

# Result update

## National Medical Care

Sector: Healthcare

**STRONG BUY**

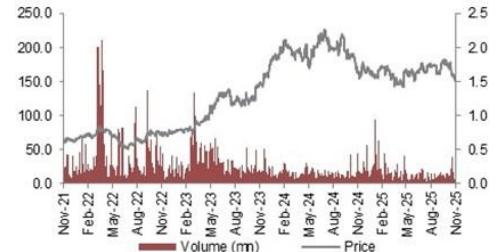
23 November 2025

- Topline performance comes better-than-expected on higher revenue from hospitals.**
- Operating performance come under pressure on account of a fall in gross margins and higher opeX, though provision reversal more than makes up for this aiding net income growth.**
- We maintain our target price of SAR190 per share, implying a STRONG BUY.**

National Medical Care Co. (Care) reported 3Q25 revenue of SAR 412 mn, a 26.6% YoY increase and 4.3% above our estimate. The topline delivered robust growth across all segments. Outpatient revenue rose 56.5% YoY, supported by higher patient volumes at the Rawabi and Malaz branches, along with contributions from newly opened clinics, particularly Al Salam. Inpatient revenue increased 24.1% YoY, benefiting from a 16.9% YoY rise in bed capacity (170 new beds), driven by capacity expansion in Rawabi and contributions from Al Salam. Occupancy too improved to 84% in 3Q25, up from 79% in 3Q24, despite the increase in capacity. Pharmacy revenue advanced 22.5% YoY, in line with overall hospital revenue growth. Gross profit rose 35.8% YoY to SAR 151 mn, supported mainly by strong revenue performance. Gross margin expanded to 36.7%, compared with 34.2% in 3Q24, reflecting favorable operating leverage. Operating expenses grew 45.8% YoY, driven by higher SG&A and increased credit loss provisions. Net income increased 36.6% YoY to SAR 82 mn, though it was 2.3% below our forecast. Despite the revenue beat, the slight miss in net income resulted from higher-than-expected operating expenses. Care's leverage remains well controlled, with debt-to-total capital at 19.2% as of September 2025, a modest improvement from 23.0% in 2024.

**Valuation:** Care is a medium-sized player in the healthcare sector and currently operates with a capacity of 1,178 beds as of September 2025. Its capacity has increased from 655 beds in 2023, driven by the acquisition of c.360 beds across four hospitals and the expansion of more than 160 beds at its existing Rawabi and Malaz branches. Care's operating performance in 3Q25 was broadly in line with our expectations, supported by continued improvement in bed utilization despite the significant increase in capacity. This has also enabled the company to maintain relatively strong margins compared with its historical trend, though higher operating expenses dented the same to an extent. Looking ahead, we expect revenue growth to remain steady, largely due to the anticipated improvement in the utilization of newly added capacity. The company's ability to sustain its current margin levels will be critical to maintaining its strong financial performance. Care is currently trading at 19x its 2026e EPS, which we believe offers further upside potential. Overall, we maintain our target price of SAR 190 per share, implying a STRONG BUY rating.

|                     |        |
|---------------------|--------|
| Target price (SAR)  | 190.00 |
| Current price (SAR) | 151.00 |
| Return              | +25.8% |



|                  |              |
|------------------|--------------|
| Exchange         | Saudi Arabia |
| Index weight (%) | 0.1%         |
| (mn)             | SAR USD      |
| Market Cap       | 6,772 1,806  |
| Enterprise value | 6,824 1,820  |

| Major shareholders |       |  |
|--------------------|-------|--|
| Saudi Medical Care | 49.2% |  |
| Vanguard Group Inc | 2.0%  |  |
| Blackrock Inc      | 0.9%  |  |
| Others             | 47.9% |  |

| Valuation Summary (TTM) |      |  |
|-------------------------|------|--|
| PER TTM (x)             | 20.2 |  |
| P/Book (x)              | 3.8  |  |
| EV/EBITDA (x)           | 16.6 |  |
| Dividend Yield (%)      | 1.3  |  |
| Free Float (%)          | 48%  |  |
| Shares O/S (mn)         | 45   |  |
| YTD Return (%)          | -10% |  |
| Beta                    | 1.0  |  |

