

Dr. Sulaiman Al Habib Medical Services - 4Q23 Result Review

Analyst: Neetika Gupta

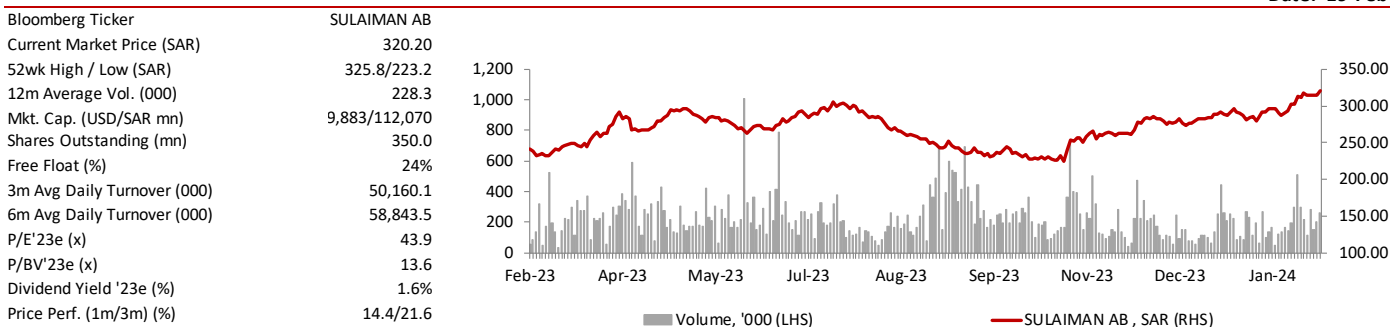
Previous Recommendation: Accumulate

Previous TP & Date: TP: SAR 300.0 per share on 29-Oct-2023

Target Price (SAR): 300.00

Current Upside / (Downside): -6%

Date: 19-Feb-2024



Sulaiman Al Habib's top-line growth comes largely in line with Bloomberg consensus, perfectly matching U Capital's estimate

Dr. Sulaiman Al Habib posted 10.3% YoY growth in its top line in 4Q 2023 to SAR 2.49bn, largely in line with the consensus forecast (-4.1% variance), and perfectly matching our estimate (-0.1% variance). The revenue growth was likely underpinned by improved occupancies and increased patient volume, which also positively impacted on the pharmacy segment's revenue.

Efficient cost management boosts operating and net income, largely matching consensus and slightly ahead of U Capital's estimates

Driven by healthy top-line growth and efficiency gains, operating profit outpaced revenue growth as it surged 24.9% YoY. This aided the bottom line to log in 18.9% YoY growth in 4Q 2023 to SAR 525mn, largely matching the consensus forecast of SAR 550mn and slightly beating our estimate of ~SAR 494mn.

Maintain target price

We maintain our SAR 300.00 target price on Dr. Sulaiman Al Habib as of now and might come up with a revised rating and/or target price upon detailed analysis, post the availability of complete financials. The board of directors has recommended a SAR 1.15 dividend per share (DPS) for 4Q 2023, higher than our estimate of SAR 0.98 DPS. This brings total DPS in FY 2023 to SAR 4.1 (FY 2022: SAR 3.5), providing a yield of 1.3% at the current market price.

Valuation

At the current market price, the stock trades at 43.4x on our FY 2024e EPS and 38.6x FY 2024e EBITDA, in line with its 3-year daily average 12-month forward P/E of 43.7x, but above its 3-year daily average 12-month forward EV/EBITDA of 32.0x.

Income Statement												
(SAR mn)	4Q22	1Q23	2Q23	3Q23	4Q23	4Q23e	YoY (%)	QoQ (%)	Var (%)	FY 22	FY 23	YoY (%)
Sales/Revenue	2,253.7	2,306.9	2,272.3	2,442.8	2,486.5	2,489.0	10.3%	1.8%	-0.1%	8,310.7	9,508.4	14.4%
Gross Profit (Loss)	737.1	783.6	774.8	843.4	868.2	829.8	17.8%	2.9%	4.6%	2,748.1	3,270.1	19.0%
Operating Profit (Loss)	427.6	510.6	498.8	552.1	534.2	499.6	24.9%	-3.2%	6.9%	1,700.5	2,095.7	23.2%
Net Profit (Loss) after Zakat and tax	441.5	489.3	487.0	544.8	525.0	494.3	18.9%	-3.6%	6.2%	1,650.8	2,046.0	23.9%
Balance Sheet												
(SAR mn)	4Q22	1Q23	2Q23	3Q23	4Q23	4Q23e	YoY (%)	QoQ (%)	Var (%)			
Shareholders' Equity	5,878.7	6,058.8	6,197.1	6,392.8	6,485.5	6,467.1	10.3%	1.4%	0.3%			
Key Ratios												
	4Q22	1Q23	2Q23	3Q23	4Q23	4Q23e						
Gross Profit Margin	32.7%	34.0%	34.1%	34.5%	34.9%	33.3%						
Operating Profit Margin	19.0%	22.1%	22.0%	22.6%	21.5%	20.1%						
Net Profit Margin	19.6%	21.2%	21.4%	22.3%	21.1%	19.9%						
Return on Equity (RoE)	30.0%	32.3%	31.4%	34.1%	32.4%	30.6%						
Annualized EPS (SAR)	5.05	5.59	5.57	6.23	6.00	5.65						
BVPS (SAR)					18.53	18.48						
TTM P/E (x)					54.8							
Current P/BV (x)					17.3							

