

Healthcare

BUY: 12M TP @ 190

Upside of +10.2%

Valuation Summary (TTM)

Price (SAR)	172.4
PER TTM (x)	24.7
P/Book (x)	4.5
P/Sales (x)	5.2
EV/Sales (x)	5.2
EV/EBITDA (x)	20.5
Dividend Yield (%)	1.2
Free Float (%)	48%
Shares O/S (mn)	45
YTD Return (%)	3%
Beta	0.9

(mn)	SAR	USD	
Market Cap	7,732	2,060	
Enterprise Value	7,709	2,054	
Price performance (%)	1M	3M	12M
National Medical Care Co	6%	19%	-15%
Tadawul All Share Index	-4%	-4%	-7%
Trading liquidity (,000)	1M	3M	6M
Avg daily turnover (SAR ,000)	12,157	14,167	17,358
Avg Daily Volume (,000)	75	87	108
52 week	High	Low	CTL*
Price (SAR)	220.60	139.20	23.9

* CTL is % change in CMP to 52wk low

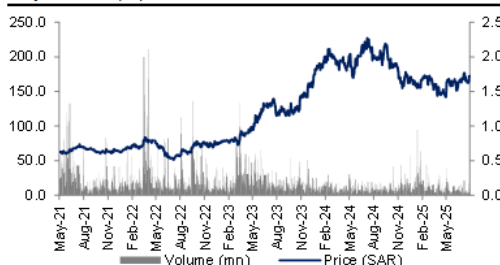
Major shareholders

Saudi Medical Care	49.2%
Vanguard Group Inc	2.0%
Blackrock Inc	0.9%
Others	47.9%

Other details

Exchange	Saudi Arabia
Sector	Healthcare-Services
Index weight (%)	0.2%

Key ratios	2022	2023	2024
EPS (SAR)	3.79	5.37	6.65
BVPS (SAR)	28.17	32.41	36.33
DPS (SAR)	1.00	2.00	2.00
Payout ratio (%)	26%	37%	30%



National Medical Care – Strong performance

National Medical Care Co. (Care) reported 2Q25 revenue of SAR398 mn, a 34.0% YoY increase and above our forecast of SAR368 mn, driven by stronger-than-expected utilization. The topline saw robust performance across all segments; outpatient revenue rose by 65.1% YoY, supported by increased patient volumes at the Rawabi and Malaz branches, as well as contributions from the newly opened Al Salam clinic. Inpatient revenue grew 31.7% YoY, benefiting from a 16.5% YoY increase in bed capacity (approximately 165 new beds). This expansion was driven by new facilities in Mecca (Al Haram) and Riyadh (Al Salam) and a capacity increase of over 45 beds at the Rawabi branch. Pharmacy revenue increased 28.4% YoY on higher hospital revenue. Occupancy improved to 81% in 2Q25, up from 60% in 2Q24, despite the addition of new facilities and increased capacity. Gross profit rose 36.4% YoY to SAR147mn, primarily due to the strong topline performance. Gross margin improved to 37.1% in 2Q25, up from 36.4% in 2Q24, reflecting favorable operating leverage. Operating expenses increased 39.6% YoY, driven by higher SG&A costs and credit loss provisions. Net income grew 15.0% YoY to SAR80mn. However, growth was partly constrained by higher operating costs, lower other income, higher finance expenses, and increased Zakat provisions. Still, net income came in 13.9% above our forecast, supported by better-than-expected revenue and lower-than-expected tax provisions.

Investment thesis and valuations: With a capacity of 1,174 beds, Care is positioned as a mid-sized player in the Saudi healthcare sector. Its capacity has grown steadily from 655 beds in 2023 to the current level, an increase of nearly 80%. This expansion has been driven by new facilities in Al Balad, Al Haram, Al Salam, and Relib, which added c.350 beds over two years. Capacity enhancements at its Al Rawabi and Al Malaz branches, contributed an additional 170 beds over the same period. These developments are expected to support continued topline growth over the medium term. In addition, Care's margin improvement in 1H25 was better than expected, taking us by surprise. Sustaining this momentum will be critical to the company's long-term growth trajectory. Care is currently trading at 23x its 2025e EPS, which, in our view, suggests further upside potential from current levels. As a result, we have revised our estimates upwards, raising both our target price to **SAR190 per share** and our rating to **BUY**.

