

Market Data	
52-week high/low	SAR 144.0/92.5
Market Cap	SAR 24,080 mln
Shares Outstanding	200 mln
Free-float	47.5%
12-month ADTV	164,919
Bloomberg Code	MOUWASAT AB

■ Bottomline Disappoints

May 14, 2024

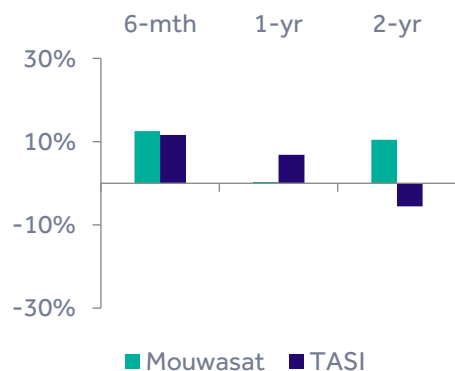
Upside to Target Price	3.8%	Rating	Neutral
Expected Dividend Yield	2.4%	Last Price	SAR 120.40
Expected Total Return	6.2%	12-mth target	SAR 125.00

MOUWASAT	1Q2024	1Q2023	Y/Y	4Q2023	Q/Q	RC Estimate
Sales	723	664	9%	773	(7%)	764
Gross Profit	346	328	5%	395	(12%)	377
Gross Margins	48%	49%		51%		49%
Operating Profit	195	194	1%	210	(7%)	238
Net Profit	172	167	3%	181	(5%)	209

(All figures are in SAR mln)

- Mouwasat reported a topline of SAR 723 mln, up +9% Y/Y but down -7% Q/Q. The Y/Y growth comes on the back of an increase in OPD visits as well as a rise in inpatient occupancy rates, positively impacted by the new Mouwasat Center in Madinah that started operations in January 2024. Other contributing factors include; improving contractual terms with customer, better operating efficiency and newly specialized resources in the hospitals.
- While revenues were in-line with our estimates, gross margins contracted by 150bps Y/Y to 48%, below our 49% forecast, and substantially below 51% in the preceding quarter. Management has pointed towards higher debt provisions putting pressure on margins. Gross profit inclined by just +5% Y/Y to SAR 346 mln and was down -12% Q/Q. Operating expenses came in at an elevated level of SAR 151 mln, higher than SAR 135 mln last year but lower than SAR 185 mln in 4Q2023 and above our expectations. Operating profit witnessed an increase of just +1% Y/Y to SAR 195 mln.
- We are disappointed with a bottomline of SAR 172 mln (+3% Y/Y, -5% Q/Q), which missed our SAR 209 mln forecast and SAR 204 mln market consensus. Lower gross margins and higher operating expenses were the reasons for the deviations from our estimates.
- We remain positive on the healthcare sector in general and Mouwasat in particular as new expansion projects increase the bed capacity by 620 beds (+39%). Trading close to our target price, we maintain a Neutral rating.

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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

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