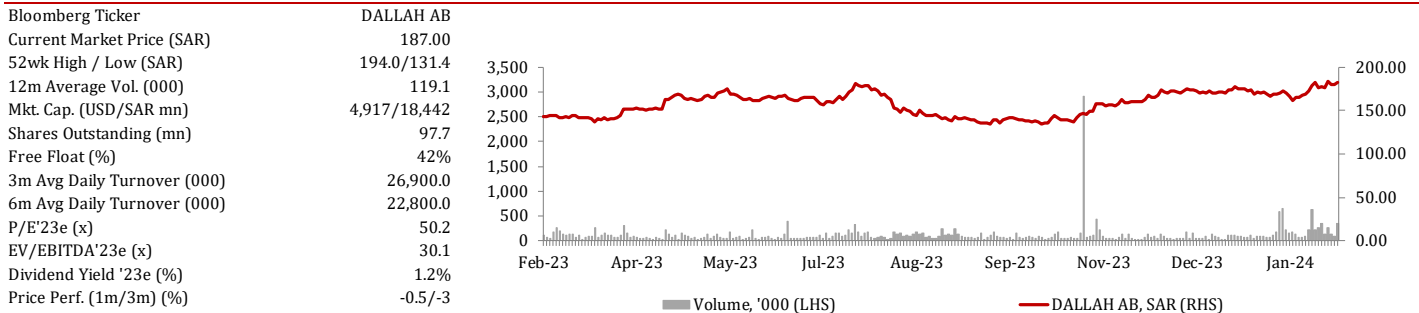
Target Price (SAR):

-

Current Upside / (Downside):

-

Date: 14-Mar-2024



Dallah's revenue growth in 4Q23 comes in line with consensus but exceeds U Capital's estimates

Dallah Healthcare posted 16% YoY revenue growth in 4Q23 driven by relatively higher capacity, which led to increased patient visits in both the inpatient and outpatient departments of its hospitals. The revenue, while coming in line with Bloomberg consensus estimates, exceeded our expectations.

Operating and net income beats both Bloomberg and U Capital's estimates likely on better cost management, and improved performance of associate companies

The company's operating and net income surged 59% and 45% YoY, respectively, in 4Q23, exceeding both the consensus and our estimates. The operating and net income outpacing revenue growth in 4Q23 suggests better cost management, while an increase in the share of income from associates also helped.

Place on Under Review

Post the much better-than-expected financial performance by Dallah, we put it Under Review (UR), and will hopefully come with an update after the availability of the detailed financials.

Valuation

At the current market price, the stock is trading at around 45.3x P/E and 28.5x EV/EBITDA, based on our FY 2024 estimates, well above its 3-year daily average forward P/E of about 32.4x and EV/EBITDA of 23.6x.

Income Statement												
(SAR mn)	4Q22	1Q23	2Q23	3Q23	4Q23	4Q23e	YoY (%)	QoQ (%)	Var (%)	FY 2022	FY 2023	YoY (%)
Sales/Revenue	693.9	716.6	670.4	749.8	806.0	754.1	16%	7%	7%	2,488.0	2,942.9	18.3%
Gross Profit (Loss)	239.8	266.8	235.1	280.9	295.9	260.8	23%	5%	13%	895.1	1,078.7	20.5%
Operating Profit (Loss)	101.7	132.5	87.9	124.8	161.2	121.5	59%	29%	33%	422.4	506.3	19.9%
Net Profit (Loss) after Zakat and tax	78.4	94.7	53.0	98.9	113.6	87.0	45%	15%	31%	274.5	360.1	31.2%
Balance Sheet												
(SAR mn)	4Q22	1Q23	2Q23	3Q23	4Q23	4Q23e	YoY (%)	QoQ (%)	Var (%)			
Shareholders' Equity	1,989.9	3,128.9	3,133.0	3,188.2	3,203.4	3,177.5	61%	0%	1%			
Key Ratios												
	4Q22	1Q23	2Q23	3Q23	4Q23	4Q23e						
Gross Profit Margin	34.6%	37.2%	35.1%	37.5%	36.7%	34.6%						
Operating Profit Margin	14.7%	18.5%	13.1%	16.6%	20.0%	16.1%						
Net Profit Margin	11.3%	13.2%	7.9%	13.2%	14.1%	11.5%						
Return on Equity (RoE)	15.8%	12.1%	6.8%	12.4%	14.2%	10.9%						
Annualized EPS (SAR)	3.49	3.93	2.17	4.05	4.65	3.56						
BVPS (SAR)					32.79	32.53						
TTM P/E (x)					50.7							
Current P/BV (x)					5.7							

Source: Financials, Tadawul Disclosure, Bloomberg, U Capital Research


For our earlier report, please [click here](#).

