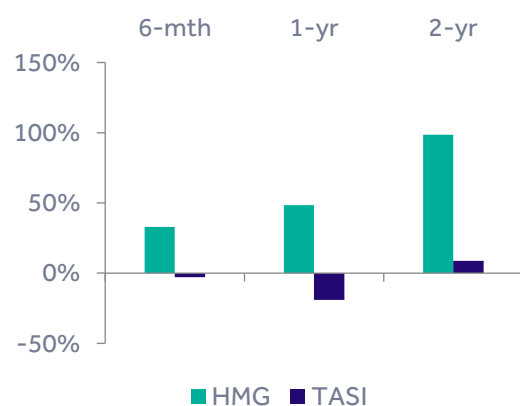


Market Data	
52-week high/low	SAR 301.0/182.4
Market Cap	SAR 103,880 mln
Shares Outstanding	350 mln
Free-float	24.2%
12-month ADTV	215,363
Bloomberg Code	SULAIMAN AB



Net Profit Jumps 25% Y/Y

May 08, 2023

Upside to Target Price	(8.7%)	Rating	Neutral
Expected Dividend Yield	1.3%	Last Price	SAR 296.80
Expected Total Return	(7.4%)	12-mth target	SAR 271.00

HMG	1Q2023	1Q2022	Y/Y	4Q2022	Q/Q	RC Estimate
Sales	2,307	1,991	16%	2,254	2%	2,299
Gross Profit	784	659	19%	737	6%	763
Gross Margins	34%	33%		33%		33%
Operating Profit	511	422	21%	428	19%	483
Net Profit	489	390	25%	441	11%	448

(All figures are in SAR mln)

- HMG's topline witnessed +16% Y/Y and +2% Q/Q growth to SAR 2.3 bln, matching our forecast, on the back of growth in all segments. The hospital segment (76% of revenues) grew on higher number of outpatients and better inpatient occupancy. Pharmacy segment (21% of revenues) also benefitted from increased patient numbers. We expect HMG to continue its growth path on momentum in both inpatient and outpatient volumes as well as higher capacity.
- Gross profit increased +19% Y/Y and +6% Q/Q to SAR 784 mln with gross margins expanding on both yearly and quarterly basis by approximately +1% to 34%. Net margins also widened to 21.1% in 1Q as compared to 19.6% in the preceding quarter. EBITDA has risen by +20% Y/Y to SAR 623 mln.
- On the operational end, HMG launched a Medical Center at the Digital City in Riyadh. Also, the Company signed a strategic partnership with King Abdullah Economic City (KAEC) to establish a medical center there.
- Net profit came in at SAR 489 mln, up +25% Y/Y and +11% Q/Q, in-line with our SAR 448 mln forecast, led by topline growth and better operating efficiency. The Board of Directors have recommended a cash dividend of SAR 1.00 per share for 1Q2023. We raise our target price to SAR 271.00 as capacity expansions and better margins are expected to deliver higher earnings going forward. Maintain Neutral stance.

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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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