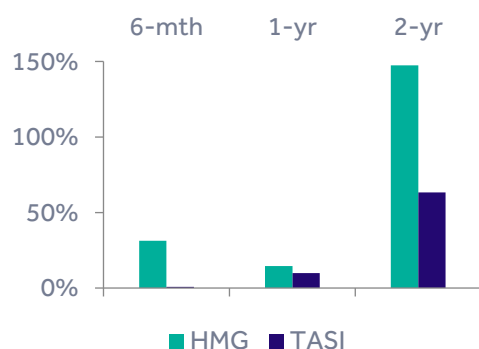


Market Data	
52-week high/low	SAR 230.0/148.0
Market Cap	SAR 75,110 mln
Shares Outstanding	350 mln
Free-float	24.22%
12-month ADTV	201,196
Bloomberg Code	SULAIMAN AB



Growth Continues in All Group Segments

August 10, 2022

Upside to Target Price	(9.1%)	Rating	Neutral
Expected Dividend Yield	1.6%	Last Price	SAR 214.60
Expected Total Return	(7.5%)	12-mth target	SAR 195.00

HMG	2Q2022	2Q2021	Y/Y	1Q2022	Q/Q	RC Estimate
Sales	2,014	1,751	15%	1,991	1%	2,051
Gross Profit	671	551	22%	659	2%	672
Operating Profit	415	340	22%	422	(2%)	423
Net Profit	398	325	22%	391	2%	398

(All figures are in SAR mln)

- For 2Q2022, HMG's revenues rose by +15% Y/Y and +1% Q/Q to reach SAR 2.0 billion. The yearly growth was largely driven by an improvement in the hospital segment (as a result of the increase in both numbers of patients and in occupancy for inpatient beds and outpatient clinics). Similarly, Pharmacy segment sales growth was due to the rise in the number of patients.
- Gross profit was up by +22% Y/Y and +2% Q/Q reaching SAR 671 million. Consequently, the gross margin witnessed an expansion to 33.3%, compared to 33.1% in the previous quarter and 31.5% in 2Q2021.
- On the operational side, HMG announced its plans to construct and operate a new hospital in Tabuk, along with signing a Memorandum of Understanding (MoU) with the Ministry of Health and Direct Investment Fund of the Republic of Uzbekistan.
- Net income was reported at SAR 398 million, up by +22% Y/Y and +2% Q/Q, matching our forecast, as a result of the growth in all group segments. The Board of Directors recommended a cash dividend of SAR 0.86 per share for 2Q2022. We revise our target price to SAR 195.00 per share, but 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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