

Company

Dr. Sulaiman Al Habib
Medical Services
Group
2Q25 Result Review

Rating

Buy

Bloomberg Ticker

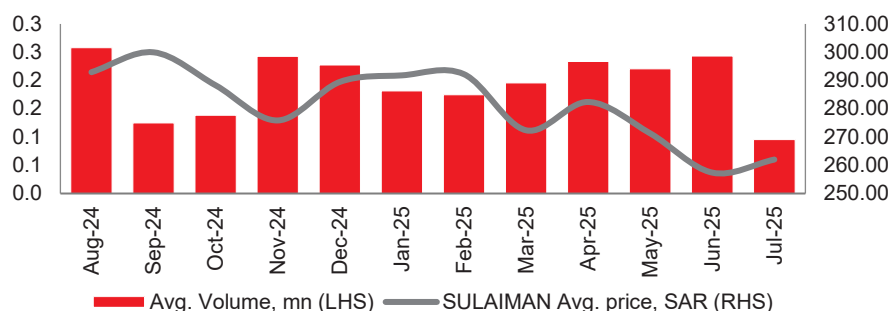
SULAIMAN AB

Date

28 July 2025

Results

Target Price SAR	327.0
Upside/ Downside	25%

**Revenue jumped 32 YoY in 2Q25, in line with our estimate**

Dr. Sulaiman Al Habib's revenue surged 32% YoY in 2Q25, coming largely in line with our estimate. The strong revenue growth was driven by an increase in hospital patients, alongside an expansion in capacity following the group's opening of five new hospitals after 2Q24. An increase in hospital patients had a positive impact on pharma segment sales.

Net profit lags revenue growth as costs rise at a faster rate

The strong revenue growth didn't translate into a similar performance in the net profit, which rose 6% YoY, though it came in better than our expectations. The reason for the relatively slower growth in the net profit is an increase in fixed operating costs resulting from the opening of new hospitals that are currently in the ramp-up phase.

U-Capital view

As the utilization of the new hospitals improves, we believe they will contribute to enhanced profitability and stronger earnings over time. Hence, we maintain our SAR 327.0 target price on Dr. Sulaiman. The company's BoD has proposed a DPS of SAR 1.19 (our estimate: SAR 1.12) for 2Q25, indicating a payout ratio of ~70%. Currently, the stock is trading at 38.6x P/E, based on our FY'25 estimates, below its 3-year daily average forward P/E of 42.1x.

Current Market Price (SAR)	261.4
52wk High / Low (SAR)	313.4/240
12m Average Vol. (000)	193.3
Mkt. Cap. (USD/SAR bn)	24,386/91,490
Shares Outstanding (mn)	350.0
Free Float (%)	29%
3m Av. Daily Turnover (SAR mn)	49
6m Av. Daily Turnover (SAR mn)	53
P/E'25e (x)	38.6
EV/EBITDA'25e (x)	29.9
Dividend Yield '25e (%)	1.8%
Price Perf. (1m/3m) (%)	-1.4/-8.3

Research Department

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For our
last report

**Financial Statements**

SAR mn	2Q24	3Q24	4Q24	1Q25	2Q25	2Q25e	YoY	QoQ	Var.	1H24	1H25	YoY
P&L												
Revenue	2,574	2,977	3,129	3,158	3,384	3,252	32%	7%	4%	5,095	6,542	28%
Gross profit	878	992	997	1,028	1,066	1,049	21%	4%	2%	1,755	2,094	19%
Operating profit	552	624	624	626	645	629	17%	3%	3%	1,108	1,271	15%
Net profit	555	596	614	557	591	557	6%	6%	6%	1,106	1,148	4%
BS												
Sh. Equity	6,800	6,991	7,175	7,291	7,495		10%	3%		6,800	7,495	10%
Ratios												
NPM	21.6%	20.0%	19.6%	17.6%	17.5%	17.1%				21.7%	17.5%	
EPS, SAR	1.59	1.70	1.75	1.59	1.69	1.59				3.16	3.28	
RoE (TTM)					32.6%							
TTM P/E (x)					38.8							

Current P/B (x)

12.2

Source: Financials, Tadawul, Bloomberg, U Capital Research

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Recommendation

BUY	ACCUMULATE	HOLD	REDUCE	SELL
Greater than 20%	Between +10% and +20%	Between +10% and -10%	Between -10% and -20%	Lower than -20%

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