

The Company for Cooperative Insurance

Strong insurance performance offset by expansion-driven operating costs

Rating: Overweight | Target Price: SAR 180

October 30, 2025

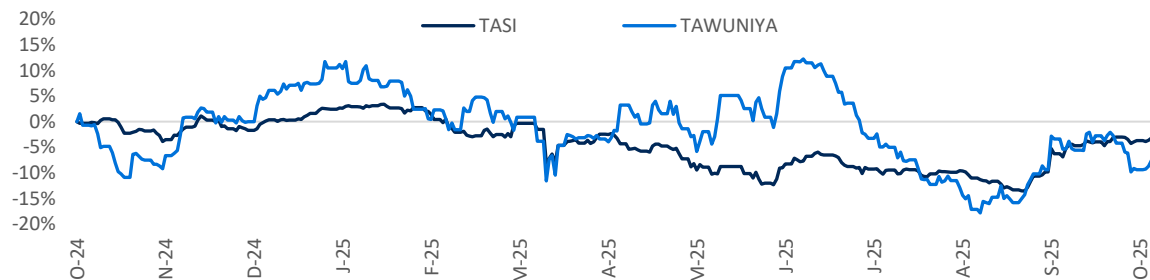
Market Data		Valuations	2024A	2025E	2026F	2027F
Last Price (SAR)*	133.0	Net Income (SAR mn)	1,022	1,163	1,198	1,262
Target Price (SAR)	180.0	EPS (SAR)	6.8	7.8	8.0	8.4
Upside / Downside (%)	35.3	PER (x)	19.5	17.2	16.6	15.8
Market Cap (bn) (SAR/USD)	20/5	P/BV (x)	4.5	3.9	3.3	2.9
52 week High / Low (SAR)	161/114	DPS (SAR)	1.5	2.0	2.0	2.0
12-month ADTV (mn) (SAR/USD)	48/13	Div. Yield (%)	1.1	1.5	1.5	1.5
YTD Return (%)	-9.9%	RoAE (%)	25.2	24.3	21.6	19.5
Bloomberg Code	TAWUNIYA AB	RoAA (%)	5.2	5.4	5.2	4.9

*last price as of 29th October 2025

Financials (SAR mn)	3Q25A	3Q25E*	Var (%)	3Q24A	YoY (%)	2Q25A	QoQ (%)
Insurance service revenue	5,405	4,637	16.6	4,696	15.1	5,226	3.4
Insurance service expense	(4,438)	(3,988)	11.3	(3,938)	12.7	(4,122)	7.7
Ins. service pre reinsurance	968	649	49.1	758	27.6	1,104	(12.4)
Ins. service margin pre reinsurance	17.9	14.0	-	16.1	-	21.1	-
Net reinsurance expense	(626)	(517)	21.1	(548)	14.2	(619)	1.0
Insurance service result	342	132	158.2	210	62.6	485	(29.6)
Insurance service margin	6.3	2.9	-	4.5	-	9.3	-
Net income	173	156	11.1	198	(12.3)	467	(62.9)
Net margin (%)	3.2	3.4	-	4.2	-	8.9	-
EPS	1.16	1.04	11.1	1.32	(12.3)	3.12	(62.9)
DPS	-	-	-	-	-	-	-

*anbc estimates

Price Performance



The Company for Cooperative Insurance (TAWUNIYA) reported a net profit of SAR 173 mn (EPS: SAR 1.16) in 3Q25, reflecting a 12.3% YoY and 62.9% QoQ decrease. Despite an improvement in insurance service result, net income declined due to higher operating expenses linked to subsidiary expansion initiatives and business growth. The net insurance service result increased 62.6% YoY (+29.6% QoQ), exceeding our expectations. We maintain our 'Overweight' rating with a target price of SAR 180.0/sh, implying a 35.3% upside.

- In 3Q25, insurance service revenue increased 15.1% YoY (+3.4% QoQ) reaching SAR 5,405 mn, driven by the addition of new clients and growth across the company's main business segments: Medical, Motor, and Property & Casualty (P&C). Revenue exceeded our estimates by 16.6%. Gross written premium (GWP) for the quarter rose by 25.0% YoY (down 5.2% QoQ), reaching SAR 5,091 mn.
- Insurance service margin expanded to 6.3% from 4.5% in 3Q24, marking the strongest third-quarter margin since 2022 and surpassing our expectations. The expansion was attributable to higher revenue and improved claims management. On a sequential basis, the insurance service result declined 29.6% due to higher insurance service expense on account of seasonal factors. The 9M25 insurance service result reached SAR 1,117 mn, up 16.6% YoY.
- Inline with our expectations, the net investment income increased by 11.2% YoY to SAR 185 mn. The growth was driven by a larger investment portfolio, which expanded 18.4% YoY to SAR 12,431 mn.
- During 3Q25 net profit declined 12.3% YoY to SAR 173 mn. The contraction in earning was driven by higher other operating expenses tied to expansion activities of the subsidiaries and business growth. Consequently, the net margins decreased to 3.2% in 3Q25 from 4.2% in 3Q24. The 9M25 net income rose 5.7% YoY, reaching SAR 902 mn.
- We expect Tawuniya's growth momentum to continue for 2025e, with full year revenue forecast at SAR 20,805 mn, vs SAR 18,273 mn in 2024. We estimate full year insurance service margins at 6.4%, slightly above last year's 6.1%. We maintain our 'Overweight' stance on the stock with a target price of SAR 180.0/sh, offering an upside of 35.3% from the last close of 29th Oct-25. Currently, the stock trades at a discounted 2026f PE of 16.6x, compared to its four-year historic average of 33.8x.

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