

**Steady Revenue and Margin Growth**

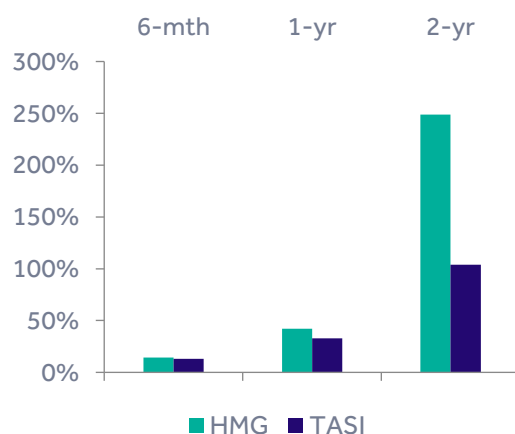
April 25, 2022

|                         |        |               |            |
|-------------------------|--------|---------------|------------|
| Upside to Target Price  | (7.8%) | Rating        | Neutral    |
| Expected Dividend Yield | 1.7%   | Last Price    | SAR 197.40 |
| Expected Total Return   | (6.1%) | 12-mth target | SAR 182.00 |

| Market Data        |                 |
|--------------------|-----------------|
| 52-week high/low   | SAR 211.8/137.0 |
| Market Cap         | SAR 69,090 mln  |
| Shares Outstanding | 350 mln         |
| Free-float         | 24.22%          |
| 12-month ADTV      | 181,488         |
| Bloomberg Code     | SULAIMAN AB     |

| HMG              | 1Q2022 | 1Q2021 | Y/Y | 4Q2021 | Q/Q | RC Estimate |
|------------------|--------|--------|-----|--------|-----|-------------|
| Sales            | 1,991  | 1,695  | 17% | 1,968  | 1%  | 2,058       |
| Gross Profit     | 659    | 549    | 20% | 643    | 2%  | 673         |
| Operating Profit | 422    | 350    | 21% | 396    | 7%  | 412         |
| Net Profit       | 391    | 319    | 22% | 384    | 2%  | 381         |

(All figures are in SAR mln)



- Revenues increased by +17% Y/Y and +1% Q/Q to SAR 1.99 billion, close to our SAR 2.06 billion forecast. Topline growth comes largely on the back of consistent growth in the hospital segment as the number of patients increased coupled with a rise in occupancy for both inpatient and outpatient. The Pharmacy segment also grew on the back of growth in the hospital segment.
- Gross profit was recorded at SAR 659 million for 1Q2022, up +20% Y/Y and +2% Q/Q as gross margins widened to 33.1% versus 32.9% last quarter and 32.4% last year.
- Net income came in at SAR 391 million for the quarter, up +22% Y/Y and +2% Q/Q, in-line with our SAR 381 million forecast. Net margins have slightly improved to 19.6% for the quarter versus 19.5% in the previous quarter.
- The group’s expansion plans are on track with new projects underway in Riyadh, Jeddah, Al Kharj, Madinah and Tabuk while Medical Centers expansion is also ongoing.
- We raise our target price of SAR 182.00 but maintain a Neutral rating.

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## Stock Rating

| Buy  | Neutral  | Sell                                 | Not Rated                |
|--|--|--------------------------------------|--------------------------|
| Expected Total Return<br>Greater than +15% | Expected Total Return<br>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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