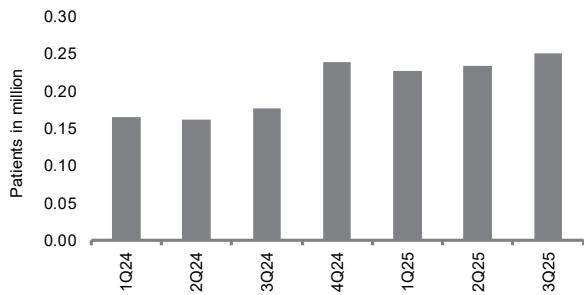
|                  | 2022  | 2023  | 2024  |
|------------------|-------|-------|-------|
| EPS (SAR)        | 3.79  | 5.37  | 6.65  |
| BVPS (SAR)       | 28.17 | 32.41 | 36.33 |
| DPS (SAR)        | 1.00  | 2.00  | 2.00  |
| Payout ratio (%) | 26%   | 37%   | 30%   |

|                          | 1M   | 3M   | 12M |
|--------------------------|------|------|-----|
| National Medical Care Co | -15% | -12% | -7% |
| Tadawul All Share Index  | -5%  | 1%   | -7% |

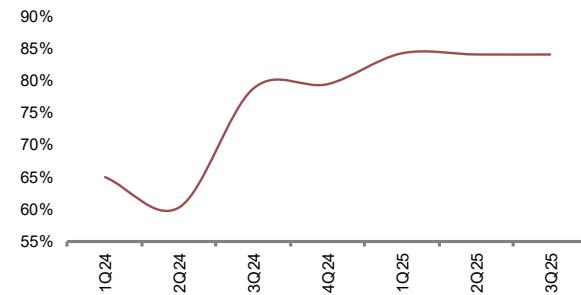
| 52 week     | High   | Low    | CTL* |
|-------------|--------|--------|------|
| Price (SAR) | 183.50 | 139.20 | 8.5  |

\* CTL is % change in CMP to 52 wk low

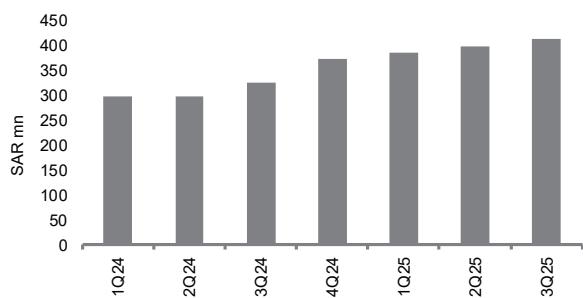
**Number of patients report strong growth**



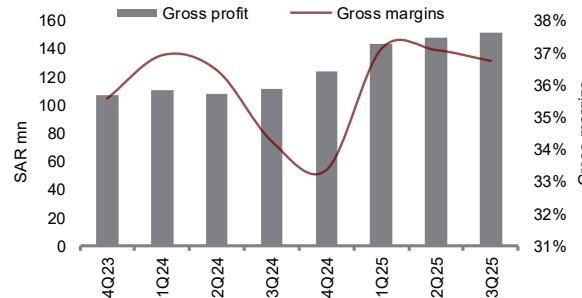
**Occupancy rates improve in the current year**