Income Statement (SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Revenue	845	918	1,082	1,294	1,574	1,662	1,764	1,939
Cost of sales	(599)	(628)	(712)	(840)	(990)	(1,043)	(1,127)	(1,231)
Gross profit	246	290	370	454	584	619	637	707
Operating expenses	(90)	(101)	(127)	(206)	(219)	(236)	(254)	(275)
Operating profit	156	189	243	248	364	383	382	432
Other income	8	8	4	49	4	4	4	4
Net finance income	0	1	18	(3)	(8)	(5)	(2)	(0)
Earnings before tax	164	199	265	294	361	382	384	436
Tax	(28)	(28)	(24)	5	(27)	(29)	(29)	(33)
Net income	136	170	241	298	334	354	355	404

Balance Sheet (SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Property and equipment	483	652	731	941	1,109	1,272	1,275	1,286
Other non-current assets	7	4	205	332	308	283	258	233
Total non-current assets	491	657	936	1,273	1,416	1,555	1,533	1,519
Trade receivables	648	684	532	605	736	777	825	907
Inventories	46	43	53	58	68	72	77	84
Cash and cash equivalents	375	329	309	264	178	186	345	503
Other current assets	0	0	385	303	303	303	303	303
Total current assets	1,069	1,056	1,278	1,229	1,285	1,338	1,550	1,797
Total assets	1,559	1,713	2,214	2,502	2,701	2,892	3,083	3,317
Share Capital	449	449	449	449	449	449	449	449
Total reserves	676	815	1,005	1,181	1,414	1,656	1,888	2,157
Total equity	1,124	1,264	1,453	1,630	1,862	2,104	2,336	2,605
Lease liabilities current portion	0	0	7	17	15	13	11	9
Short-term loans	6	6	8	58	46	46	46	46
Trade payables	175	190	228	248	292	308	332	363
Other current liabilities	73	90	104	26	26	26	26	26
Total current liabilities	254	286	348	348	379	392	415	444
Non-current lease liabilities	0	0	53	169	150	131	113	94
Loans and borrowings	83	77	262	244	199	153	107	62
Other non-current liabilities	98	86	98	111	111	111	111	111
Total non-current liabilities	181	163	413	524	460	396	332	267
Total Liabilities	435	449	761	873	839	788	747	711
Equity and liabilities	1,559	1,713	2,214	2,502	2,701	2,892	3,083	3,317

Cash Flows (SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Cash from operations	94	217	467	245	314	402	437	456
Cash from investments	(41)	(212)	(625)	(193)	(220)	(216)	(88)	(97)
Cash from financing	(51)	(51)	138	(97)	(179)	(178)	(190)	(201)
Net changes in cash	2	(46)	(21)	(45)	(86)	8	159	158
Closing balance (C/b)	375	329	309	264	178	186	345	503