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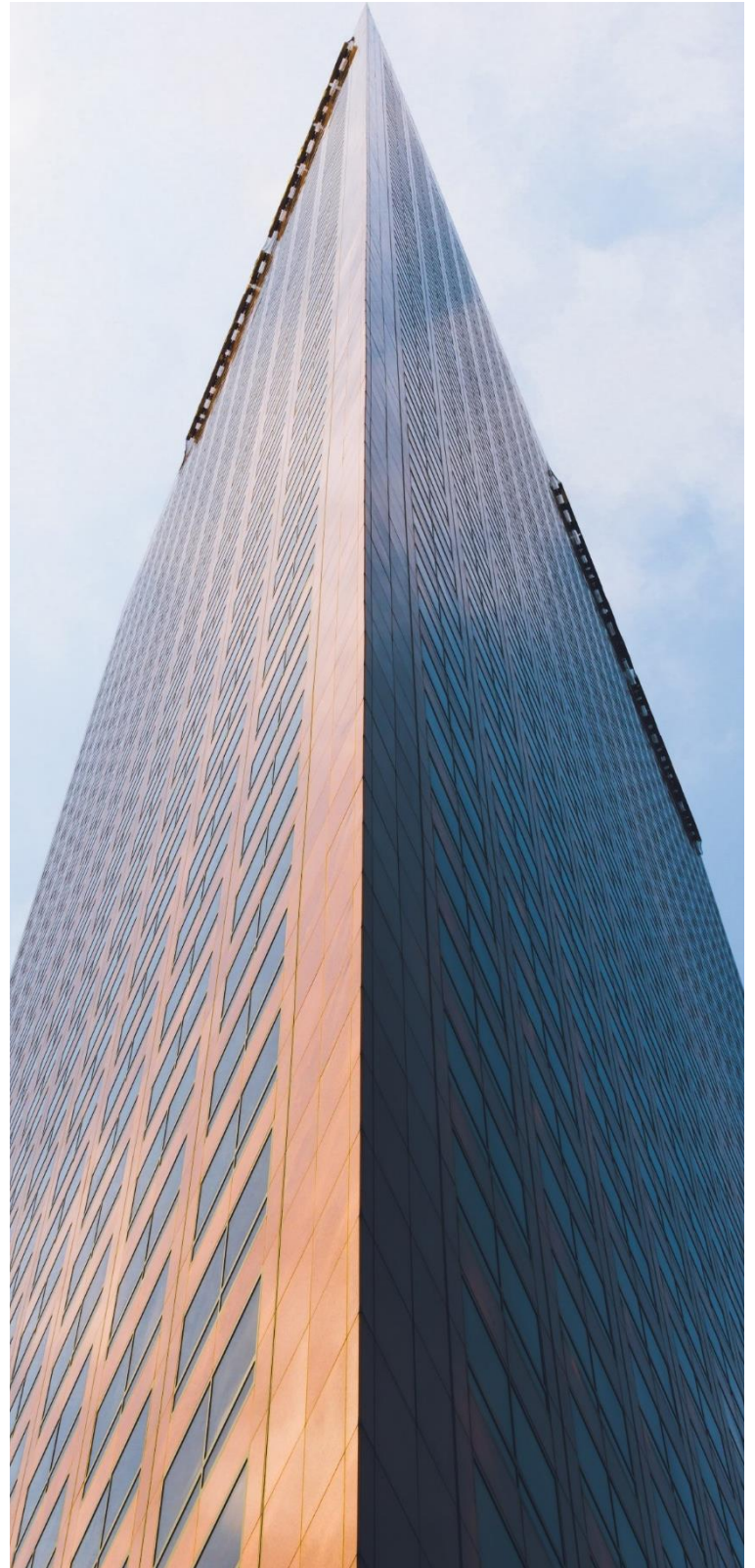
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Disclaimer

Recommendation

BUY	Greater than 20%
ACCUMULATE	Between +10% and +20%
HOLD	Between +10% and -10%
REDUCE	Between -10% and -20%
SELL	Lower than -20%

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