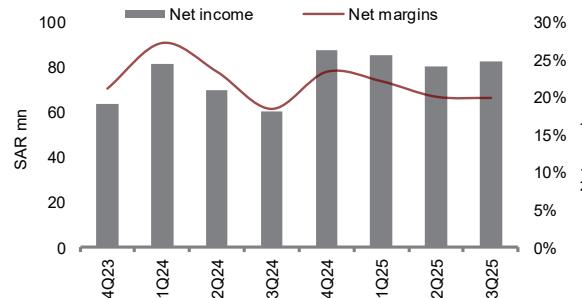
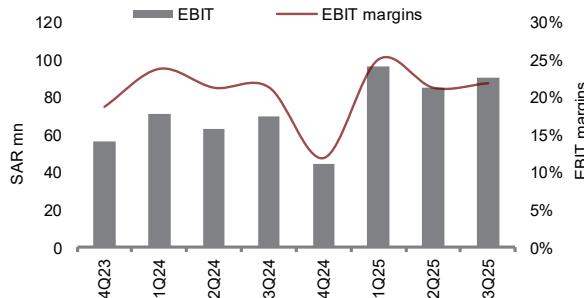
**Revenue reports consistent increase on acquisition**



**Gross margins remains steady**



**Profitability remains strong despite an increase in operating expenses**



| Income Statement (SAR mn)            | 2021         | 2022         | 2023         | 2024         | 2025e        | 2026e        | 2027e        | 2028e        |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue                              | 845          | 918          | 1,082        | 1,294        | 1,625        | 1,706        | 1,811        | 1,986        |
| Cost of sales                        | (599)        | (628)        | (712)        | (840)        | (1,024)      | (1,073)      | (1,159)      | (1,264)      |
| <b>Gross profit</b>                  | <b>246</b>   | <b>290</b>   | <b>370</b>   | <b>454</b>   | <b>601</b>   | <b>633</b>   | <b>652</b>   | <b>722</b>   |
| Operating expenses                   | (90)         | (101)        | (127)        | (206)        | (230)        | (247)        | (266)        | (288)        |
| <b>Operating profit</b>              | <b>156</b>   | <b>189</b>   | <b>243</b>   | <b>248</b>   | <b>371</b>   | <b>386</b>   | <b>385</b>   | <b>433</b>   |
| Other income                         | 8            | 8            | 4            | 49           | 1            | 1            | 1            | 1            |
| Net finance income                   | 0            | 1            | 18           | (3)          | (10)         | (6)          | (4)          | (1)          |
| <b>Earnings before tax</b>           | <b>164</b>   | <b>199</b>   | <b>265</b>   | <b>294</b>   | <b>362</b>   | <b>380</b>   | <b>383</b>   | <b>434</b>   |
| Tax                                  | (28)         | (28)         | (24)         | 5            | (25)         | (26)         | (26)         | (29)         |
| <b>Net income</b>                    | <b>136</b>   | <b>170</b>   | <b>241</b>   | <b>298</b>   | <b>338</b>   | <b>354</b>   | <b>357</b>   | <b>404</b>   |
| Balance Sheet (SAR mn)               | 2021         | 2022         | 2023         | 2024         | 2025e        | 2026e        | 2027e        | 2028e        |
| Property and equipment               | 483          | 652          | 731          | 941          | 1,116        | 1,284        | 1,288        | 1,301        |
| Other non-current assets             | 7            | 4            | 205          | 332          | 308          | 283          | 258          | 233          |
| <b>Total non-current assets</b>      | <b>491</b>   | <b>657</b>   | <b>936</b>   | <b>1,273</b> | <b>1,423</b> | <b>1,567</b> | <b>1,546</b> | <b>1,534</b> |
| Trade receivables                    | 648          | 684          | 532          | 605          | 760          | 798          | 847          | 929          |
| Inventories                          | 46           | 43           | 53           | 58           | 70           | 74           | 80           | 87           |