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


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


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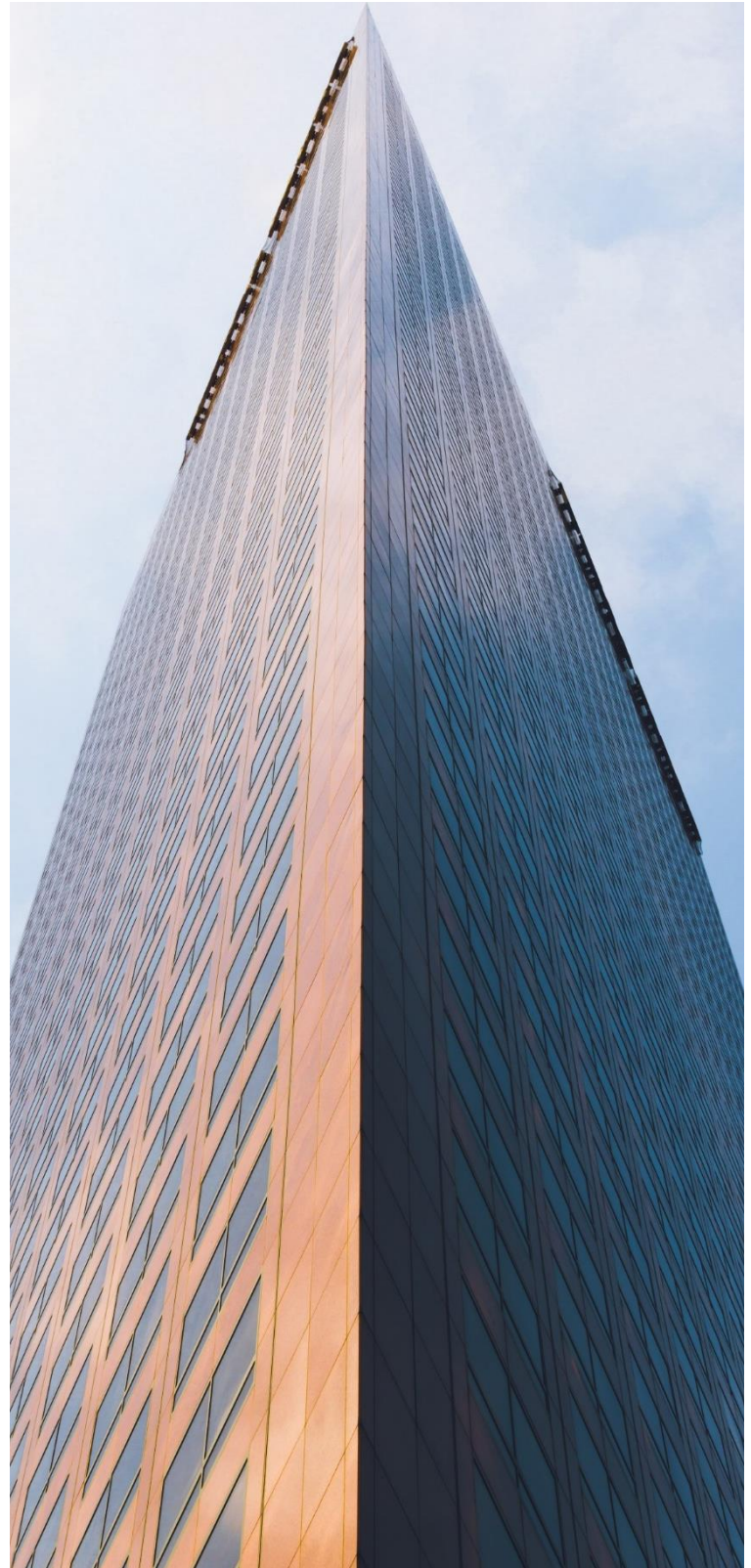
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Disclaimer

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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