

Result update

National Medical Care

Sector: Healthcare

23 November 2025

STRONG BUY

- **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.**

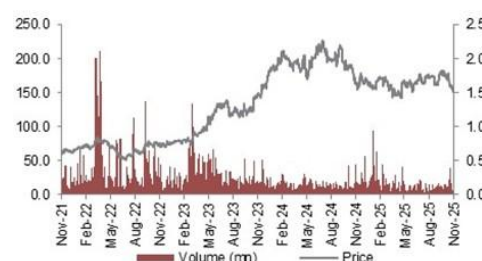
Target price (SAR) **190.00**

Current price (SAR) **151.00**

Return **+25.8%**

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.



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

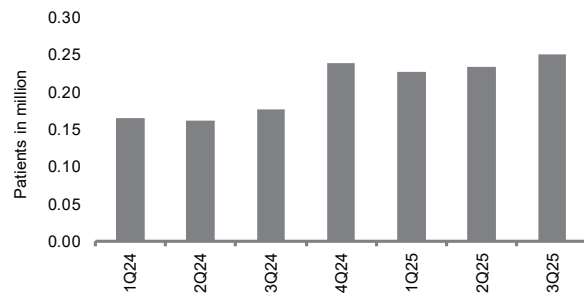
Key ratios	2022	2023	2024
EPS (SAR)	3.79	5.37	6.65
BVPS (SAR)	28.17	32.41	36.33
DPS (SAR)	1.00	2.00	2.00
Payout ratio (%)	26%	37%	30%

Price performance (%)	1M	3M	12M
National Medical Care Co	-15%	-12%	-7%
Tadawul All Share Index	-5%	1%	-7%

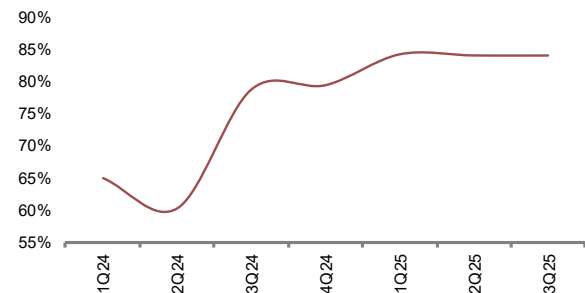
52 week	High	Low	CTL*
Price (SAR)	183.50	139.20	8.5

* CTL is % change in CMP to 52wk low

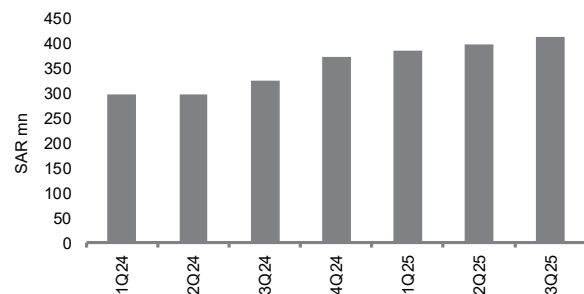
Number of patients report strong growth



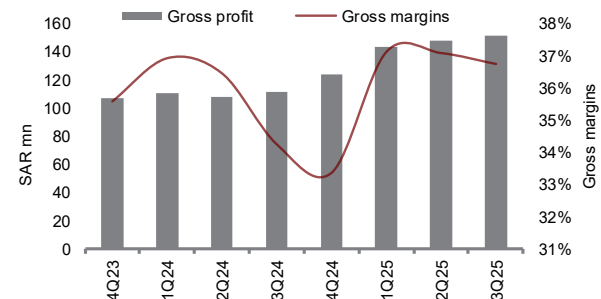
Occupancy rates improve in the current year



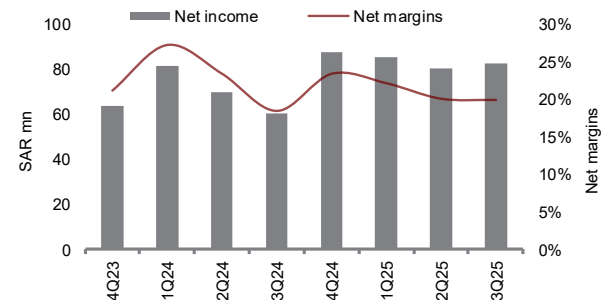
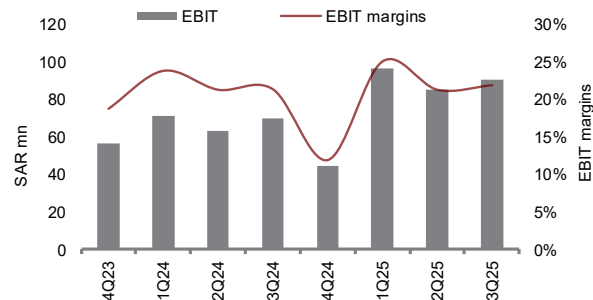
Revenue reports consistent increase on acquisition



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)
Gross profit	246	290	370	454	601	633	652	722
Operating expenses	(90)	(101)	(127)	(206)	(230)	(247)	(266)	(288)
Operating profit	156	189	243	248	371	386	385	433
Other income	8	8	4	49	1	1	1	1
Net finance income	0	1	18	(3)	(10)	(6)	(4)	(1)
Earnings before tax	164	199	265	294	362	380	383	434
Tax	(28)	(28)	(24)	5	(25)	(26)	(26)	(29)
Net income	136	170	241	298	338	354	357	404

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
Total non-current assets	491	657	936	1,273	1,423	1,567	1,546	1,534
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
Total current assets	1,069	1,056	1,278	1,229	1,292	1,339	1,552	1,798
Total assets	1,559	1,713	2,214	2,502	2,715	2,906	3,098	3,333
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
Total equity	1,124	1,264	1,453	1,630	1,866	2,109	2,342	2,612
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
Total current liabilities	254	286	348	348	389	401	425	454
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	849	797	756	721
Equity and liabilities	1,559	1,713	2,214	2,502	2,715	2,906	3,098	3,333

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
Cash and cash equivalents	375	329	309	264	159	165	323	480

Ratios	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Per Share (SAR)								
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
Valuations								
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%
Liquidity								
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
Return ratio								
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%
Cash cycle								
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
Profitability ratio								
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%
Leverage								
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%

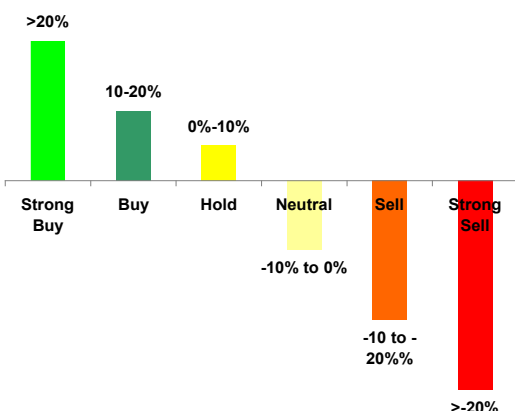
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Rating Criteria and Definitions

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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