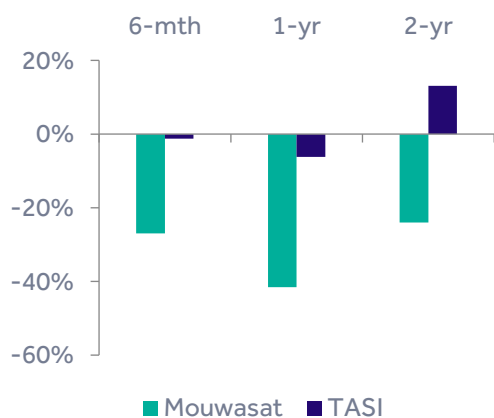


Market Data	
52-week high/low	SAR 144.0/72.0
Market Cap	SAR 14,660 mln
Shares Outstanding	200 mln
Free-float	47.5%
12-month ADTV	373,631
Bloomberg Code	MOUWASAT AB



Cost Led Profitability Pressure Continues

March 10, 2025

Upside to Target Price	29.6%	Rating	Buy
Expected Dividend Yield	2.7%	Last Price	SAR 73.30
Expected Total Return	32.3%	12-mth target	SAR 95.00

MOUWASAT	4Q2024	4Q2023	Y/Y	3Q2024	Q/Q	RC Estimate
Sales	756	773	(2%)	711	6%	858
Gross Profit	318	393	(19%)	317	(0.1%)	412
Gross Margins	42%	51%		45%		48%
Operating Profit	185	204	(9%)	168	10%	256
Net Profit	172	184	(7%)	150	15%	231

(All figures are in SAR mln)

- Mouwasat reported below expectations results for the fourth quarter. Revenues were down -2% Y/Y to SAR 756 mln, although they did rise +6% Q/Q. Full year 2024 revenues inclined by +6% to SAR 2.88 bln on the back of both higher inpatient occupancy as well as rising outpatient numbers. Management has stated that there were improvements in contractual terms as well as better specialized resources in the hospitals.
- Gross margins have contracted again this quarter to 42% from 45% in 3Q2024 and 51% in 4Q2023. Margins have been lower Y/Y for each of the quarters in 2024 likely due to rising costs as the new Madinah facility has come online. Gross profit decreased by -19% Y/Y but was almost flat on a quarterly basis. Operating expenses were in check resulting in a yearly decline in operating profit by -9% to SAR 185 mln while operating profit improved Q/Q.
- Net income declined by -7% Y/Y to SAR 172 mln, but improved by +15% Q/Q. Bottomline was below our SAR 231 mln forecast and SAR 209 mln market consensus as higher expenses resulted in contracting margins.
- Higher costs have been driven by increase in operations at the Madinah facility as ramp-up usually takes time. We have observed challenges of rising costs and lower margins in peers as well this quarter. We reduce our target price to SAR 95.00 from SAR 105.00. The stock has declined by -18% in the last 30 days and -28% in 180 days; it now offers a good entry point for long-term investors despite some volume and cost challenges. Thus, we upgrade to a Buy.

Muhammad Faisal Potrik
 muhammed.faisal@riyadcapital.com
 +966-11-203-6807

■ 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

Riyad Capital is a Saudi Closed Joint Stock Company with Paid up capital of SR 500 million, licensed by the Saudi Arabian Capital Market Authority NO.07070-37. Commercial Registration No: 1010239234. Head Office: Granada Business Park 2414 Al-Shohda Dist. – Unit No 69, Riyadh 13241 - 7279 Saudi Arabia. Ph: 920012299.

The information in this report was compiled in good faith from various public sources believed to be reliable. Whilst all reasonable care has been taken to ensure that the facts stated in this report are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable. Riyad Capital makes no representations or warranties whatsoever as to the accuracy of the data and information provided and, in particular, Riyad Capital does not represent that the information in this report is complete or free from any error. This report is not, and is not to be construed as, an offer to sell or solicitation of an offer to buy any financial securities. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this report. Riyad Capital accepts no liability whatsoever for any loss arising from any use of this report or its contents, and neither Riyad Capital nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof. Riyad Capital or its employees or any of its affiliates or clients may have a financial interest in securities or other assets referred to in this report. Opinions, forecasts or projections contained in this report represent Riyad Capital's current opinions or judgment as at the date of this report only and are therefore subject to change without notice. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections which represent only one possible outcome. Further, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified and future actual results or events could differ materially. The value of, or income from, any investments referred to in this report may fluctuate and/or be affected by changes. Past performance is not necessarily an indicative of future performance. Accordingly, investors may receive back less than originally invested amount. This report provides information of a general nature and does not address the circumstances, objectives, and risk tolerance of any particular investor. Therefore, it is not intended to provide personal investment advice and does not take into account the reader's financial situation or any specific investment objectives or particular needs which the reader may have. Before making an investment decision the reader should seek advice from an independent financial, legal, tax and/or other required advisers due to the investment in such kind of securities may not be suitable for all recipients. This research report might not be reproduced, nor distributed in whole or in part, and all information, opinions, forecasts and projections contained in it are protected by the copyright rules and regulations.