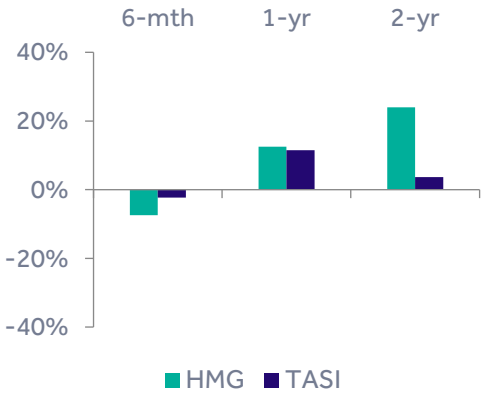


Market Data	
52-week high/low	SAR 346.8/249.6
Market Cap	SAR 100,940 mln
Shares Outstanding	350 mln
Free-float	29.17%
12-month ADTV	184,581
Bloomberg Code	SULAIMAN AB



Revenues Surge 22% Y/Y

November 03, 2024

Upside to Target Price	7.5%	Rating	Neutral
Expected Dividend Yield	1.6%	Last Price	SAR 288.40
Expected Total Return	9.1%	12-mth target	SAR 310.00

HMG	3Q2024	3Q2023	Y/Y	2Q2024	Q/Q	RC Estimate
Sales	2,977	2,443	22%	2,574	16%	2,687
Gross Profit	992	843	18%	878	13%	935
Gross Margins	33%	35%		34%		35%
Operating Profit	624	552	13%	552	13%	603
Net Profit	596	545	9%	555	7%	601

(All figures are in SAR mln)

- HMG positively surprised with a +22% Y/Y growth in revenues to SAR 2.97 bln in 3Q2024. Topline was up +16% Q/Q and beat our SAR 2.69 bln forecast. Gradual ramp-up of the two newly opened hospitals (one in Jeddah and one in Riyadh) coupled with organic growth, is likely to have contributed to the surge in revenues.
- Gross margins have contracted by more than 100bps both on a yearly and quarter basis in 3Q, which gives us some cause for concern. However, given the ramp-up of new hospitals, gross margins north of 34% witnessed for the last 5 quarters could be challenging. Operating expenses have inclined on both yearly and quarterly basis to SAR 368 mln while operating profit is up +13% Y/Y.
- Net income was recorded at SAR 596 mln (+9% Y/Y, +7% Q/Q), almost matching our SAR 601 mln forecast but beat market consensus of SAR 581 mln. In line with gross margins, net margins have also moderated to 20.0% versus 22.3% last year. 3Q DPS of SAR 1.20 takes the 9M payout to SAR 3.54.
- While the rising number of beds coming online in 2024 from the new openings is having the desired impact on topline, margins may face some headwind, but are likely to improve. The stock has been rangebound for the past few months and is trading close to our target price of SAR 310.00. Hence, we maintain our Neutral recommendation.

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## ■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors  
For any feedback on our reports, please contact [research@riyadcapital.com](mailto:research@riyadcapital.com)

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