| Cash and cash equivalents            | 375          | 329          | 309          | 264          | 159          | 165          | 323          | 480          |
| Other current assets                 | 0            | 0            | 385          | 303          | 303          | 303          | 303          | 303          |
| <b>Total current assets</b>          | <b>1,069</b> | <b>1,056</b> | <b>1,278</b> | <b>1,229</b> | <b>1,292</b> | <b>1,339</b> | <b>1,552</b> | <b>1,798</b> |
| <b>Total assets</b>                  | <b>1,559</b> | <b>1,713</b> | <b>2,214</b> | <b>2,502</b> | <b>2,715</b> | <b>2,906</b> | <b>3,098</b> | <b>3,333</b> |
| Share Capital                        | 449          | 449          | 449          | 449          | 449          | 449          | 449          | 449          |
| Total reserves                       | 676          | 815          | 1,005        | 1,181        | 1,418        | 1,660        | 1,894        | 2,163        |
| <b>Total equity</b>                  | <b>1,124</b> | <b>1,264</b> | <b>1,453</b> | <b>1,630</b> | <b>1,866</b> | <b>2,109</b> | <b>2,342</b> | <b>2,612</b> |
| 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          | 302          | 316          | 342          | 373          |
| Other current liabilities            | 73           | 90           | 104          | 26           | 26           | 26           | 26           | 26           |
| <b>Total current liabilities</b>     | <b>254</b>   | <b>286</b>   | <b>348</b>   | <b>348</b>   | <b>389</b>   | <b>401</b>   | <b>425</b>   | <b>454</b>   |
| 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          |
| <b>Total non-current liabilities</b> | <b>181</b>   | <b>163</b>   | <b>413</b>   | <b>524</b>   | <b>460</b>   | <b>396</b>   | <b>332</b>   | <b>267</b>   |
| <b>Total Liabilities</b>             | <b>435</b>   | <b>449</b>   | <b>761</b>   | <b>873</b>   | <b>849</b>   | <b>797</b>   | <b>756</b>   | <b>721</b>   |
| <b>Equity and liabilities</b>        | <b>1,559</b> | <b>1,713</b> | <b>2,214</b> | <b>2,502</b> | <b>2,715</b> | <b>2,906</b> | <b>3,098</b> | <b>3,333</b> |
| Cash Flows (SAR mn)                  | 2021         | 2022         | 2023         | 2024         | 2025e        | 2026e        | 2027e        | 2028e        |
| Cash from operations                 | 94           | 217          | 467          | 245          | 302          | 406          | 438          | 458          |
| Cash from investments                | (41)         | (212)        | (625)        | (193)        | (228)        | (222)        | (91)         | (99)         |
| Cash from financing                  | (51)         | (51)         | 138          | (97)         | (179)        | (178)        | (190)        | (201)        |
| Net changes in cash                  | 2            | (46)         | (21)         | (45)         | (105)        | 6            | 158          | 158          |
| <b>Cash and cash equivalents</b>     | <b>375</b>   | <b>329</b>   | <b>309</b>   | <b>264</b>   | <b>159</b>   | <b>165</b>   | <b>323</b>   | <b>480</b>   |

