



Bupa Arabia for Cooperative Insurance Co.

Zakat reversals and reinsurance recoverables help cushion inflationary pressures

Rating: Overweight | Target Price: SAR 177

October 30, 2025

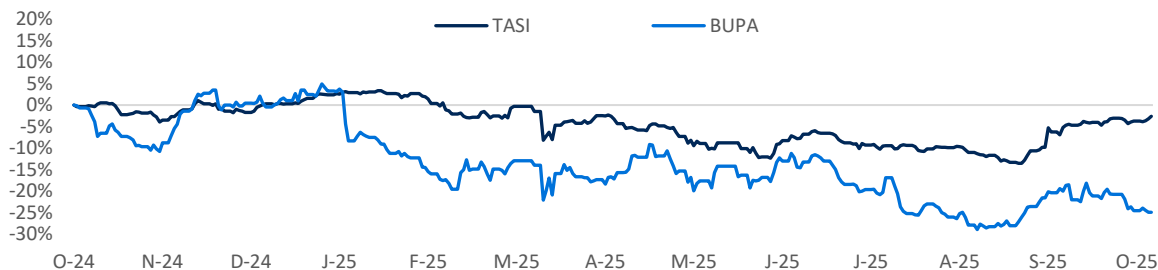
Market Data		Valuations	2024A	2025E	2026F	2027F
Last Price (SAR)*	152.2	Net Income (SAR mn)	1,166	1,149	1,416	1,537
Target Price (SAR)	177.0	EPS (SAR)	7.8	7.7	9.5	10.3
Upside / Downside (%)	16.3	PER (x)	18.8	19.0	15.4	14.2
Market Cap (bn) (SAR/USD)	23/6	P/BV (x)	4.3	3.8	3.3	3.0
52 week High / Low (SAR)	215/142	DPS (SAR)	4.0	3.9	4.7	5.1
12-month ADTV (mn) (SAR/USD)	27/7	Div. Yield (%)	2.7	2.6	3.2	3.5
YTD Return (%)	-26.5	RoAE (%)	23.8	21.2	23.0	22.0
Bloomberg Code	BUPA AB	RoAA (%)	7.8	7.3	8.3	7.9

*last price as of 29th October 2025

Financials (SAR mn)	3Q25A	3Q25E*	Var (%)	3Q24A	YoY (%)	2Q25A	QoQ (%)
Insurance service revenue	5,044	5,294	(4.7)	4,552	10.8	4,716	7.0
Insurance service expense	(4,749)	(5,009)	(5.2)	(4,193)	13.2	(4,485)	5.9
Ins. service pre reinsurance	295	285	3.6	359	(17.7)	231	27.7
Ins. service margin pre reinsurance	5.9	5.4	-	7.9	-	4.9	-
Net reinsurance expense	14	(13)	-	(15)	-	(2)	-
Insurance service result	309	272	13.6	344	(10.2)	229	34.7
Insurance service margin	6.1	5.1	-	7.6	-	4.9	-
Net income	364	298	22.1	356	2.2	286	27.2
Net margin (%)	7.2	5.6	-	7.8	-	6.1	-
EPS	2.44	2.00	22.1	2.39	2.2	1.92	27.2
DPS	-	-	-	-	-	-	-

*anbc estimates

Price Performance



Source: Tadawul, Bloomberg, and anbc research

Bupa Arabia for Cooperative Insurance Co. (BUPA) reported a net profit of SAR 364 mn (EPS: SAR 2.44) in 3Q25, reflecting an increase of 2.2% YoY and 27.2% QoQ. The net insurance service result in 3Q25, declined 10.2% YoY to SAR 309 mn, with margins narrowing to 6.1% from 7.6% in 3Q24. Despite improved recoverable from reinsurance, core profitability declined primarily due to increased inflationary trends. However, a one off reversal of zakat provision partially offset the pressure and supported the bottom line, resulting in net income exceeding our estimate. We reiterate our 'Overweight' rating on the stock, with a potential upside of 16.3% from current levels.

- Insurance service revenue rose 10.8% YoY (+7.0% QoQ) to SAR 5,044 mn, primarily supported by business expansion and an increase in insured lives. The revenue came in line with our estimate of SAR 5,294 mn, down 4.7%. Gross written premium (GWP) increased 10.9% YoY (-17.1% QoQ) to SAR 4,639 mn.
- The net insurance service result declined 10.2% YoY to SAR 309 mn, with margins contracting to 6.1% from 7.6% in same period last year. The margin compression was mainly driven by increased medical inflationary trends and softer underwriting performance, which offset the benefit of improved reinsurance recoverables. On a sequential basis, margins improved, supported by favorable business growth, claims seasonality, and improved inflation management.
- Net investment income grew 7.8% YoY to SAR 187 mn, largely inline with our estimates (up 1%). The YoY growth can likely be attributed to a larger investment base.
- Lower other operating expenses and reversal of zakat provision arising from prior years settlement assessment, helped partially offset the impact of insurance service margin contraction, leading to net margins of 7.2% (vs. 7.8% in 3Q24). The 9M25 net income reached SAR 1,030 mn, down 8.0% YoY attributable to the lower insurance service result and higher operating expenses.
- We estimate full year 2025e insurance service margins and net margins to arrive at 4.9% and 6.1%, respectively. Currently, Bupa trades at a discounted 2026f P/E of 15.4x, compared to its four-year historical average of 22.1x. We maintain an 'Overweight' rating on the stock, with an upside of 16.3% from current levels.

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