

Market Data	
52-week high/low	SAR 321.0/356.0
Market Cap	SAR 98,980 mln
Shares Outstanding	350 mln
Free-float	29.14%
12-month ADTV	199,589
Bloomberg Code	SULAIMAN AB



Largely Flat Bottomline

May 05, 2025

Upside to Target Price	9.9%	Rating	Neutral
Expected Dividend Yield	1.8%	Last Price	SAR 282.80
Expected Total Return	11.7%	12-mth target	SAR 310.00

HMG	1Q2025	1Q2024	Y/Y	4Q2024	Q/Q	RC Estimate
Sales	3,158	2,521	25%	3,129	1%	3,285
Gross Profit	1,028	877	17%	997	3%	1,084
Gross Margins	33%	35%		32%		33%
Operating Profit	626	556	13%	624	0%	704
Net Profit	557	551	1%	614	(10%)	637

(All figures are in SAR mln)

- HMG recorded first quarter revenues of SAR 3.16 bln, up+1% Q/Q and +25% Y/Y, missing our SAR 3.28 bln forecast. We are a little surprised with the almost flat topline growth on a sequential basis as we anticipated a bigger impact from ramp up of new hospitals and medical centers.
- We are happy to see an expansion in gross margins on a sequential basis from 31.9% in 4Q2024 to 32.6% in 1Q2025, in-line with our expectations. Although gross margins are lower than last year, they reverse a declining trend which was experienced in each quarter of 2024. Operating expenses of SAR 402 mln (+8% Q/Q) are more than expected. Fixed operating costs due to recent strategic expansions may be to blame.
- Net income came in at SAR 557 mln (+1% Y/Y, -10% Q/Q), missing our optimistic forecast of SAR 637 mln. There were positive non-recurring items last quarter which have amplified the sequential drop in net profit. Net margins have declined to 17.6% for 1Q2025 versus 21.9% last year and 19.6% in the previous quarter. We believe there have been some higher charges below operating income as well, which have impacted bottomline.
- HMG continues with its expansion plans with the Al Hamra Hospital opening earlier this year and other facilities on the horizon. While we have a positive long-term outlook on the Company, the stock currently trades close to our fair value of SAR 310.00. Thus, we maintain our Neutral recommendation.

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

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