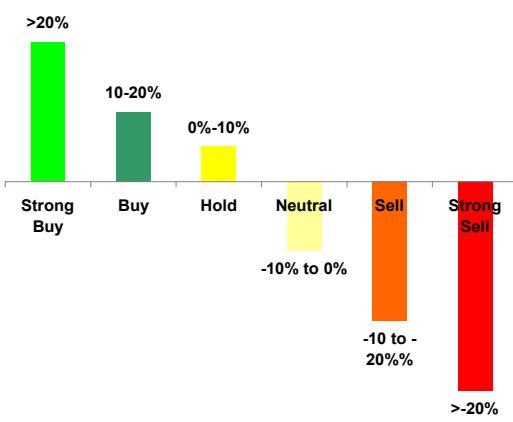
| Ratios                     | 2021  | 2022  | 2023  | 2024  | 2025e | 2026e | 2027e | 2028e |
|----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Per Share (SAR)</b>     |       |       |       |       |       |       |       |       |
| EPS                        | 3.0   | 3.8   | 5.4   | 6.6   | 7.5   | 7.9   | 8.0   | 9.0   |
| BVPS                       | 25.1  | 28.2  | 32.4  | 36.3  | 41.6  | 47.0  | 52.2  | 58.2  |
| 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   | 1.7   | 4.1   | 7.7   | 8.0   |
| <b>Valuations</b>          |       |       |       |       |       |       |       |       |
| M.Cap (SAR mn)             | 2,723 | 3,082 | 5,064 | 6,414 | 6,772 | 6,772 | 6,772 | 6,772 |
| EV (SAR mn)                | 2,437 | 2,836 | 4,701 | 6,335 | 6,720 | 6,648 | 6,424 | 6,200 |
| EBITDA (SAR mn)            | 206   | 235   | 298   | 329   | 448   | 464   | 496   | 545   |
| P/E                        | 20.0  | 18.1  | 21.0  | 21.5  | 20.1  | 19.1  | 19.0  | 16.8  |
| EV/EBITDA                  | 11.8  | 12.1  | 15.8  | 19.3  | 15.0  | 14.3  | 12.9  | 11.4  |
| EV/Sales                   | 2.9   | 3.1   | 4.3   | 4.9   | 4.1   | 3.9   | 3.5   | 3.1   |
| P/BV                       | 2.4   | 2.4   | 3.5   | 3.9   | 3.6   | 3.2   | 2.9   | 2.6   |
| P/S                        | 3.2   | 3.4   | 4.7   | 5.0   | 4.2   | 4.0   | 3.7   | 3.4   |
| Div. yield                 | 1.6%  | 1.5%  | 1.8%  | 1.4%  | 1.5%  | 1.7%  | 1.8%  | 2.0%  |
| <b>Liquidity</b>           |       |       |       |       |       |       |       |       |
| Cash Ratio                 | 1.5   | 1.2   | 0.9   | 0.8   | 0.4   | 0.4   | 0.8   | 1.1   |
| Current ratio              | 4.2   | 3.7   | 3.7   | 3.5   | 3.3   | 3.3   | 3.7   | 4.0   |
| Quick ratio                | 4.0   | 3.5   | 3.5   | 3.4   | 3.1   | 3.2   | 3.5   | 3.8   |
| <b>Return ratio</b>        |       |       |       |       |       |       |       |       |
| ROA                        | 8.7%  | 9.9%  | 10.9% | 11.9% | 12.4% | 12.2% | 11.5% | 12.1% |
| ROE                        | 12.1% | 13.5% | 16.6% | 18.3% | 18.1% | 16.8% | 15.2% | 15.5% |
| ROCE                       | 12.9% | 14.0% | 13.6% | 11.7% | 16.3% | 15.7% | 14.7% | 15.4% |
| <b>Cash cycle</b>          |       |       |       |       |       |       |       |       |
| 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    |
| <b>Profitability ratio</b> |       |       |       |       |       |       |       |       |
| EBITDA margins             | 24.4% | 25.6% | 27.5% | 25.4% | 27.6% | 27.2% | 27.4% | 27.4% |
| Operating margins          | 18.5% | 20.6% | 22.4% | 19.2% | 22.8% | 22.6% | 21.3% | 21.8% |
| Net margins                | 16.1% | 18.5% | 22.3% | 23.0% | 20.8% | 20.8% | 19.7% | 20.3% |
| <b>Leverage</b>            |       |       |       |       |       |       |       |       |
| Total debt (SAR mn)        | 89    | 83    | 330   | 488   | 409   | 343   | 277   | 211   |
| Net debt (SAR mn)          | (286) | (246) | 22    | 224   | 251   | 178   | (45)  | (269) |
| 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% | 15.1% | 11.8% | 8.9%  | 6.3%  |
| Debt/Equity                | 7.9%  | 6.6%  | 22.7% | 29.9% | 21.9% | 16.3% | 11.8% | 8.1%  |

## Key contacts

### Research Team

|                          |                           |                         |
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### Rating Criteria and Definitions

| Rating   | Rating Definitions  |
|--|---|
|  | <p><b>Strong Buy</b> 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%</p> <p><b>Buy</b> 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%</p> <p><b>Hold</b> 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%</p> <p><b>Neutral</b> 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%</p> <p><b>Sell</b> 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%</p> <p><b>Strong Sell</b> 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%</p> <p><b>Not rated</b> This recommendation used for stocks which does not form part of Coverage Universe</p> |

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