Ratios	2021	2022	2023	2024	2025e	2026e	2027e	2028e
<u>Per Share (SAR)</u>								
EPS	3.0	3.8	5.4	6.6	7.4	7.9	7.9	9.0
BVPS	25.1	28.2	32.4	36.3	41.5	46.9	52.1	58.1
DPS	1.0	1.0	2.0	2.0	2.3	2.5	2.8	3.0
FCF/share	1.2	0.1	(3.5)	1.2	2.1	4.2	7.8	8.0
Revenue/share	18.8	20.5	24.1	28.8	35.1	37.1	39.3	43.2
<u>Valuations</u>								
M.Cap (SAR mn)	2,723	3,082	5,064	6,414	7,732	7,732	7,732	7,732
EV (SAR mn)	2,437	2,836	4,701	6,335	7,661	7,587	7,361	7,137
P/E	20.0	18.1	21.0	21.5	23.2	21.9	21.8	19.2
EV/EBITDA	11.8	12.1	15.8	19.3	17.4	16.5	15.0	13.2
EV/Sales	2.9	3.1	4.3	4.9	4.9	4.6	4.2	3.7
P/BV	2.4	2.4	3.5	3.9	4.2	3.7	3.3	3.0
P/S	3.2	3.4	4.7	5.0	4.9	4.7	4.4	4.0
Div. yield	1.6%	1.5%	1.8%	1.4%	1.3%	1.5%	1.6%	1.7%
FCF yield	1.9%	0.2%	-3.1%	0.8%	1.2%	2.4%	4.5%	4.6%
<u>Liquidity</u>								
Cash Ratio	1.5	1.2	0.9	0.8	0.5	0.5	0.8	1.1
Current ratio	4.2	3.7	3.7	3.5	3.4	3.4	3.7	4.0
Quick ratio	4.0	3.5	3.5	3.4	3.2	3.2	3.5	3.9
<u>Return ratio</u>								
ROA	8.7%	9.9%	10.9%	11.9%	12.4%	12.2%	11.5%	12.2%
ROE	12.1%	13.5%	16.6%	18.3%	17.9%	16.8%	15.2%	15.5%
ROCE	12.9%	14.0%	13.6%	11.7%	16.0%	15.6%	14.6%	15.3%
<u>Cash cycle</u>								
Trade receivables	1.3	1.3	2.0	2.1	2.1	2.1	2.1	2.1
Inventory	13.1	14.7	13.4	14.6	14.6	14.6	14.6	14.6
Payable turnover	3.4	3.3	3.1	3.4	3.4	3.4	3.4	3.4
Receivables days	276	268	177	168	168	168	168	168
Inventory days	28	24	27	25	25	25	25	25
Payable days	105	109	115	106	106	106	106	106
Cash Cycle	198	184	88	87	87	87	87	87
<u>Profitability ratio</u>								
Gross margins	29.2%	31.6%	34.2%	35.1%	37.1%	37.2%	36.1%	36.5%
EBITDA margins	24.4%	25.6%	27.5%	25.4%	28.0%	27.7%	27.9%	28.0%
Operating margins	18.5%	20.6%	22.4%	19.2%	23.1%	23.0%	21.7%	22.3%
PBT margins	19.4%	21.6%	24.5%	22.7%	22.9%	23.0%	21.8%	22.5%
Net margins	16.1%	18.5%	22.3%	23.0%	21.2%	21.3%	20.2%	20.8%
Effective tax rate	17.1%	14.3%	8.9%	-1.5%	7.5%	7.5%	7.5%	7.5%
<u>Leverage</u>								
Total debt (SAR mn)	89	83	330	488	409	343	277	211
Net debt (SAR mn)	(286)	(246)	22	224	231	157	(68)	(293)
Debt/Capital	7.3%	6.2%	18.5%	23.0%	18.0%	14.0%	10.6%	7.5%
Debt/Total assets	5.7%	4.9%	14.9%	19.5%	15.2%	11.9%	9.0%	6.4%
Debt/Equity	7.9%	6.6%	22.7%	29.9%	22.0%	16.3%	11.9%	8.1%
Debt/EBITDA	0.4	0.4	1.1	1.5	0.9	0.7	0.6	0.4
Net debt/EBITDA	(1.4)	(1.0)	0.1	0.7	0.5	0.3	(0.1)	(0.5)

Key contacts

Research Team

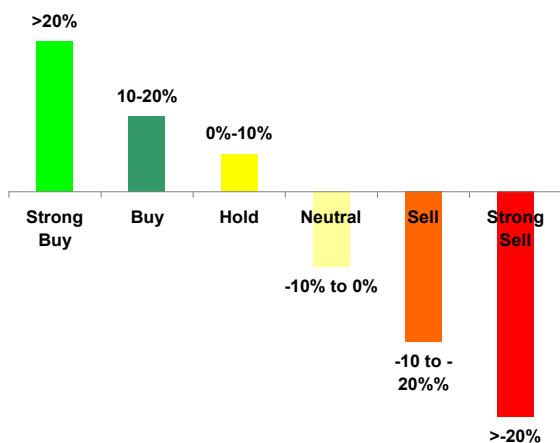
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Rating Criteria and Definitions

Rating



Rating Definitions

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	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	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	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	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	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	This recommendation used for stocks which does not form part of Coverage Universe

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